"C.E. Info Systems Limited
Q1 FY2023 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the C.E. Info Systems Limited Earnings Conference Call hosted by DAM Capital Advisors Limited. 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 '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anmol Garg from DAM Capital. Thank you and over to you, Sir!

Anmol Garg: Thank you Melissa. Good afternoon, everyone. On behalf of DAM capital, we welcome you all to Q1 FY2023 conference call of C.E. Info Systems. We have with us Mr. Rakesh Verma – Co-founder & Chairman of the Company and Mr. Rohan Verma - CEO & Executive Director of the company. So, without any further ado I will hand over the call to Mr. Rakesh Verma for his opening remarks. Thank you and over to you, Sir!

Rakesh Verma: This is Rakesh Verma. Good afternoon to all of you. The quarter that just ended, we have demonstrated, I will say, strong results. Just to summarize them, for Q1 on year-to-year basis, revenue was up 50% to Rs.65 Crores, EBITDA was up 55% to Rs.30 Crores, EBITDA margin was at 46%, PAT was up 18% to Rs.24 Crores and PAT margins were at 34%. The Cash and cash equivalents including the financial instruments went up also from Rs.356 Crores to Rs.392 Crores. The effective tax rate this time has been 28.1% as against the previous Q1 FY2022 when it was 17.3%. With these numbers, I would like Rohan to give you some more color on the performance of the company related to the business.

Rohan Verma: Good afternoon, everybody, this is Rohan Verma here. I will it keep it short so that we have more time for Q&A. Performance was good on a broad-based basis, revenue in A&M or Automotive and Mobility tech sector or segment was up 65% and our Consumer Tech and Enterprise digital transformation segment was up 37%, and again this is a function of the open order book that we are sitting on, beginning of the year it was Rs.699 Crores up 85% from the previous year of Rs.377 Crores. So new launches, new go-lives of our OEM customers or new fleets in private sectors or public sectors embedding our IoT solutions as well as on Consumer tech companies whether in the delivery side or logistic side or even consumer-facing companies like Footwear brands or Banks as well as Enterprises such as steel manufacturers or in the government, whether national, state or smart city or local governments, everybody is using Digital Transformation solutions powered by us. For example, analytics for market expansion, APIs for kind of embedding maps and location-tech into their apps and enterprise systems, or workforce management. So very, very good to see different set of used cases increasingly coming up for the Company.

We are not static on the long-term as well, we have been investing a lot in 3D Metaverse Maps in our 360-degree panoramic street imagery service, which we call real view, so all of those will also add to the future, when we talk about our drone solutions or no code tools and APIs for digital transformation. So good balance between short-term as well as long-term.

Also, the point we tried to explain at in the investor presentation, that the acquisition of Gtropy to strengthen our IoT business or our existing IoT business that has been there historically, but the process of the acquisition with Gtropy was to kind of create a dedicated management, a dedicated business, which can scale the large potential in the mobility segments. So, complementing our automotive OEM business where 2 Crores new vehicles are produced every year and we are getting our NCASE solutions embedded in those vehicles, in their companion apps or in their backend clouds. The existing base of 20 Crores vehicles, which can benefit from our IoT and SaaS, is what we are targeting with the Gtropy acquisition. That integration is still underway, so there is some revenue, some thought that have to be fully integrated and hence, we kind of broke out consolidated and standalone to give you a flavor. The standalone business continues to do very, very strongly in fact it is growing quite well with the add on of Gtropy you will start seeing that also kick in and over the course of years they will contribute to EBITDA and PAT as well.

So, with that, I conclude my comments and we can take Q&A.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Anmol Garg. Please go ahead.

Anmol Garg: Thanks for the opportunity. So, just had few questions, firstly wanted to get a colour on the order pipeline for the quarter. So, while we have highlighted the type of deals that we are winning during the quarter, but it would be great if you can state more into this. And also, in our PPT we have highlighted that we have been winning businesses with EVs as well, so does that mean that there is an increase in the pricing within the A&M segment? This is question number one.

