

CMS INFO SYSTEMS LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.351.20 (As on 20th Sep 2023)

TARGET PRICE : Rs.439.00

FACE VALUE : Rs.10

BSE CODE : 543441

NSE CODE : CMSINFO





ATM Cash Management



Retail Cash Management



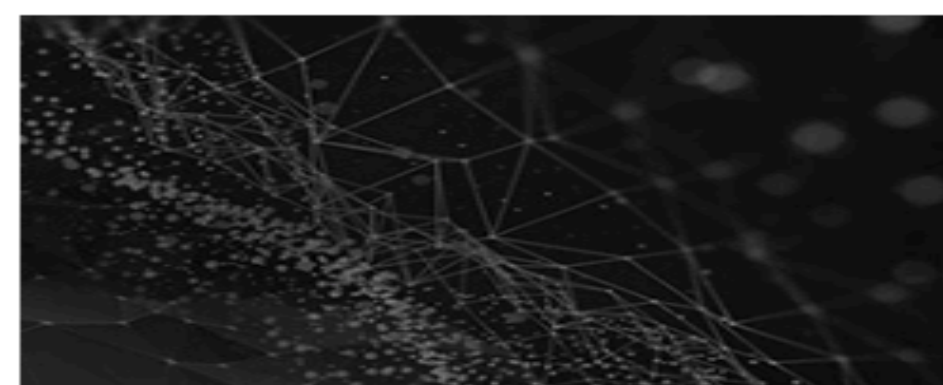
Cash In Transit



Banking Automation



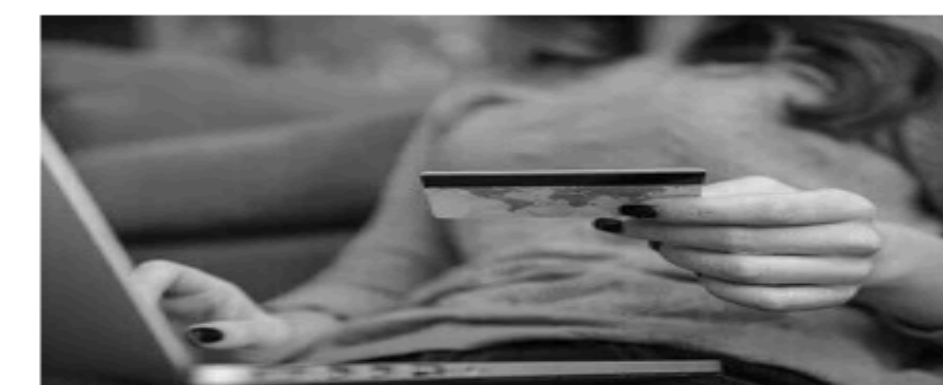
Brown Label ATM



Remote Monitoring Solution



Multi-Vendor Software



Card Personalisation

CMS Info Systems Ltd. is a leading business services company providing logistics and technology solutions to banks, financial institutions, organised retail, and e-commerce companies in India. It today plays an essential role in connecting banks, businesses, merchants, and consumers by enabling commerce in a secured environment.

ABOUT THE COMPANY

CMS businesses include Cash Logistics, Banking Automation, Managed Services, Remote Monitoring Solution and Technology Solutions. With 25,000+ employees & associates, servicing 150,000+ business commerce points across 97% Indian districts, it is today a market leader in Cash Logistics, ATM Software Solutions and AIoT Remote Monitoring (Banking segment) businesses.

Leading Business Services Company Catering To BFSI & Retail Sector



Logistics Services

Product Solutions

Tech Outsourcing Services

ATM Cash
Management

Retail Cash
Management

Cash in
Transit (CIT)

Bank Automation
Solutions

ATM Managed
Services

Card Mgmt.
Solutions

Software
Solutions

Remote
Monitoring



**Only Integrated Banking
Solutions provider
with end-to-end offerings**

**Largest Cash
Management
company in India**

**PAN India Footprint;
16K+ Pin codes
covered**

**Servicing leading
banks like SBI, HDFC,
ICICI & Axis**

**Highly qualified and
experienced management
supported by diverse board**

INR 12.70 Tn
Cash handled in FY23

150,000+
Servicing Business Points

4000+
Cash Vans

28.8%
FY23 Adj. EBITDA Margin

28%
FY20-23 PAT CAGR

INR 4,500 Mn
March'2023 Cash ⁽¹⁾

24.21%
FY23 ROCE

Zero Debt
Company for 4 years with AA
credit rating

76%
FY23 OCF / EBITDA

Offering End-to-End One Stop Solutions

Key Business Verticals

Cash Management

- End-to-end ATM replenishment – inclusive of cash withdrawal, ATM replenishment, cash evacuation and deposition for BNA/recyclers, day-end reporting, reconciliation and settlement
- Cash pick up and delivery from retail outlets and enabling settlement with retailers' banks
- Currency movement inter/intra city for Banks

Managed Services

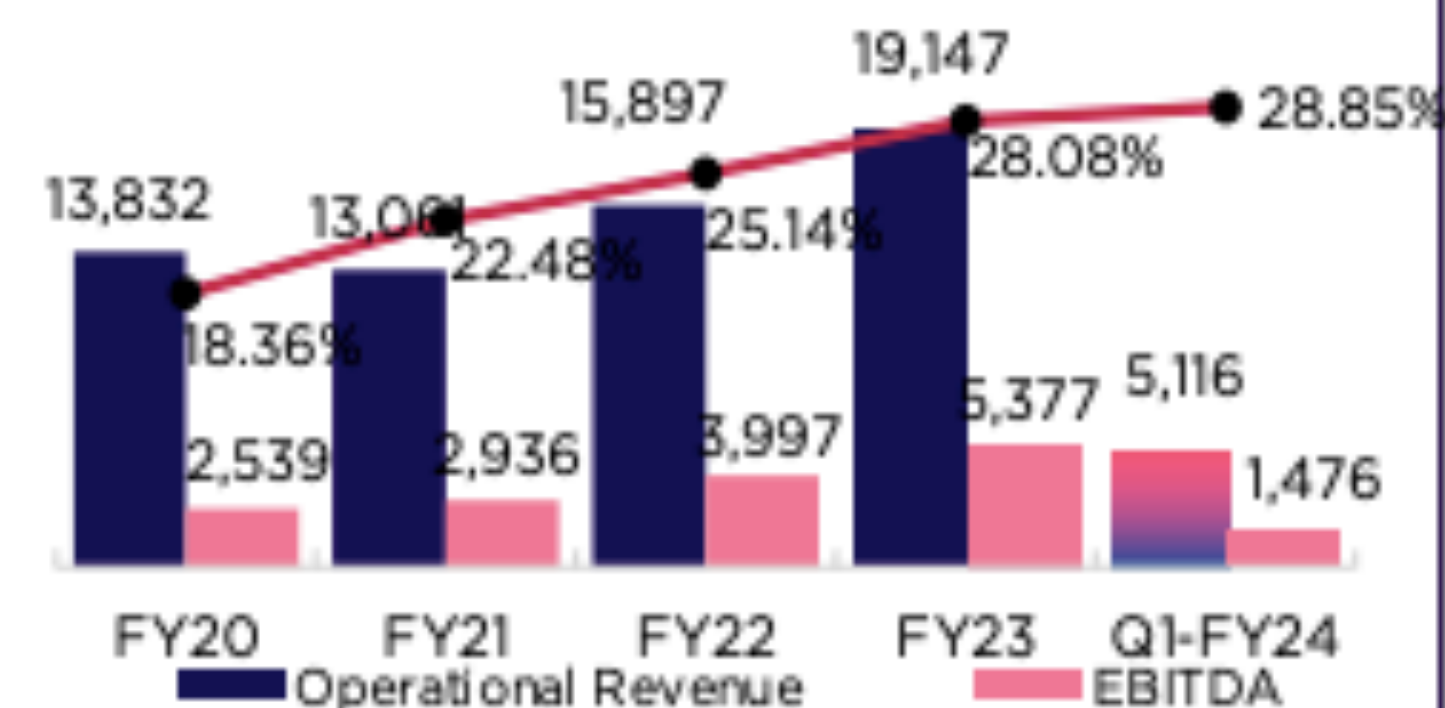
- Sales, deployment, and maintenance of ATMs
- Brown label ATM Deployment
- Managed Services for bank owned ATM networks
- Management and personalization of cards

Tech Solutions

- Software solutions
- AI based Remote Monitoring

Financial Highlights

(INR Mn)



