

Meeting Summary of Zoom Meeting - Investor Meet 18.11.2024 - Trust Fintech Limited

Mr. Hemant Chafale, Chairman discussed Trust Fintech's financial performance, future plans, and certifications, highlighting the development of an RBI compliance reporting solution and a universal digital reconciliation service. He also addressed concerns about revenue guidance, manpower shortage, and the company's transition to multiple products and geographies. Mr. Hemant Chafale also shared updates on the company's progress with multiple bank engagements and the potential of their new loan origination system in the banking sector.

Next steps

- * Mr. Hemant Chafale to complete customization of credit union software for U.S. market by December 24th.
- * Mr. Hemant Chafale to finish CBS customization for South America market by January 31st.
- * Trust Fintech team to complete development of seller app for loan origination system on ONDC.
- * Trust Fintech team to complete remaining 10% work on RBI Compliance reporting solution by December 15th.
- * Mr. Hemant Chafale to pursue empanelment with State Bank of India.
- * Trust Fintech team to address 20% resource gap by hiring additional staff and contractors.
- * Mr. Hemant Chafale to secure orders from NBFCs, with one expected next week.

Summary

Trust Fintech's Core Banking Solutions

Mr. Hemant Chafale expressed gratitude to the investors for their support in the company's journey. He highlighted Trust Fintech's core banking software and offshore services provided to over 100 banks. He also mentioned the company's certifications, including CMMI, GST, Microsoft, and SAP. He discussed the development of an Rbi compliance reporting solution, which is expected to become a standard product that can sit on top of any core banking system. Mr. Hemant Chafale also mentioned the launch of a universal digital reconciliation service, offered as a software as a service.

Company's Financial Performance and Expansion

Mr. Hemant Chafale discussed the company's financial performance and future plans. He noted that the revenue growth was in line with the previous year, despite some delays in product development due to resource availability and RBA compliance. He mentioned the launch of new verticals, including loan range systems in India and America, and the expansion into Africa and the US. He also highlighted the company's partnership with two African partners and one in Dubai. Mr. Hemant Chafale mentioned the delay in setting up a new infrastructure, but assured that the new setup would be operational by the end of 2025. He also discussed the introduction of AI and machine learning in risk management and fraud detection in their existing CPS. Mr. Hemant Chafale concluded by mentioning the company's plans to start an office in London to focus on the European market.

Revenue Guidance and Order Pipeline

Mr. Hemant Chafale clarified that 90% of the work is complete and aims to finish the remaining by December 15th. Mr. Shaan raised concerns about the company's revenue guidance, noting a significant drop in revenue and operating profit margin (OPM) compared to the previous year. Mr. Hemant Chafale explained that the first quarter of the year was affected by elections, causing a delay in orders and tenders. He assured that they have several good tenders in the pipeline for the second quarter and hope to meet expectations. Shaan pressed for a revised revenue guidance, to which Mr. Hemant Chafale responded that they aim to have orders over 70 crore by the end of the financial year, but the billing depends on customer consent. Ramky questioned why certain orders were not included in the results, to which Mr. Hemant Chafale explained that they only take into account orders after they have been invoiced and accepted by the customer.

Revenue Split and Company Expansion

Mr. Hemant Chafale discussed the company's current revenue split, with 80% coming from India and 20% from overseas. He also mentioned that the company is working on different geographies like the US, Dubai, UK, and Africa. Mr. Hemant Chafale acknowledged a shortage of manpower but assured that they are trying to address it.

Mr. Hitesh asked about the revenue split between recurring and one-time revenue, to which Mr. Hemant Chafale responded that 70% is recurring and 30% is one-time. He also mentioned that the company is focusing on SAs, but initial orders are more reliant on client conditions.

Mr. Hitesh asked about the gestation period of orders from NBFCs or banks in India, to which Mr. Hemant Chafale replied that it typically takes three months.

Mr. Hemant Chafale also discussed the company's focus on Los and Cbs, with Los expected to complete in S2 and Cbs expected to generate more orders.

Mr. Harsh asked about the revenue potential from the recent empanelment with Bank of Baroda, to which Mr. Hemant Chafale responded that it's difficult to predict the volume but they are expecting good revenue. Finally, Mr. Harsh asked about the utilization of IPO funds, to which Mr. Hemant Chafale explained that they are still short of resources and have not incurred expenses to that extent.

Transition Challenges and Profit Center Goals

Mr. Hemant Chafale discussed the challenges of transitioning from a single product and geographical area to multiple products and geographies. He explained that the transition time for orders can vary significantly, with some taking up to six months.

Mr. Jyotiprakash advised setting realistic and conservative targets, emphasizing the importance of not overclaiming and being prepared for potential setbacks...