Rohan Verma: See, again order booking happens on one side automotive OEMs, on other side corporates or businesses sales, across sectors including from a fleet or logistics companies, but also other sectors like banks, BFSI, tech companies, retail, etc., and then on the government whether national, I mean, central, state or local government smart cities, etc., so we are seeing order wins across the board and the pipeline is also quite strong. I mean, it continues to become larger and more interesting because just so many more customers, it is becoming hygiene for them to use some solution, which MapMyIndia already provides for their normal business. This is now becoming kind of a hygiene as they digitally transform. So, pipeline is looking strong, a specific number we report on an annual basis just because it takes time for orders to fructify, we want to have a full number to give how the year is looking but suffice to say that quarter one has begun well on the pipeline and order booking situation as well.

Anmol Garg: Sure, thanks and secondly I wanted to ask if we can provide any viewpoint on the margins as well, because in the previous quarter we had stated that the margins would be in the range of 34% to 43% and this time we have exceeded the range despite the contribution from Gtropy, which is a low margin business, so is there any change for the margin range guidance for the full year of FY2023?

Rohan Verma: See, as you know, as we talked before, the digital products and platforms, our business a unique kind of in this map space, so very high contribution margins. Our PAT historically has been in the 30% to 35% range and the EBITDA has been in the 35% to 45% range. You know, we want to maintain that flexibility, that of course as revenues grow, the operating leverage is there, profitability will grow. We want to keep an eye out for what all investments we can do for the future for the medium and long-term for the company because that will propel next level of growth beyond what the current order book is or what typically we are just getting based on the current portfolio. So, probably if we had to maintain in that 30% to 35% PAT and 35% to 45% EBITDA, is something that we would like to be able to have.

Anmol Garg: Sure, but Rohan I was just wondering that if we can have a shorter range over the margin, so that would be really helpful for us?

Rakesh Verma: Let me interject here, we did 46% this quarter, so I guess what we are trying to communicate is we would like to achieve on the higher end, which we already exceeded last quarter. So, if you are looking at a shorter range then look at the higher side of it rather than the lower side of it.

Anmol Garg: Sure, and one last question from my end after that I will join in the queue. So we have talked about the Mappls business and the revenue outside of India has a big opportunity and we have been making investments towards it, so just wanted to understand if there has been any contribution from the same in this quarter and what kind of revenue contribution can be expected down the line for this year as well as next year, if you can give some colour around it that would be great? Thank you and that is all from my side.

Rohan Verma: Surely, see there are two ways we get the foreign revenue. One is for our India business from foreign customers there are large global companies like Apple or Amazon or BMW or Hyundai, etc., that is one, but that is really for their India products and solutions.

The other piece that we have talked about is our software and our APIs, SaaS, Paas that we say whether for automotive or mobility or consumer tech or enterprise digital transformation, actually it is global in nature, so it can be sold for markets outside India. We have also said that look this is going to be a one-to-three-year journey, not that we are counting on revenue being significant from that in this year itself. Towards that extent, the way our execution is happening is we have brought in more some pretty senior folks in various capacities in APAC region as well as in US, as well as in Europe, so that we can start exploring or reaching out to customers in those markets. So that process is on, the pipeline is getting built and slowly we will start seeing some revenues flowing in. So in this quarter one, nothing kind of substantial to report on this from a revenue point of view, but good efforts I would say from the pipeline point of view.

Anmol Garg: Sure, thank you.

Moderator: Thank you. The next question is from the line of Gaurav Chopra from Union Asset Management. Please go ahead.

Gaurav Chopra: Thanks for taking my question. Congrats on a good set of numbers, sir. Two questions for my side, first was on this Mappls RealView maps, so how do you plan to monetize these 3D maps, which you guys have launched and if you could help us with some use cases which your company would be looking at and what are the costs associated with it and adding to that, we recently read about Google's partnership with one of the local player, does it anyway impact our ability to fully monetize the opportunities coming in this space? That is my first question.

Rohan Verma: Sure, so the purpose of kind of releasing Mappls RealView or 3D Metaverse Maps, etc., is basically to look at newer interesting kind of monetization opportunities that will come, for example, in the real estate sector, for example in the VRs or Virtual Reality or Real world Metaverse sectors, potentially in the smart city or road infrastructure sector. So, like maps, RealView is kind of another type of map, it's a geo-referenced 360-degree street imagery plus we are adding these additional immersive 3D landmarks. So, on one side it is to give more edge to our map that this continues to innovate beyond what others are doing and the second, is we are in certain use cases or certain industries where there is more applicability for RealView, may be those markets are not necessarily ready today, but they will become interesting market segments for use cases in the times to come.