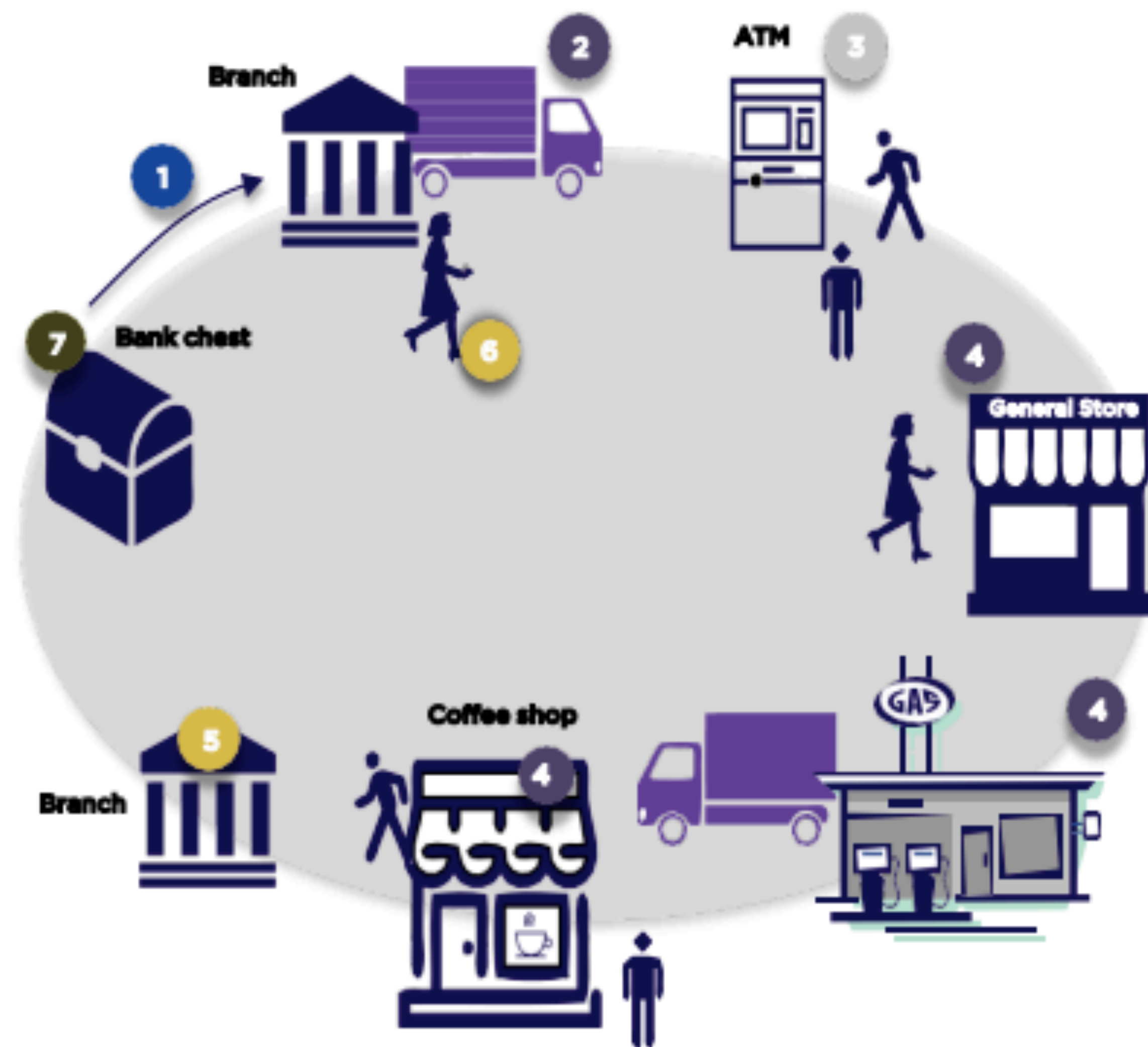
Business Mix Q1-FY24



CMS' Presence Across The Cash Value Chain



Embedded into the clients' systems and process while offering a wide range of services at different stages of the cash cycle



- 1 Cash-in-transit services to the banks that run currency chests
- 2 ATM cash management services to banks (on behalf of MSPs)
- 3 ATM deployment and maintenance services, Brown Label ATM services, multi-vendor software solutions and remote monitoring services
- 4 Retail cash management services to retailers and other corporates, as well as deployment of retail cash vaults
- 5 Reconciliation of ATM and retail cash balances and end-of-day reporting
- 6 Credit and debit card personalization services to banks
- 7 Currency chest automation

