

Industry outlook

- India is the World's 3rd Largest ATM Market with Significant Under penetration and Low Cash Velocity
- Growth Drivers: Formalization, Higher Outsourcing - Outsourced organized retail points are expected to grow at a 12% CAGR; Outsourced ATMs are expected to grow at a 10% CAGR
- Economy formalization, Consumption Growth – Increase in Cash Withdrawals and RCM market. Increase in advanced Process Outsourcing by Banks
- Regulatory focus on Access, Quality and Safety
- India Added 15k ATMs in last 15 months. >40k ATMs in Pipeline for next 12-18 months
- Market Consolidation (Shift to High Quality Players) - Large multi-year recurring streams similar to IT Services companies
- FY27 TAM: Opportunity of ~₹ 22,000 Crore. CMS has continuously expanded its TAM

Business outlook

- Banking automation and managed services is where they work with leading banks in the country and provide end to end service.
- Entered remote monitoring where they work with banks and NBFC where they do video analysing and remote monitoring services.
- 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 and personalization of cards. Total orderbook expands to INR 2,800 Crore+ with INR 600 Crore+ new wins in H1, Conducting pilots with new customers in banking and NBFC space in Remote monitoring
- Tech Solutions - Software solutions
- The core business does not need investment in infrastructure every year and have already done 135cr of capex.
- The company has been debt free since FY18 and got a rating upgrade.
- Have public stated goal which translates into 18% CAGR as expect the topline to double from 1300 cr by 2025. There is an estimate of 40% growth yoy for some segments.
- Overall on company level have guided to 20% growth over next few years.
- Managed and software services tend to have better EBITDA margins but even the logistics have seen highest margins when compared to other sector.

Financial outlook

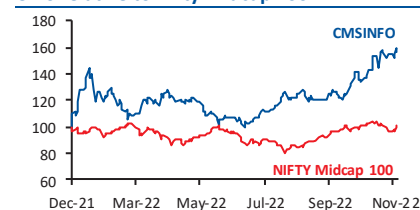
- On a Y-o-Y basis, revenues in this quarter have grown by 27% to INR 472 crores, EBITDA by 43% to INR 135 crores and PAT by 37% to INR 73 crores.

Market data

Bloomberg:	CMSINFO IN
52 week H/L:	356/210
Market cap:	Rs52.3bn
Shares Outstanding:	154.1mn
Free float:	37%
Avg. daily vol. 3mth:	600,656

Source: Bloomberg

CMS relative to Nifty Midcap 100



Source: Bloomberg

Shareholding pattern

	Sep-22	Jun-22	Mar-22	Dec-21
Promoter	63.0	63.2	63.4	65.6
FIIs	10.6	10.4	9.5	5.7
DII	10.3	9.9	9.5	10.4
Public/other	16.1	16.5	17.6	18.4

Source: BSE

- Both businesses of Cash Management and Managed Services have seen strong growth, and this has helped deliver sixth consecutive quarter with an EBITDA growth of more than 20% year-on-year
- Order book continues to grow well, and have added INR 600 crores of new wins in the first half of FY 2023
- ICRA has improved the outlook on rating to 'Positive' from 'Stable' and reaffirmed the rating at A1+ and AA. At a segment level, both of major business segment had recorded strong revenue and margin growth.
- Revenue in cash management business grew by 17% to INR 324 crores in quarter and 23% in H1 to INR 637 crores. EBIT from the business grew by 23% to INR 81 crores in quarter and 32% in first half of the year to INR 158 crores
- Revenues for cash logistics business grew by 17% to 324 crores. Usually, the second quarter is seasonally a weaker quarter for us due to the monsoons and the Shraadh period, but have still seen activities grow 6% on a sequential quarterly basis. Managed and Technology Services grew by 58% to 156 crores in the quarter and 34% in H1 to 302 crores. EBIT for the business grew by 120% to 32 crores and 82% in the first half of the year to 61 crores
- The total currency handled grew strongly at 12% on a Y-o-Y basis, indicating resilience of cash usage. In fact, this number has grown even faster in urban areas, recording a 23% growth on a Y-o-Y basis.
- Q2 revenues for Managed and Technology Services business grew 58% to 156 crores. It contributed 33% of overall company revenue in the last quarter, compared to 26% a year back. With this scale up, our EBIT percentage has improved by 570 bps year-on-year.