So, how we plan to monetize is very similar to how we monetize our products so far, so whether licensing the maps or building APIs and providing that on a subscription or transaction basis or building different types of SaaS or software solutions and charging based on usage of that is how we monetize.

Now as far as the launch of this Google street view in partnership with the local company, see if you look at our offerings, we believe that our offering is stronger in terms of the value proposition to customers, the coverage is wider, the technology is better, there is 3D Metaverse Maps. So in that sense for last 14-15 years we have competed in a world where Goggle exists, but we have shown the track record and we believe we continue to show the track record of being able to build a better product, which is more flexible to meet the customers needs as well and again we are the only Indian company that can do both the data collection as well as the product and platform to monetize that completely, whereas in other cases you are seeing this disjointed type of effort that somebody collects data and somebody has a product and platform. As per the geospatial guidelines of Government of India, it has to be seen whether that launch by the foreign company is within compliance or not, that is not for us to make a point as MapmyIndia, we are an Indian company we are allowed to do all this. But there is something to be thought about on that angle. So does it affect our ability to monetize to our enterprise customers or our enterprise customers asking us any questions, on that answer is no, so far.

Gaurav Chopra: Got it and are there any significant costs, which are going to come in for the service offering which we have launched?

Rohan Verma: I mean I think that is the interesting thing from MapmyIndia's perspective, homegrown technology, that is of course building it ourselves, keeping costs most efficient, being innovative, this is how we have historically built, this is how we will continue to build ourselves. We do not see a significant cost to us, but we will keep a watch on what all is happening and we have talked about building this Four-dimensional High-definition Information rich Digital map Twin, extremely advanced granular map that can service many, many use cases including ADAS in automotive or in the government's side a lot of investment is potentially going to happen on the digital infrastructure, which might require High definition 3D or High definition maps, so we are keeping an eye out, we will align our investments towards the market opportunities that are coming up, but surely we will probably be the most cost efficient and also the most technological least savvy player in this space in India.

Gaurav Chopra: Got it, my second question was with respect to just a clarification, in our Maps and data segment we have seen some neutral growth for the quarter on a year-on-year basis, so there is something to do with milestone-based revenue build up or it can be lumpy and we will see stronger growth on a full year basis or how should we read about?

Rohan Verma: Sorry, I could not hear the question exactly if you do not mind repeating it?

Gaurav Chopra: Sure, I was referring to your disclosure with respect to revenue segmentation into Maps and Data, which I think.

Rohan Verma: Yes, now I understand the question, you are talking Map and Data's growth versus the Platform and IoT growth, correct?

Gaurav Chopra: Yes.

Rohan Verma: So, I mean, we have explained this in the past also before, that Map and Data is driven by contracts especially on C&E, some on automotive, so sometimes they can be milestone-based kind of revenue, so you will see some lumpiness in terms of that. So really the numbers in our type of business it is an annual number that makes sense because of some of these licensing which happens on an annual basis.

Gaurav Chopra: Got it. Thanks for taking my questions, sir.

Moderator: Thank you. We have the next question from the line of Vishnu K G from Singular Capital. Please go ahead.

Vishnu K G: So, you had mentioned about the after sales market in your presentation, so just wanted to understand what exactly is the value proposition over here and could you throw some light on the revenue and business model opportunity, what is the kind of revenue and business model over here?