Our Journey: Transforming into a Business Services Platform

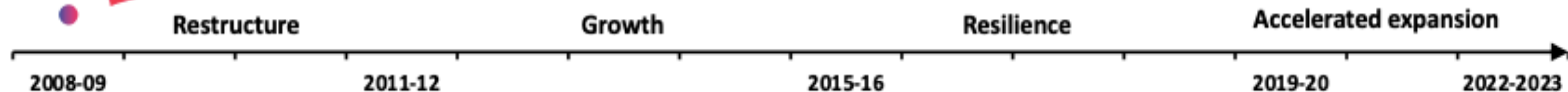
CMS Timeline

9x Revenue growth

11x EBITDA growth

Revenue: ₹ 216 Cr
Adj. PAT Margin: 10.5%

Revenue: ₹ 1,915 Cr
Adj. PAT Margin : 15.9%



Restructure

Growth

Resilience

Accelerated expansion

Established a strong core in Cash Logistics

Grew TAM by expanding into Managed Services

High growth Launched AIoT business

*from continuing business

Industry

- ↑ in Pvt. bank outsourcing
- 4x ATM market growth
- Market players doubled

- Demonetization
- NPA crisis; PSU bank mergers
- RBI standards

- ↑ in PSU bank outsourcing
- COVID pandemic
- Industry consolidation

Leader In Cash Logistics Services In India



ATM Cash Management
#1 Player

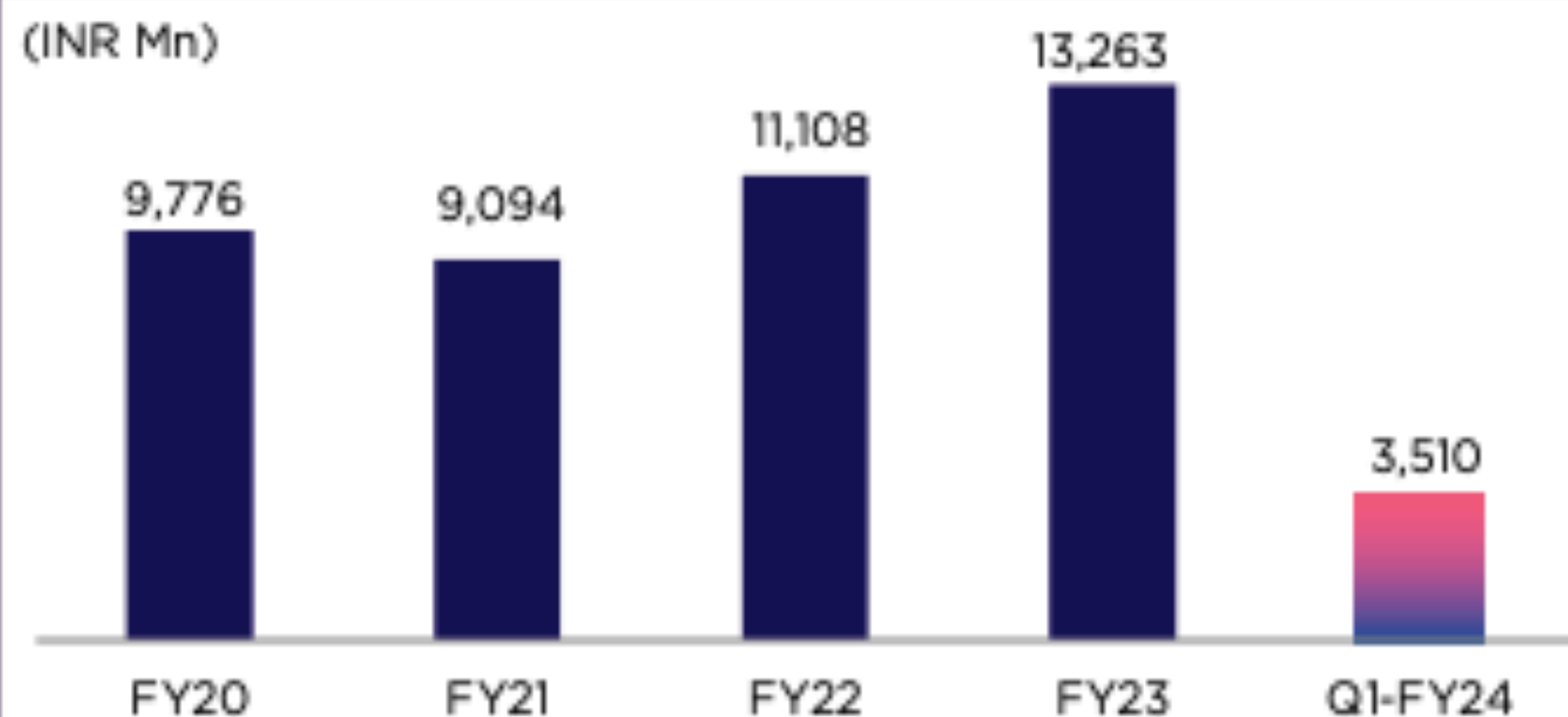
Retail Cash Management (RCM)
#1 Player

Cash-in-Transit (CIT) and Emerging Businesses
#1 Player



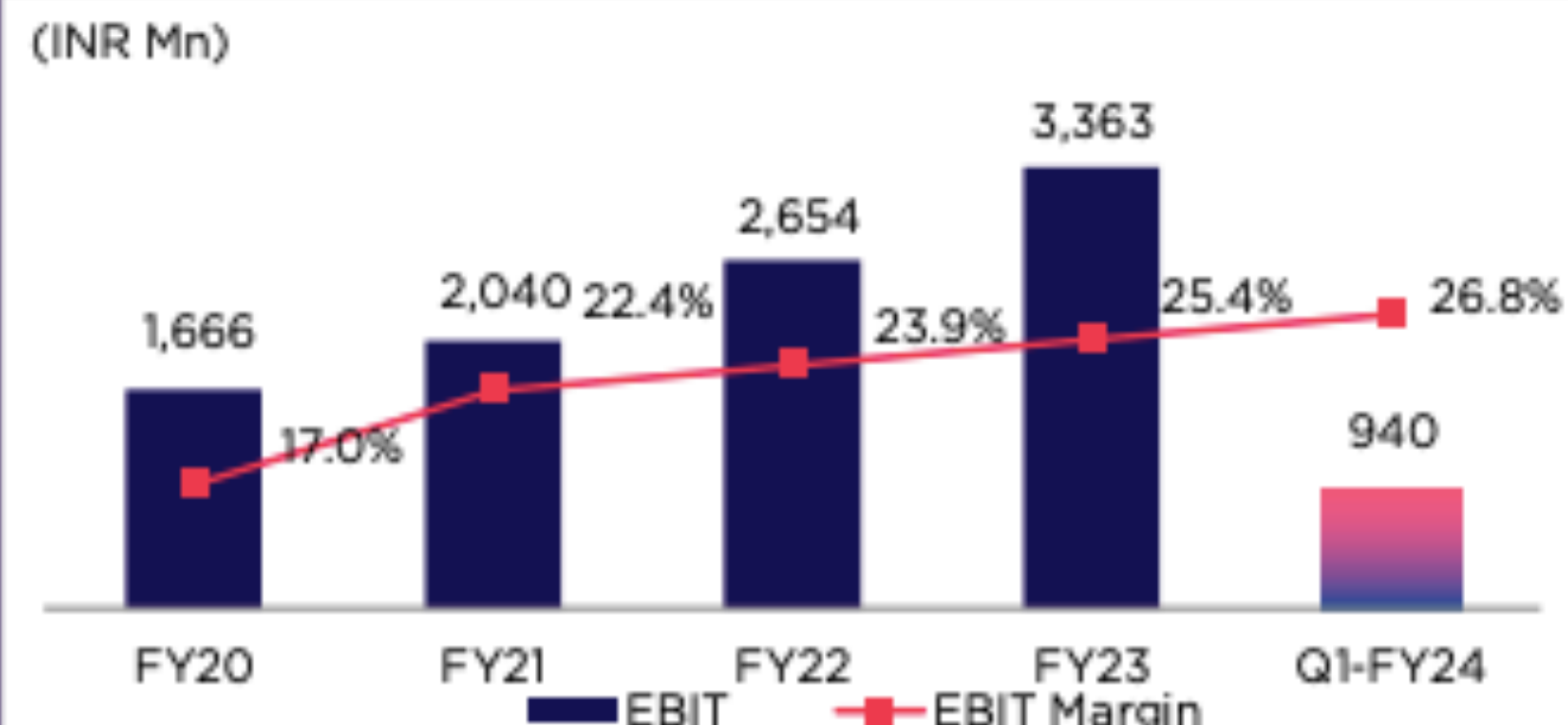
Cash Logistics Revenue

(INR Mn)



Cash Logistics EBIT & EBIT Margin

(INR Mn)

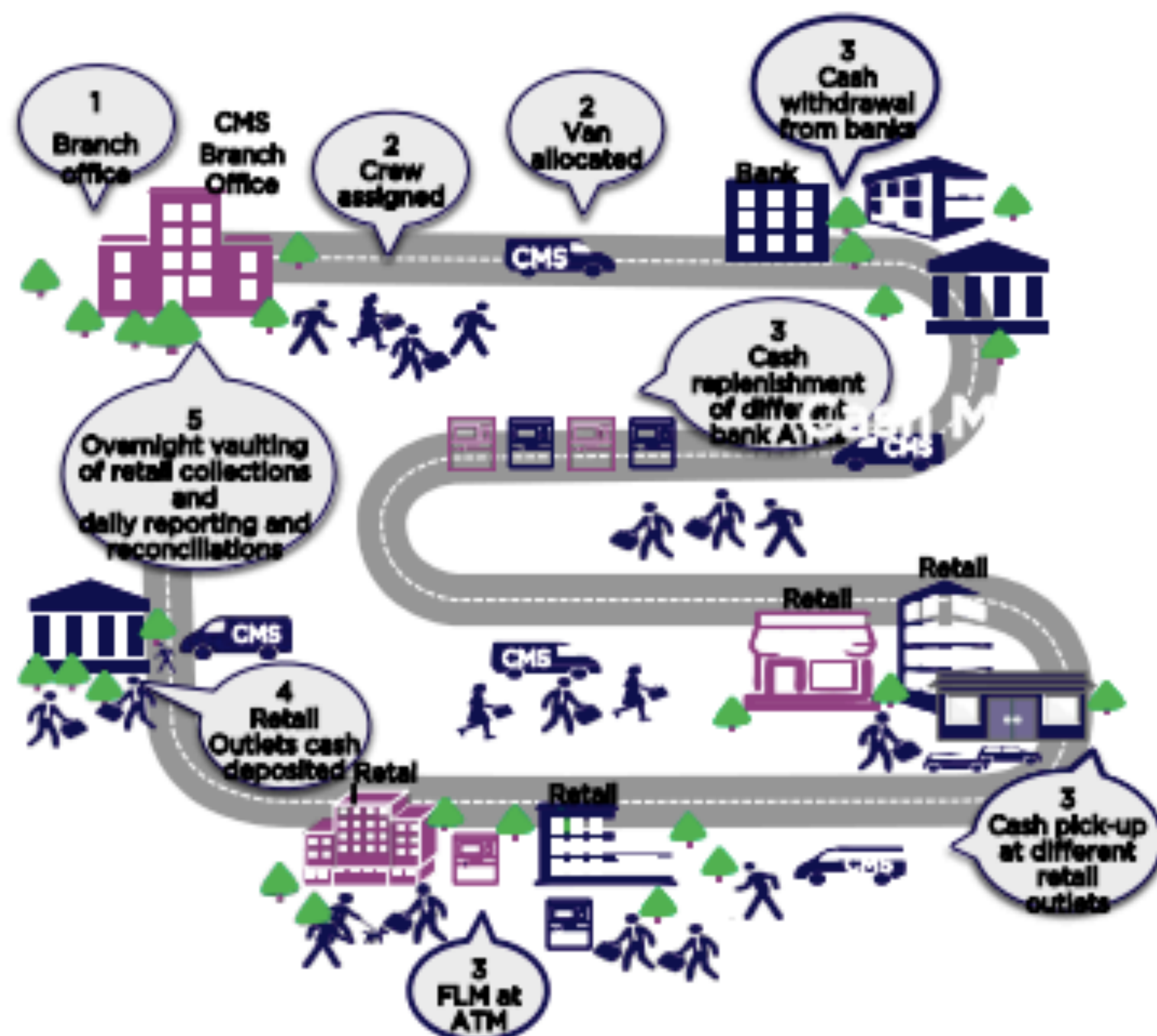


Route Based Logistics With Extensive Distribution Across India



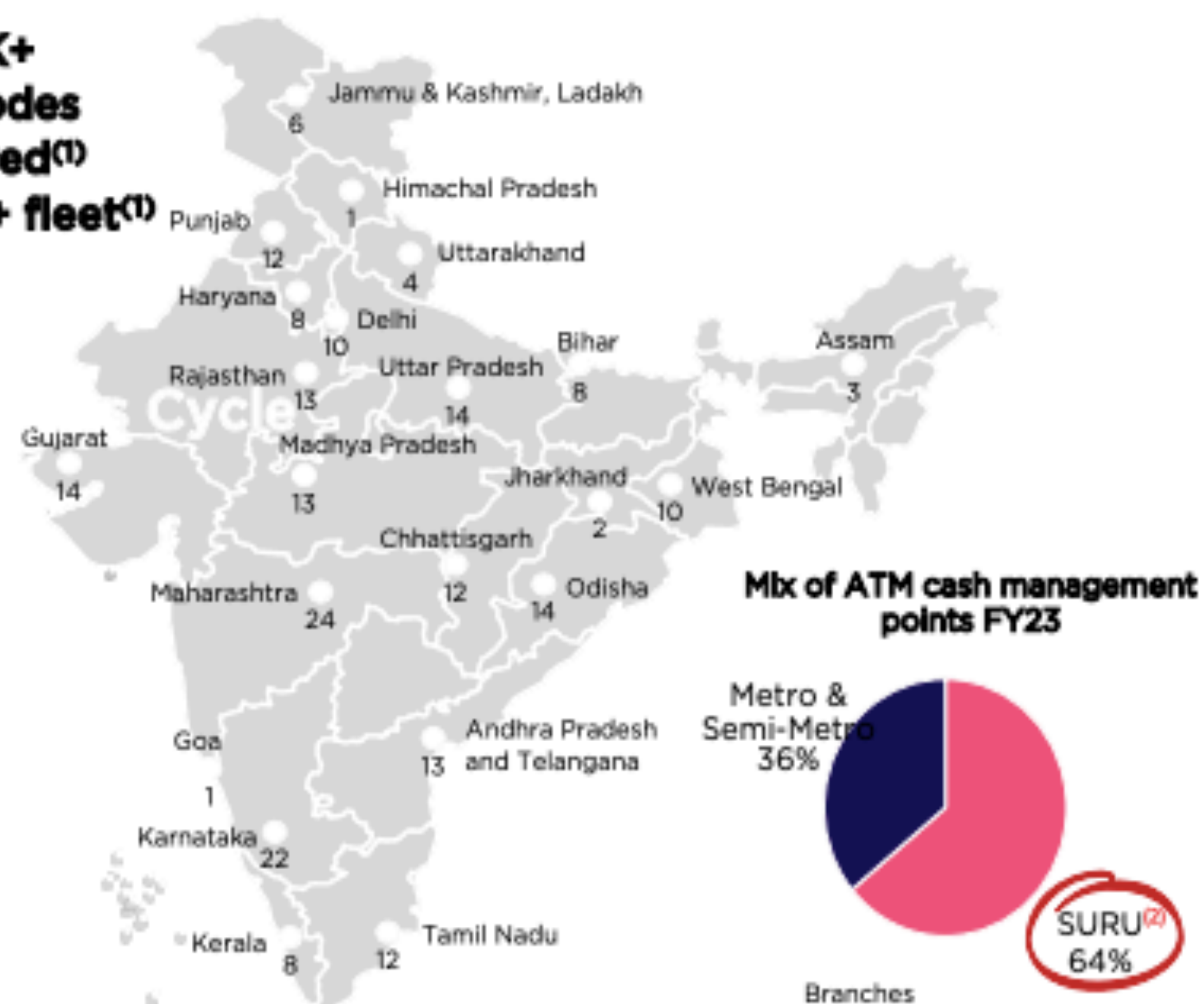
Deep entrenchment to India's hinterland, Logistical planning and Route productivity are fundamental to CMS' successful track record

Cash Management Operations Cycle



97% coverage pan-India including remote areas(3)

16K+ Pincodes covered⁽¹⁾
4,000+ fleet⁽¹⁾





Our Cash Logistics Network

World class scale, quality and risk management



ATM

- Revenue model linked to # of visits per ATM (<2% variance)
- Annuity revenue model, >90% fixed
- 72,000+ ATMs, Replenished every alternate day, Avg. ₹ 1.4 Cr / ATM per month

RETAIL

- Partner with Transaction banking to offer treasury solutions for corporates & retail (Cash-X)
- Annuity revenue model linked to volume & points; >70% fixed
- 52,000+ business commerce points, Avg. ₹ 37 L collection & processing per month

CIT

- Bulk currency transit across the banking network
- Revenue model: 80% fixed; 3-5 year contracts
- 12,000+ bank branches served every day

One Of The Few Integrated Players In India With A Strong Technology Edge



Banking Automation Solutions



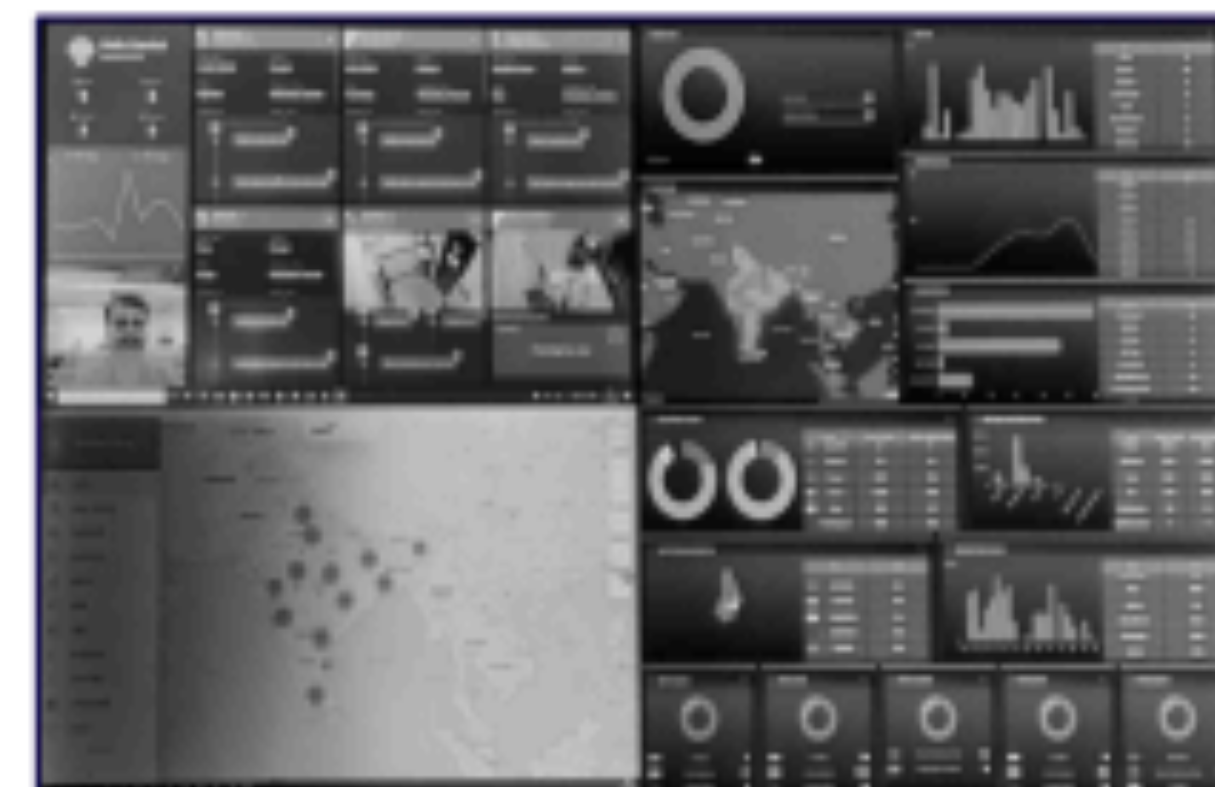
ATM As-a-Service



Software Solutions #1 In ATM

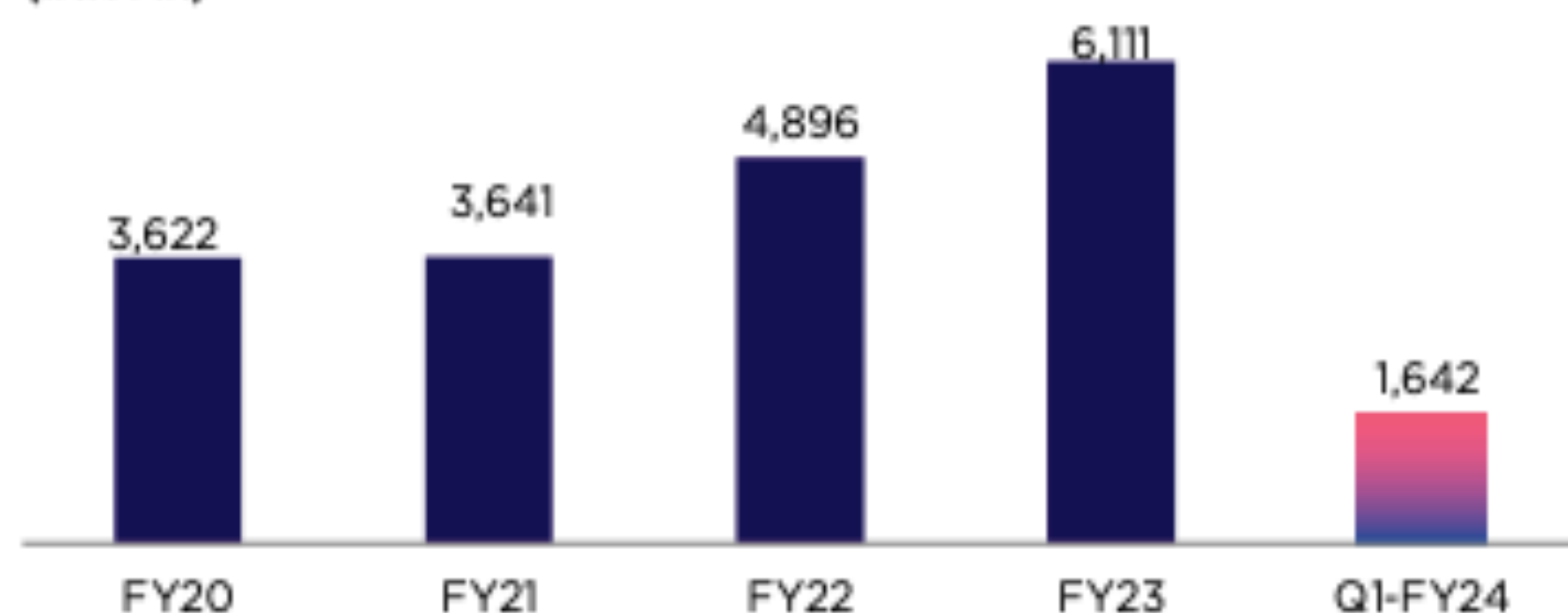


AI based Remote Monitoring #1 In ATM



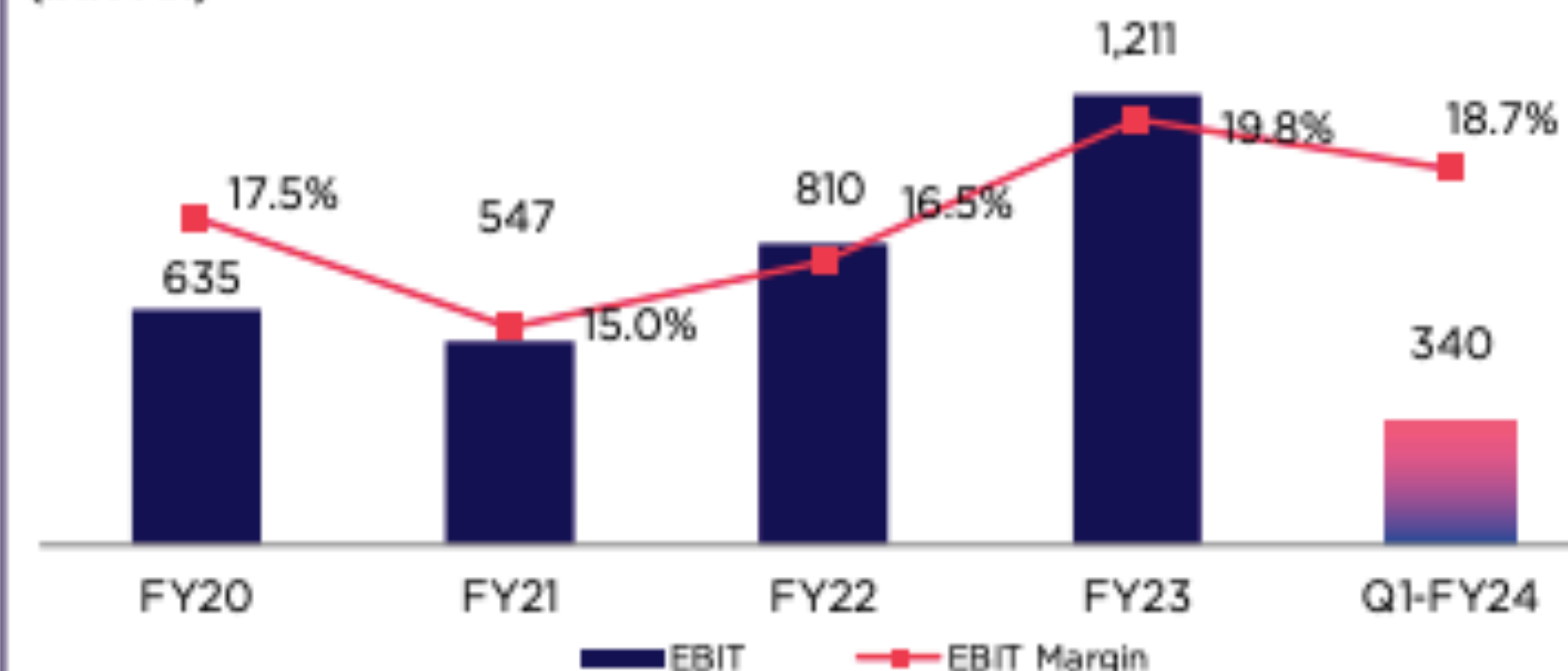
Managed Services Revenue

(INR Mn)



Managed Services EBIT & EBIT Margin

(INR Mn)



India is the worlds 3rd largest ATM market



Banking Automation

- ATMs, Currency recyclers, Self-service kiosks
- 1:2 branch to ATM ratio
- Product sale + 7-10 yr maintenance revenue



ALGO Software

- MVS – Unified & dynamic interface and management
- ATM access security software
- SaaS-like business model
- License sale + 7-10 yr maintenance rev.