Rohan Verma: Sure, see the aftermarket opportunity, so let me explain the mobility part of our A&M business. Basically, look there are about 20 Crores odd vehicles on the road, four-wheelers, two-wheelers, commercial vehicles, many of them are involved in fleet operations, let us say for logistics movements whether long haul or last mile as well as for taxi or bus, passenger transport like yours taxies or buses, etc. Our solutions are two-fold, one is it is IoT-led as ours, and when I say ours now I include Gtropy, the company that we acquired, it is IoT-led meaning GPS trackers, now dash cameras as well as for the consumer market at least there is infotainment systems, AVMs, audio video navigation systems. So, these are different types of IoT products, which serve different use cases, so whether to monitor the live location or historical movement of fleets that can help them kind of see also few consumption, which they can optimize the movement of, to reduce their kind of their logistics movement, bring in logistics efficiency in the operations of these fleets; our software or SaaS basically addresses these types of needs of truckers, transporters or logistics organizations whether they are pure play logistics companies or they are the logistics division or transport divisions of large enterprises. So, for example, I mean, just to give you a flavor, in this quarter itself one of the large state road transport corporations in South India they went live with our IoT and SaaS where the public transport buses are tracked using MapMyIndia Gtropy as well as the citizens are getting an app where they can see if they have to go from point A to point B, then you know which bus stop to go to and which bus stop to get off, how far the bus is right now from them, that is one case. But on the other side with the logistics company, they can see whether the truck has deviated from the route they should take, how far they are from the destination, is there a delay, so that they can accordingly set the activities of the loading and unloading staff at the warehouse. So, our software orchestrates all that and we provide IoT devices for the same and so that is the large kind of opportunity when you look at 20 Crores kind of vehicles, of course, we know that not all of them will be our customers today, but a lot of them are now looking to digitize because using technology they can become more efficient and that is our play there.

Vishnu K G: Sure, I will come back in the queue.

Moderator: Thank you, Sir. We have the next question from the line of Srishti Jain from Monarch Networth Capital. Please go ahead.

Srishti Jain: Sir, thank you for the opportunity. Sir, one question on the fact, so what is the key line item that make up other expenses because that has been fluctuating over the last three, four quarters, so as a percentage of sale that keeps on fluctuating, there is a bit volatility. Can you help me understand what are the key components that form this and also what the sustainable levels are?

Rakesh Verma: If you are looking at the other expenses then in the Q1 2023 you find it something like Rs.11.46 Crores as against Q4 of 2021-2022 the previous quarter of Rs.15.58 Crores, so it has come down. Now what constitutes the major number where the differences might be happening, one is the Legal and professional fee, which came down this quarter to Rs.1.71 Crores from Rs.3.61 Crores so that is the reduction in that cost, Provision against bad inventory also came down to Rs.0.86 Crores from Rs.1.36 Crores and I think Communication expenses, which includes cloud hosting came down to Rs.1.74 Crores from Rs.2.08 Crores, Advertisement came down to Rs.1.57 Crores from Rs.3.87 Crores. So, if you look, these expenses may vary quarter-to-quarter because if we put in more, advertise more, there will be more advertisement expenses, like that.

Srishti Jain: Sure Sir, I understand that, but do we have like a range in mind that we marketed out for the quarter or how does it work, I just want to understand the sustainable levels of this, is 20% to sales, sustainable?

Rakesh Verma: The only item that can vary beyond the normal range is the advertisement, the rest of the items will probably stay within what you are saying 15% to 20%.

Srishti Jain: Sure, Sir. My second question is at Rs.700 Crores, order book that we have, does that includes Gtropy orders as well?

Rohan Verma: No, Gtropy didn't have this history of order book because in that case, actually at least that Rs.699 Crores did not have any Gtropy order book.

Srishti Jain: Sure, Sir. Just last question on that the new orders that we took in last year in FY2022 about Rs.530 Crores, how many are those are not from our 35 in top customers, like other than just a percentage if you could give, to help me understand that?

Rohan Verma: I mean large percentage is in the sense of that we have lot of active customers, so how much percentage comes outside of the 35 customers for this Q1, I do not have that numbers on hand right now. So, I cannot give you a specific answer on that, maybe we can come back with that answer.

Srishti Jain: Yes, not on Q1, on the difference in FY2022, in that also alright and whenever you can come back. That's it from my end. Thank you.

Moderator: Thank you. We have the next question from the line of Vignesh Iyer from Sequent Investment. Please go ahead.

Vignesh Iyer: Sir, congratulations on a good set of numbers. I just wanted to know about this large order book in place, what is the execution timeline for this entire order book if you could just give me a ballpark number?