ATM-as-a-Service

- 60% bank owned, 3-5 yrs fixed revenue
- 40% BLA; 7-10 yrs, txn-based revenue
- **CMS**: 20-25% revenue fixed rate; -30% of BLA at bank branches (high predictability)



AIoT Remote Monitoring

- <40% ATMs and <30% branches secured today
- 100% fixed recurring



Mid-term growth drivers



Cash Logistics

- 100,000 ATMs yet to be outsourced for Cash Mgmt.
- Growth in organised retail; Direct2Retail and Cash-X solutions

ATM Managed Services

- PSU banking refresh cycle: 80,000+ ATM refresh cycle
- Pvt. Sector branch expansion: 20,000+ new ATMs
- Total outsourcing deals: ~100,000 ATMs will shift from bank capex to BLA

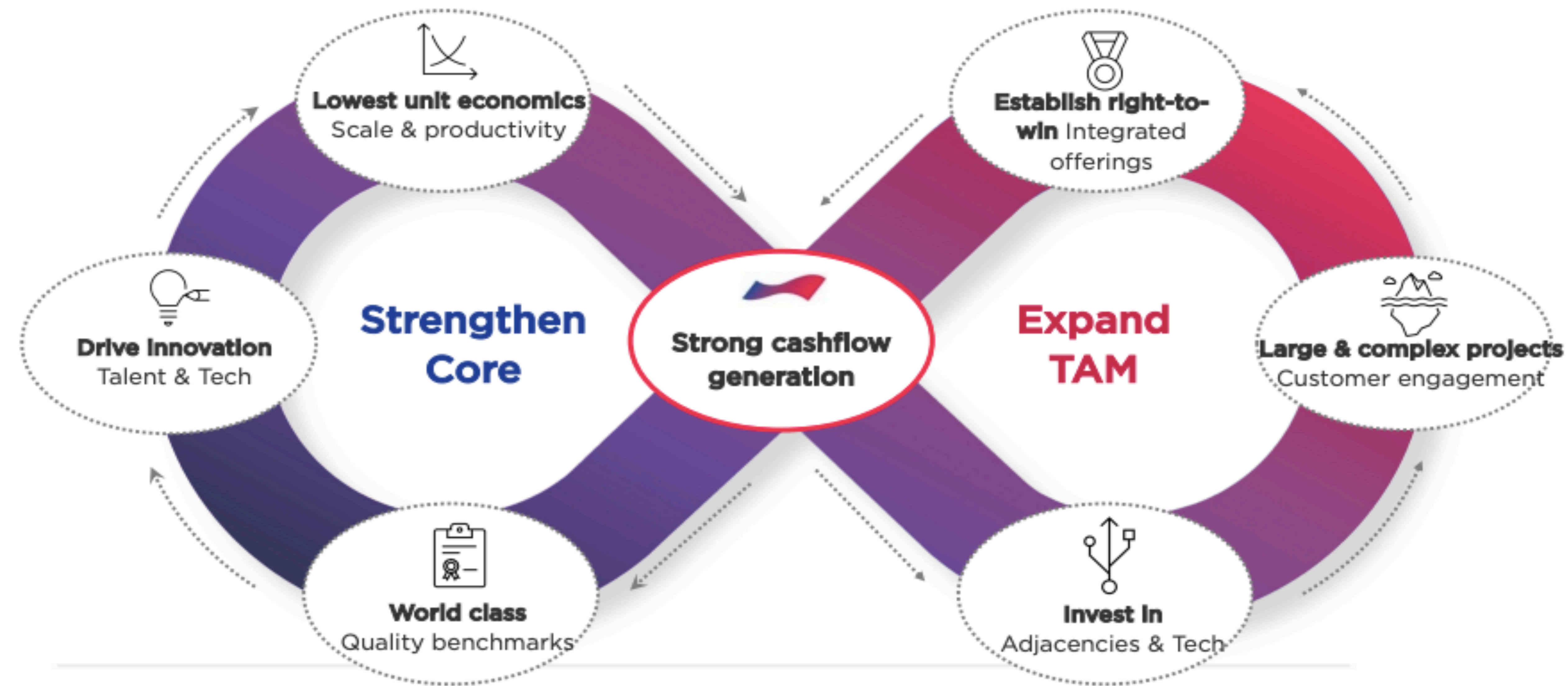
AIoT Remote Monitoring

- >60% of ATMs & bank branches
- Expansion to NBFC, Insurance, Retail
- Legacy base refresh cycle