Rohan Verma: See, the track record is about three to four years on order book to revenue kind of conversion on average.

Vignesh Iyer: So, this does not constitute revenue that we would generate from Gtropy, right?

Rohan Verma: No, the number that we closed with FY2022 that is Rs.699 Crores, did not include anything of Gtropy.

Vignesh Iyer: Fair enough, so can we finally say that that way we can have a FY2023 guidance from your side for Rs.250 Crores or what would be the revenue possible in this financial year, if you can guide us?

Rohan Verma: We do not give any specific guidance, but I guess a little bit can be seen from the track record.

Rakesh Verma: If you saw the Q1 last year i.e., Q1 FY2022 and then you look at Q2 FY2022, we saw an increase from Q1 to Q2 and you saw the opening order of 2022 and now you see the opening order of 2023. I mean based on all these facts, one can draw some conclusion since we are not officially giving any number guidelines, but we are giving you a colour.

Vignesh Iyer: Right, I got it. Thank you. That is all from my side.

Moderator: Thank you. We have the next question from the line of Nitin Sharma from MC Pro Research. Please go ahead.

Nitin Sharma: Thanks a lot for taking my question. Two questions, first of all, given the news flow around new age businesses where it is said they are tightening their finances, so far with your discussion have you seen any impact?

Rohan Verma: You mean from the US?

Nitin Sharma: No, new age businesses, maybe your clients or potential clients in terms of what kind of visibility that is coming from and the impact on your business?

Rohan Verma: New age businesses, actually we get paid from new age businesses based on growth of their usage and their business. So, in general it is actually quite bullish because all these new age companies are doing quite well from the point of view of the app usage, or their transaction, or revenues, so, in that sense it is good sign for us and we are trying to continuously explore new and new use cases with these new age companies where more they can use MapmyIndia and so we are happy about the situation there, there are upsell opportunities and that is what we are exploring and then organically also their own business is growing.

Nitin Sharma: Just a bookkeeping question, how should we see the tax rate going ahead, are you still on the old tax structure or moved to the new structure because you are already effective tax rate has been around 28% to 30%, some guidance in that?

Rakesh Verma: The effective tax rate we all know the tax rate is 25% and then you add the surcharge it makes it 26.5% or something like that and then now there are certain expenses like CSR as an example and there are some other items also, which get disallowed from tax by the income tax department. So, 28.5% what we have taken as I think we have taken 28.5%, is it pretty reasonable percentage of what the reality is, last year 17.3% was last year's quarter, but if you look at the entire last year it was 25.7%.

Nitin Sharma: Understood, thank you.

Moderator: Thank you. We have the next question from the line of Ashish Chopra from Goldman Sachs Asset Management. Please go ahead.

Ashish Chopra: I just wanted to know that the integration of Gtropy acquisition, the revenues over there would they be largely coming into the C&E segment, or will there be split between A&M as well as C&E?

Rohan Verma: They will primarily come under the A&M, Ashish, I mean most of their customers historically have been in the logistics sector, so we call that as part of our mobility aftermarket, so it will fall under A&M.

Ashish Chopra: So, would it be fair to assume that the entire Rs.8 Crores would be largely accruing to the A&M and very marginal or if anything to see any?

Rohan Verma: Yes, that is right, so the Rs.8 Crores was their standalone number from a revenue point of view but about Rs.5 odd Crores was through the C.E. Info Systems' standalone.

Rakesh Verma: So, I think let us put it this way, the entire Rs.8 Crores are MapmyIndia standalone, when consolidated most of them, almost majority of them went to A&M.

Ashish Chopra: Got it, thanks.

Moderator: Thank you. We have the next question from the line of Nitin Sharma from MC Pro Research. Please go ahead.

Nitin Sharma: One more question, on the Nawgati Tech acquisition, can you just please talk more about it, it appears to be very small and you have taken acquisition of around 3%, so how does it fit in and what kind of technology benefit basically you are talking about on SaaS side?

Rohan Verma: Sure, thanks Nitin for this question. See, Nawgati has a video analytics product, they have multiple products, but focused on the oil and gas sectors and there they have a video analytic SaaS product which kind of monitors the congestion or wait time or traffic at the fuel station, which is something very important or valuable to both the fuel company potentially also to consumers where the fuel company can see what type of utilization, what type of efficiencies or inefficiencies are there at the fuel stations, get that analytics and as consumers you can see whether a CNG pump right now is just very, very occupied and hence, which CNG pump to go to in future. So, I mean one is of course the synergies that we saw, one of the reasons why we did this is a lot of interesting joint go-to-market in oil and gas sector that can be a very large sector from again a digital transformation point of view, where a lot of our products are used. For example, oil and gas companies, like any retailer can use MapmyIndia to find out where to set up new petrol pumps or new gas stations or new EV charge stations and since they had something very specific for oil and gas, we felt that once the petrol pump or gas station is running then what kind of efficiencies are there from monitoring that, so we thought there is some interesting kind of synergy is there for us to go deeper into one such segment oil and gas. There are so many segments of interest to us. But also, their product was interesting, where potentially horizontal applications of their technology which we can leverage for let us say other customers or increase our portfolio of offering, etc. So, that was the thought behind it.

Nitin Sharma: Understood, thank you.

Moderator: Thank you. We have the next question from the line of Deep Gandhi from Astute Investment Management. Please go ahead.

Deep Gandhi: So, I was mentioning that globally Google has also been trying to penetrate towards the auto market side. So, they have already I think lunched this Android auto operating system, I was reading that a lot of auto companies like GM, Volvo, Fiat, etc., have already signed some deals with them. So, if they also try to penetrate into India, so how you are trying to counter this risk because auto currently is significant portion of your revenue?

Rohan Verma: Yes, there are two parts to this actually. If you ask the OEMs, they do not want to go down this asset manufacturers route where they outsource all the technology in the cars to these big tech companies. So, while we will provide compatibility for cars they are not stopping the technology, the detailed technology experience that they offer to their customers, and that is what is the CASE - connected, autonomous, shared and electric is the technology these OEMs are adopting and so with MapmyIndia's NCASE offering navigation-enabled connected ADAS shared and electric, that is what we have been pitching for the last couple of years, which has helped us go beyond just place in our maps for navigation. So for that we doing a lot of things in ADAS, which means the drivers can get alerted using our app, using our maps, using our technology like opposite there is a speed breaker, your current road on which you are driving the speed limit is this and you are over speeding or something like that. Now when deeply integrated into the cars, which can lead to, what it called ISA or Intelligent Speed Assist, which is another kind of feature that OEMs want to bring in, where the car can automatically get the information using MapmyIndia that the current road speed limit was this, but the driver is driving at this speed, so cars can automatically kind of press the break or give a native warning to the users. So, there is a lot of things that we are doing on NCASE, a deeper integration into the OEM, so there are multiple reasons why they embed our maps in their cars, in their companion apps and in the cloud, so in that sense you can think of us as an automotive technology provider, not just an app that gets projected as an outside ecosystem. Although on that also I must say that the Mappls app that we have is also compatible with android auto and car play now, so users can actually use the Mappls app and compare the experience versus the default maps app and in many cases they are saying they are able to appreciate the benefits of MapmyIndia's maps being house address-level detailed or giving these kinds of safety alerts, speed breakers, camera and speed limits and other features like this RealView. So, people are seeing even on app-to-app consumers business, which is not our core, but even there they are seeing a consumer product is better and then OEMs because they are integrating and offering the technology native to their consumers, they are getting that benefit.

Deep Gandhi: Okay sir, thanks for answering my question.

Moderator: Thank you. We have the next question from the line of Nikhil Chaudhary from Chrys Portfolio Management Services. Please go ahead.

Nikhil Chaudhary: Thank you for the opportunity. Congratulations on a great set of numbers. Sir, the question is very basic, I wanted to understand on the customers switching costs like falling on to the earlier participant question, say for example, we are already serving to the top OEMs and Google with the help of a domestic guy gets onto probably something that we already have, the data and it also starts offering similar services. How easy probably it is for one customer to switch to say the new, our competitor and what is usually the exit rate in that industry like, is it 100% renewal rate or 95% renewal rate that we see at the end of the year or on what basis do the client leave us, just wanted to understand a few parts around that?