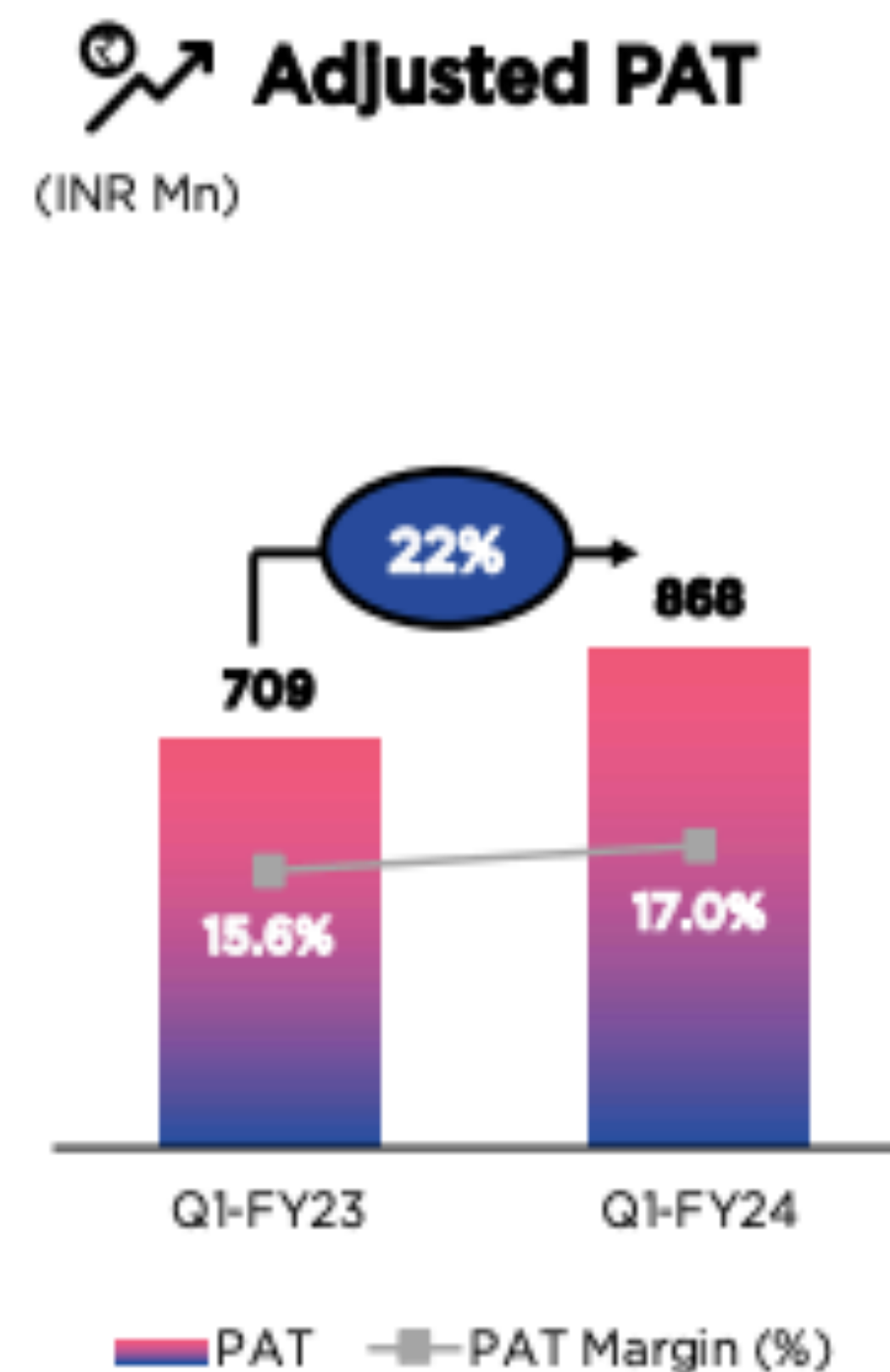
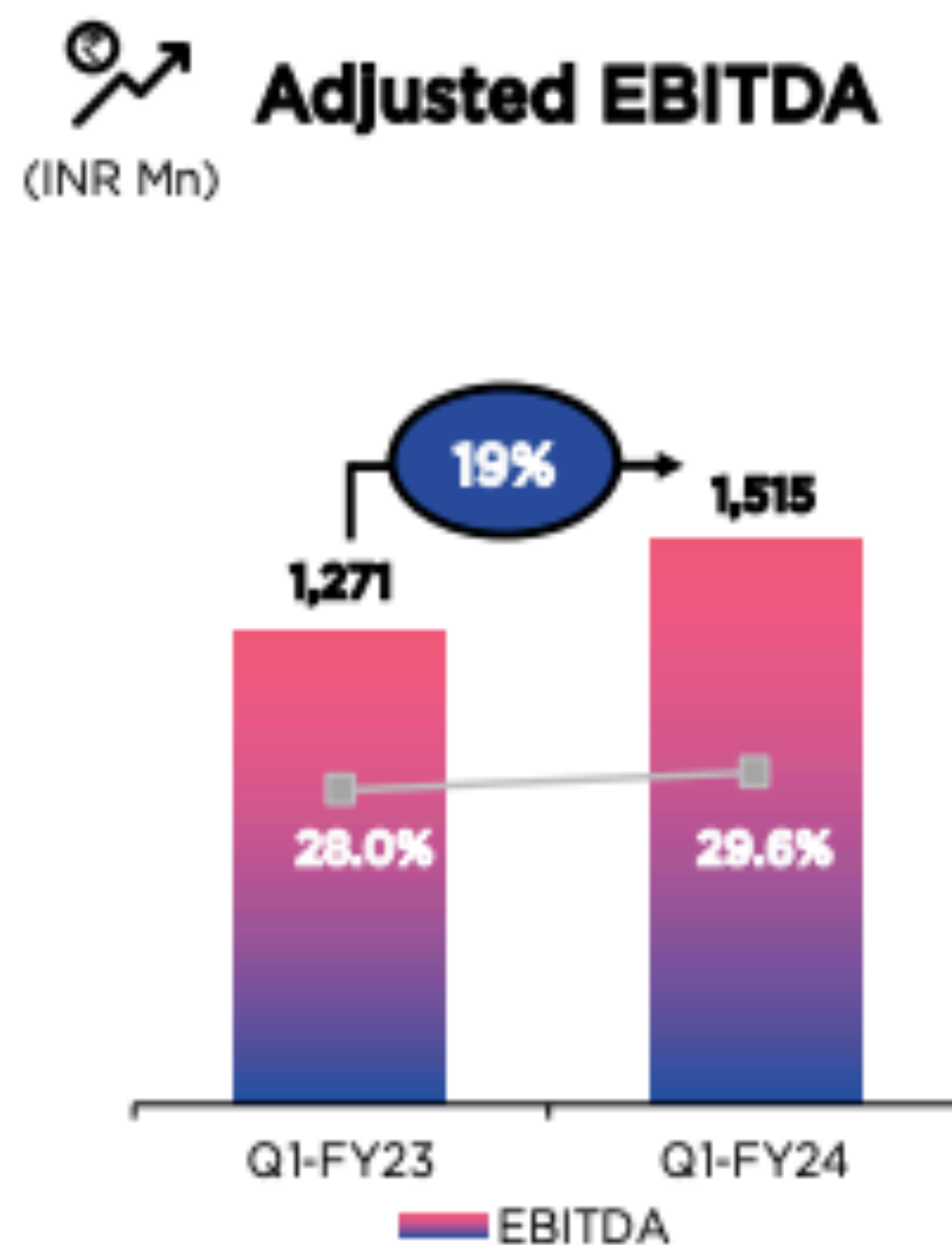
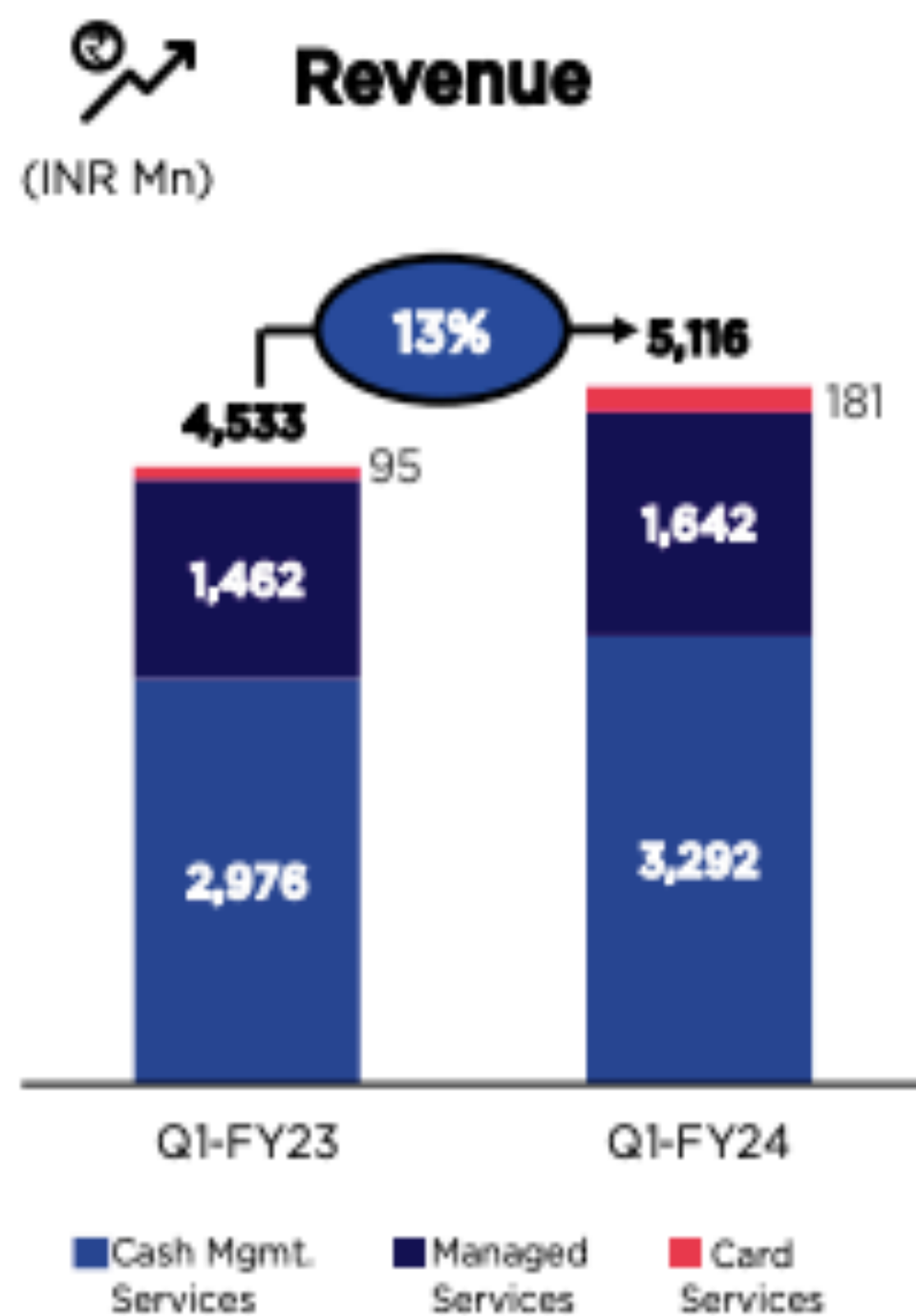
Inorganic

- Track record of programmatic M&A: Rs. 250 Cr in 6 acquisitions with <3 year payback
- Industry consolidation
- M&A areas: Business Services, Fintech

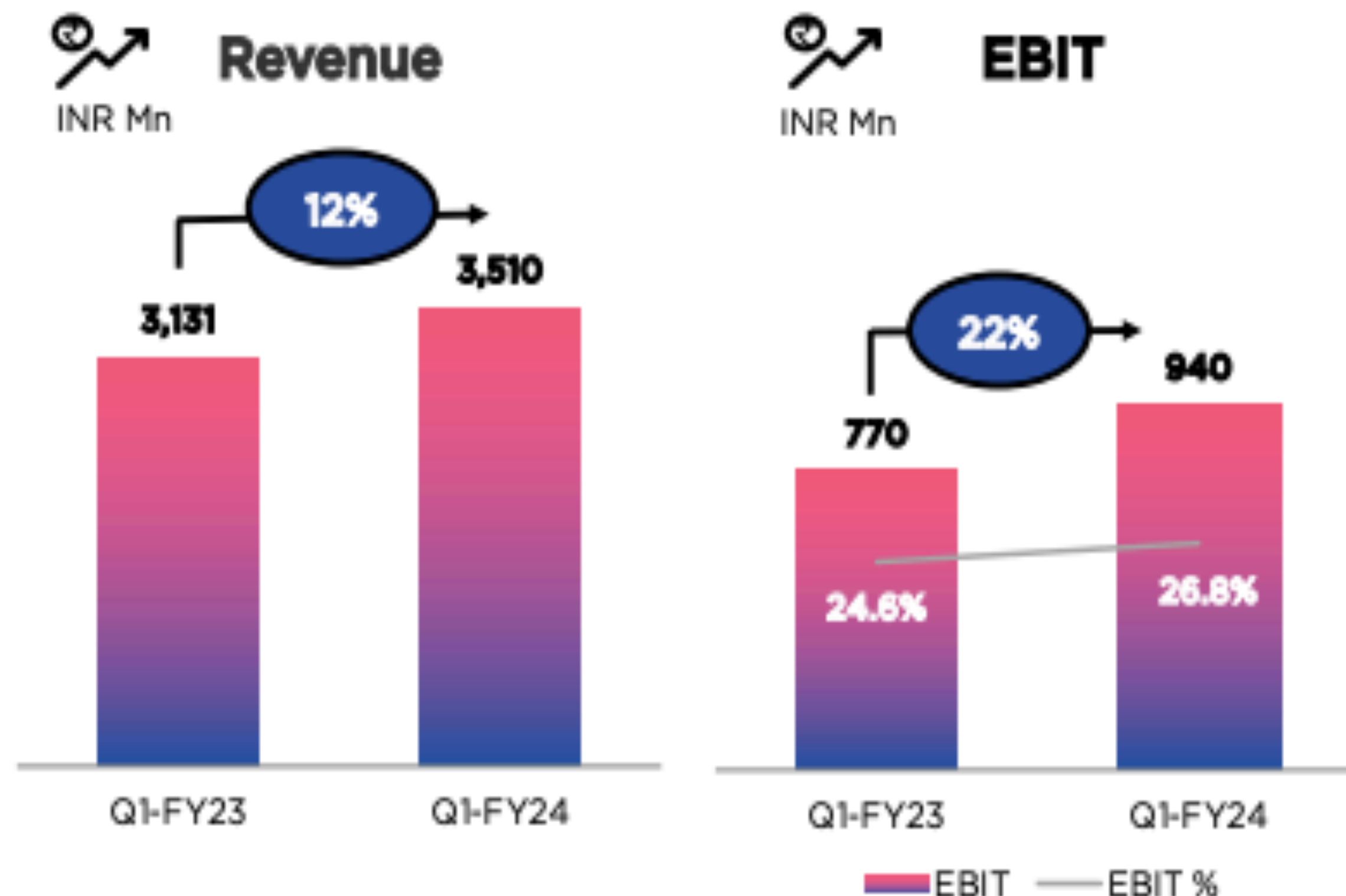
Our Playbook: Accelerating growth & market expansion