Rohan Verma: See, at least in the automotive front, these integrations are quite deep so it is not that easy for anybody to switch out because there are multiple points of integration, like I said in the car, in the companion app, in the backend cloud systems and just as I answered the question previously also, the Google solution that they have launched is not really something that is very meaningful for automotive. It might be meaningful or interesting from a consumer point of view, but not for automotive or enterprise per se so that is the kind of on that front. Our approach on retention of customers and we have a track record of very, very strong retention numbers you have seen it in the RHP, DRHP that we had released last year also. It is basically we keep enhancing our products and services and so we keep building towards what our customers need for their next generation and we are very much customer-focused and customer-aligned. So, in that sense we go along with our customers, so we see pretty strong retention numbers.

Nikhil Chaudhary: Understood Sir, usually you may probably have answered in the earlier conference calls, but wanted to understand in the vehicle OEMs, how does the billing go, I assume it is per vehicle sold and also probably yearly basis we receive something from them, is my understanding right?

Rohan Verma: Yes, that is right.

Nikhil Chaudhary: Understood sir, thank you so much. I wish you all the best and thanks, again.

Moderator: Thank you. We have the next question from the line of Shirom Kapur from Prabhudas Lilladher. Please go ahead.

Shirom Kapur: Thanks for the opportunity and congrats on a great set of numbers. I just have two questions and they are kind of related, from a high-level view what do you see as the two or three key headwinds that could disrupt your business going forward even as well meaningfully reduce growth, from a competition perspective, is it more important keeping tech updated, is there any regulatory issues, so what do you see as key risks to the business?

Rohan Verma: See, our biggest risk as a company is if we stop innovating that is if we do not keep coming out with newer products or enhancements on our existing products that will not hold us in good strength and the other is, if we stop engaging actively with our customers that will also impact us. So, we've built up a pretty strong leadership position and building such quality and comprehensiveness of a map data product and this technology platform, which covers multiple areas and in automotive, we talked about NCASE, this is not a small area; in mobility, we talk about logistics SaaS or transportation SaaS, IoT devices again, these are quite comprehensive offerings. Then when you look at the digital transformation, we cover everything from analytics and strategic planning to operations, optimizations, field workforce management and then for apps, we provide these APIs or widgets which are either low code or no code. These are pretty comprehensive offerings. We do not know of any other company that has this breadth of offerings, with this unique kind of map assets where we are doing a lot of innovation as well.

Rakesh Verma: I will add something to this, there must be, I do not have the exact number, but there must be at least 100+ small, small organizations who might be offering some of the things that we do. So, what I am trying to convey to you is, the complex platform and products that we have built on top of the map data that we own is something that the organizations are able to get it from under one umbrella, in a ready-to-use manner and that makes a big difference. From a business perspective, from a customer's perspective that is one big differentiating factor.

Shirom Kapur: Got it. Thanks, I really appreciate your detailed answer on that and just related to that, the first thing stopping to innovate as a business might not put you in a good position, so does that mean that you will continue to have significant investment in the R&D in the coming future and do you ever see that normalizing to a lower rate or will there always be continuous investment in R&D?

Rakesh Verma: Let me give you some answer to this with some examples. Like we launched our Mappls RealView just few weeks back, now the entire data that was collected was over a period of some time and they were all expensed out so that was part of the R&D expense that we did, so like that the expenses will continue. So, we are used to those expenses and when we invest or spend the way make it cost efficient is we are able to leverage on some data collection in multiple ways and it is not just that I collected this data and license it to somebody else and that is it and that is the cost, it does not work like that. These are the kinds of processes that we have developed in the company, and we have expanded our horizon.

Shirom Kapur: Got it, thanks. I really appreciate the answers. Thank you.

Moderator: Thank you. We have the next question from the line of Ashish Kumar from Infinity Alternatives. Please go ahead.

Ashish Kumar: Thank you, Sir, and congratulations on a good set of numbers. I see the growth momentum is pretty strong, continuing to in terms of what the last couple of speakers back asked in terms of the growth momentum, do you see any risk or any large investment that we might want to make? The reason where I am coming from is that we already are sitting on a Rs.300 Crores kind of a cash balance so what is the thought process around using that cash balance, do you think that we would need that as a buffer?