Quarterly Financial Highlights



Quarterly Operational Highlights: Cash Logistics Business



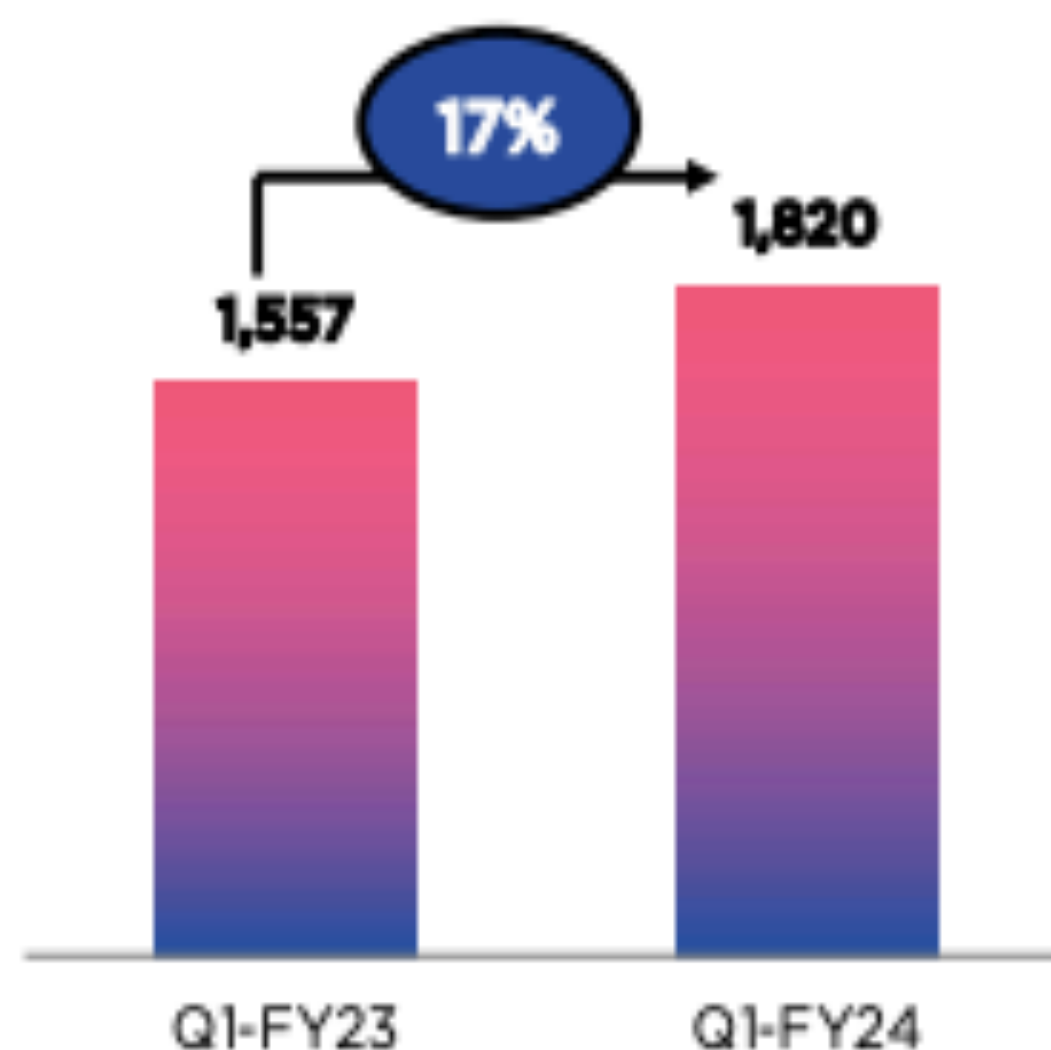
Cash Logistics: Operational Highlights


- Highest ever quarterly currency throughput at INR 3.3 Lakh Crore in Q1-FY24, up 6% YoY
- 10% YoY growth in total business commerce points for ATM + Retail cash management to 126,000 as of June'23

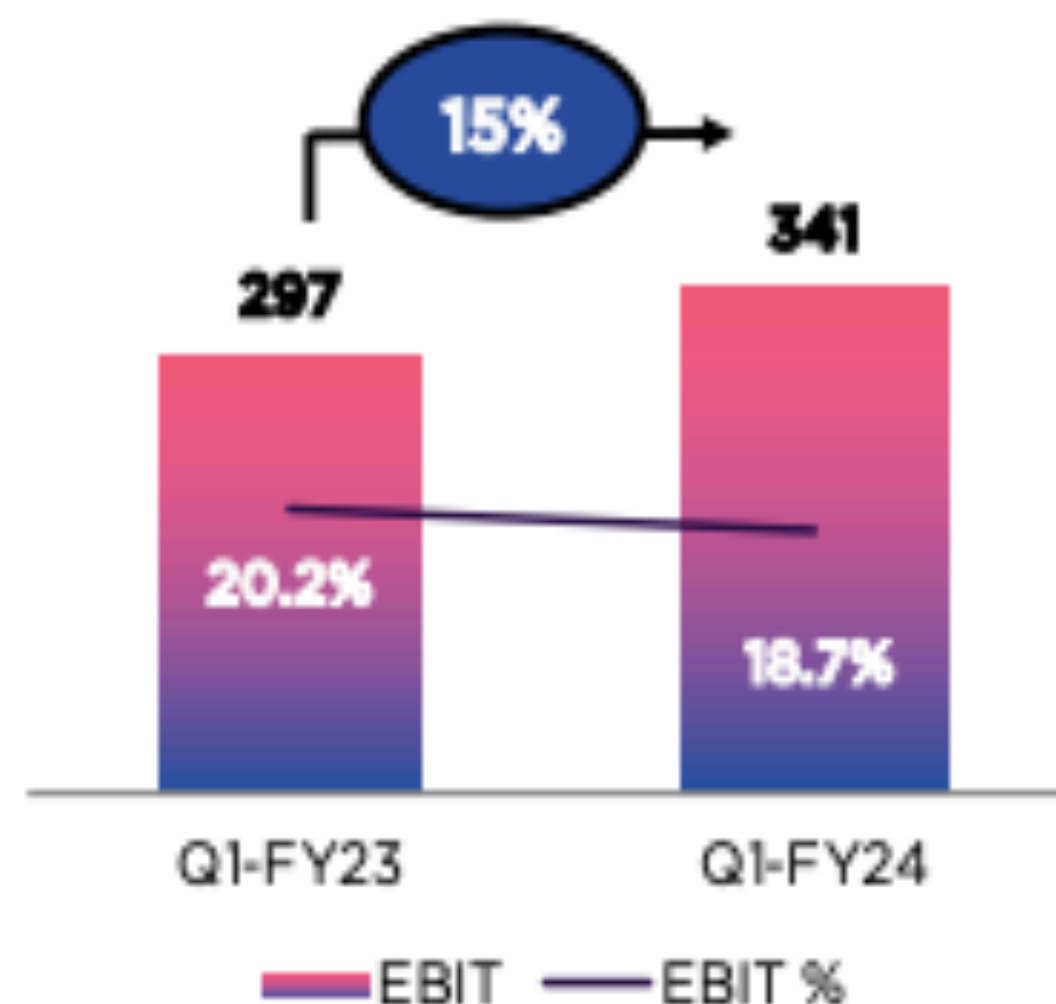
Quarterly Operational Highlights: Managed Services + Card Services Business



 **Revenue**
INR Mn



 **EBIT**
INR Mn



Managed Services + Card Services : Operational Highlights

- Managed Services new orderbook wins of INR 150 Crore in the quarter
- Successful implementation of Managed Services mandate of 5,200+ ATMs for a large PSU bank, becoming the largest Managed Services provider for the bank
- ATMs under Managed Services at 18,000 as of June'23
- #1 market position in AIoT Remote Monitoring in banking with 21,000+ live sites
- Technology Solutions ALGO MVS & ALGO OTC, today cover 25% and 30% ATMs respectively in India

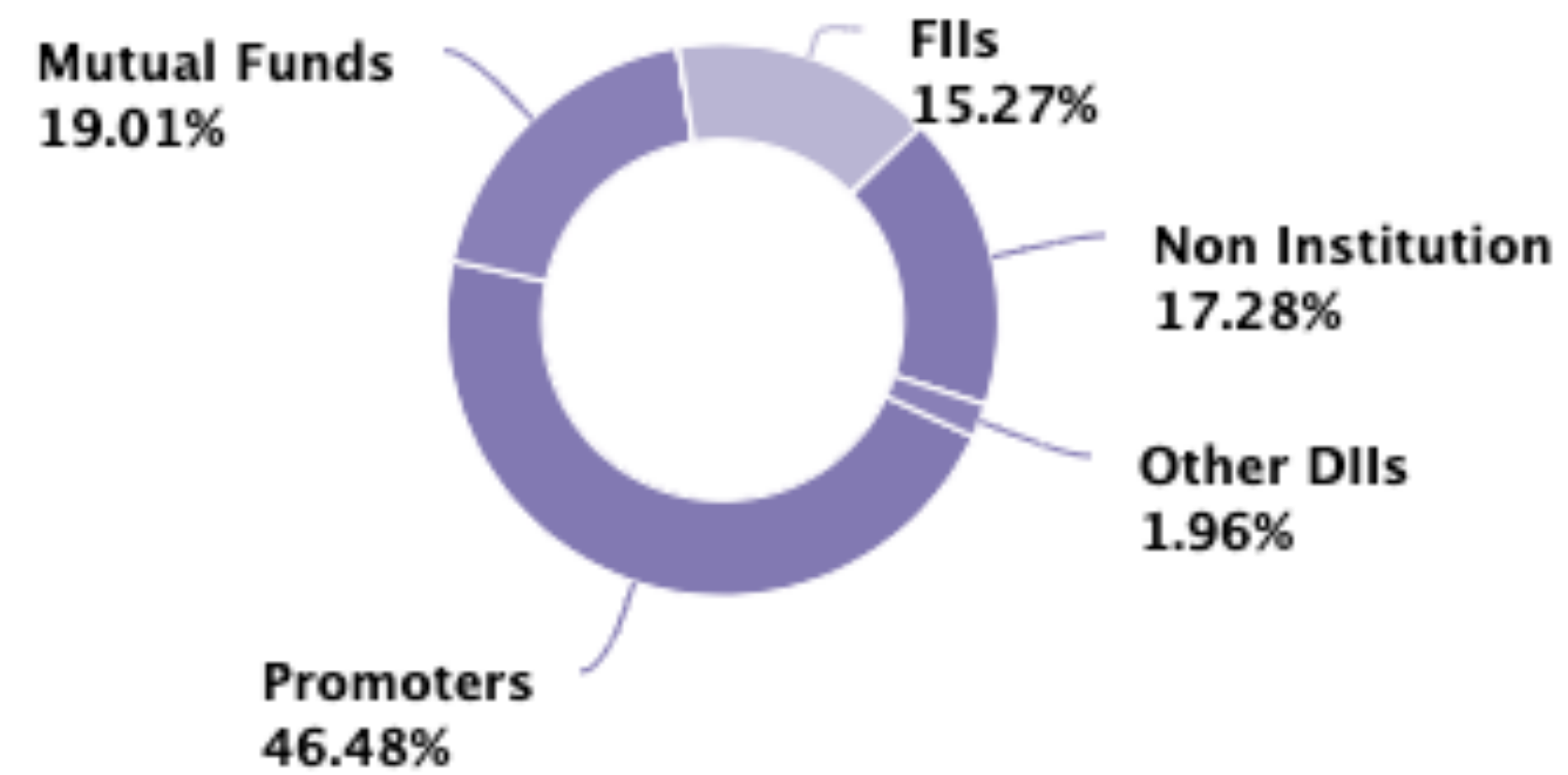
Yearly Results

YEARLY RESULTS OF CMS INFO SYSTEMS (in Rs. Cr.)	MAR '23	MAR '22
Net Sales/Income from operations	1,914.73	1,589.67
Total Income From Operations	1,914.73	1,589.67
EXPENDITURE		
Purchase of Traded Goods	113.21	136.09
Increase/Decrease in Stocks	2.97	17.71
Employees Cost	264.89	231.55
Depreciation	131.82	91.84
Other Expenses	995.94	804.56
P/L Before Other Inc., Int., Excpt. Items & Tax	405.91	307.93
Other Income	14.72	7.91
P/L Before Int., Excpt. Items & Tax	420.63	315.84
Interest	19.62	14.39
P/L Before Exceptional Items & Tax	401.02	301.45
P/L Before Tax	401.02	301.45
Tax	103.78	77.41
P/L After Tax from Ordinary Activities	297.24	224.04
Net Profit/(Loss) For the Period	297.24	224.04
Net P/L After M.I & Associates	297.24	224.04
Equity Share Capital	154.40	153.15
Reserves Excluding Revaluation Reserves	1,408.06	1,102.98
EPS BEFORE EXTRA ORDINARY		
Basic EPS	19.31	15.07
Diluted EPS	18.67	14.33
EPS AFTER EXTRA ORDINARY		
Basic EPS.	19.31	15.07
Diluted EPS.	18.67	14.33

Key Financial Ratios

KEY FINANCIAL RATIOS OF CMS INFO SYSTEMS (in Rs. Cr.)	MAR 23	MAR 22
PER SHARE RATIOS		
Basic EPS (Rs.)	19.31	15.07
Diluted EPS (Rs.)	18.67	14.33
Cash EPS (Rs.)	27.79	20.63
Book Value [ExclRevalReserve]/Share (Rs.)	101.20	82.02
Book Value [InclRevalReserve]/Share (Rs.)	101.20	82.02
Revenue from Operations/Share (Rs.)	124.01	103.80
PBDIT/Share (Rs.)	35.78	26.62
PBIT/Share (Rs.)	27.24	20.62
PBT/Share (Rs.)	25.97	19.68
Net Profit/Share (Rs.)	19.25	14.63
NP After MI And SOA / Share (Rs.)	19.25	14.63
PROFITABILITY RATIOS		
PBDIT Margin (%)	28.85	25.64
PBIT Margin (%)	21.96	19.86
PBT Margin (%)	20.94	18.96
Net Profit Margin (%)	15.52	14.09
NP After MI And SOA Margin (%)	15.52	14.09
Return on Networth/Equity (%)	19.02	17.83
Return on Capital Employed (%)	24.21	22.18
Return on Assets (%)	14.14	12.07
Total Debt/Equity (X)	0.00	0.00
Asset Turnover Ratio (%)	0.99	0.83
LIQUIDITY RATIOS		
Current Ratio (X)	2.96	2.21
Quick Ratio (X)	2.76	2.06
Inventory Turnover Ratio (X)	0.00	0.00
Dividend Payout Ratio (NP) (%)	0.00	10.10
Dividend Payout Ratio (CP) (%)	0.00	7.16
Earnings Retention Ratio (%)	0.00	89.90
Cash Earnings Retention Ratio (%)	0.00	92.84
COVERAGE RATIOS		
Interest Coverage Ratios (%)	28.16	28.33
Interest Coverage Ratios (Post Tax) (%)	28.16	28.33
VALUATION RATIOS		
Enterprise Value (Cr.)	4,116.77	3,914.48
EV/Net Operating Revenue (X)	2.15	2.46
EV/EBITDA (X)	7.45	9.60
MarketCap/Net Operating Revenue (X)	2.23	2.55
Retention Ratios (%)	0.00	89.89
Price/BV (X)	2.73	3.23
Price/Net Operating Revenue	2.23	2.55
Earnings Yield	0.07	0.06

Shareholding Pattern an on Jun'23



Summary

- ❖ With deliverance of robust performance in Q1 of FY'24, the Company's Net Sales increased by 12.80% i.e. Rs.511.36 crs in Jun'23 as compared to Rs.453.30 crs in Jun'22. However, the Net Profits grew up by 22.12% i.e. Rs.84.28 crs in Jun'23 versus Rs.69.01 crs in Jun'22. In addition to this, the Statement of Changes in Equity witnessed an increase in the Equity Capital i.e. Rs.154.40 crs in Jun'23 juxtapose to Rs.153.69 crs in Jun'22.
- ❖ Viewing fine financials and fair fundamentals, the Company is available at a good price of Rs.351.20 with its 52 week low of Rs.254.20 and 52 week high of Rs.409.40.
- ❖ Viewing that the Promoters are holding majority stake around 46.48% as well as its robust valuations, indicates that the Management is growth oriented.
- ❖ The Shareholding Pattern as on Jun'23, shows the FIIs and the Other DIIs altogether stood with 17.23% stake. Whilst, the Mutual Fund Houses own 19.01% holdings in the Company.
- ❖ As a fact of reassurance, CMS Info Systems Ltd. is held by SBI MF, ICICI PRU MF, 360 ONE MF, ABSL MF, PPFAS MF and a few more.
- ❖ On consolidated basis, Return on Equity (ROE) and Return on Capital Employed (ROCE) were registered around 19.02% & 24.21% respectively as on Mar'23.
- ❖ For the year ending Mar'23, CMS Info Systems Ltd. has declared an equity dividend of 47.50% i.e. Rs.4.75 per equity share.

Disclosure

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Introduction:

I, Amiteshwar Singh, am the proprietor of M/S Amiteshwar.in. I am a Research Analyst registered with SEBI having registration no. INH100010013. I provide services through my website www.researchlyne.com which is primarily focused on research of Multi-Cap stocks of India.

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1. My spouse, Mrs. Prabhjash Kaur
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2. **Sell Recommendation:** The subscribers can sell the shares of the subject company when they receive a return of 25% on the market price when the subject company was recommended.



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