Rakesh Verma: See, the cash balance that a company keeps is for making sure that any opportunity that comes up like the small opportunity that we picked up with the Nawgathi that may not be worthwhile talking from a cash perspective, but we definitely want to make sure that we do not fall short of cash whenever any opportunity comes up. Opportunity could be in terms of acquisition, opportunity could be in terms of making our own investment, investment could be in terms of R&D, something very big or it could be even in terms of re-energizing the brand. So, I do not think the amount of money that we have created or generated, while it definitely is not a small amount, but we would like to preserve it for the growth of the company.

Ashish Kumar: Sure, and in terms of any large opportunity gap that you are seeing, do you see any large opportunity gap that we have come from a market perspective?

Rohan Verma: I mean there are always multiple opportunities that we are evaluating in different spaces, I think we generally have talked about it in the RHP, DRHP, that there are different spaces in India and internationally both that we will look at, different segments whether on enterprise or consumers, so nothing that we are doing, nothing to say today, but we keep kind of looking at opportunities and these are opportunities that can further enhance the growth of the company in the future. There are multiple opportunities where we can go, but we are careful about which ones to kind of look at.

Ashish Kumar: Sure, last question in terms of launch of Mappls, do you see yourselves kind of pushing aggressively on the pure B2C platform like a Google maps kind of an offering which is where the revenue profile is advertisement linked rather than an enterprise linked?

Rohan Verma: See, with Mappls actually, we have another revenue stream also of selling gadgets with subscription services. So, with MAPPLS app what you also get, which the other Google maps app type stuff does not give, is you can install our gadget in your car or two wheelers and start monitoring it and it helps in whether the engine is working well, etc., and you pay us a subscription service for that, you pay us for the gadget upfront. So, there is a business model already for the app, right now the focus has been especially in the last few quarters, which is growing the distribution of our gadgets through retail and automotive OEM dealerships. We will look at doing more on the consumer apps from both the perspective of plan, technology showcase, but also this gadget-led revenue nothing so much on the ad business model right now.

Ashish Kumar: So, you are not thinking of converting it to a free app with the way your revenues are driven by the app usage i.e., the advertisement?

Rohan Verma: The Mappls app is free to use, it is not a pay to you.

Ashish Kumar: I know it is free to use, but you are not looking at putting in ads to kind of monetize that?

Rohan Verma: As of now, no.

Ashish Kumar: Thanks, and wish you all the best.

Moderator: Thank you. We have the next question from the line of Anmol Garg. Please go ahead.

Anmol Garg: Thanks Sir for the opportunity again. Sir, just wanted to ask a question on the working capital side, now that we are planning to increase the government business and also that we have acquired Gtropy, which deal with the logistics players as their customers. So, do you think that these two reasons or these two types of customers can increase our working capital requirement in the business and second to that, what can be the government business that can we expect in this year, for the complete consolidated entity?

Rakesh Verma: The government revenue last year we talked about was 5%. This year definitely we are gradually building up the order booking in the government because there are lots of opportunities, but we are careful about being a platform and product player on a SaaS model, that is, we have also closely worked with the systems integrators. So, really the pressure on the working capital from that does not come too much maybe a little bit, but not much. To answer your question on the other one about the Gtropy, yes, there might be some investments we will require to support the Gtropy from the gadget side of it because that leads to generating the business, which leads to the SaaS part of the business, but I do not think it is going to be any alarming number or anything like that.

Anmol Garg: Sure, thank you.

Moderator: Thank you. We have the next question from the line of Vinit, an Investor. Please go ahead.

Vinit: MapmyIndia is having the services?

Moderator: Sir, I believe the participant is unable to hear us, that was the last question. Would you like to make any closing comments management?

Rohan Verma: I just wanted to say thanks to everybody for spending the time, asking us the questions, we were pretty happy with how the quarter went, it is going inline with kind of what our efforts has been over the last few years and we remain kind of committed to working hard, building products and engaging with our customers and look forward to connecting after the quarter.

Rakesh Verma: Thank you all for joining the earnings call.

Moderator: Thank you members of the management and thank you, Mr. Garg. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.