

4QFY25: Execution Delays; Stronger Competitive Position To Payoff

For 4QFY25, CMS reported profit of Rs1bn, +7% YoY. Earning for 4Q and FY25 missed estimates due to slower ATM rollout & managed service contracts, partly as banks' focus shifted to managing crises emanating from failure of AGS that managed 18k ATMs. This drives us to cut earnings estimates by 6-7% for FY26-27, Still, we see better competitive position of CMS & rampup in RCM & RMS business aiding 15-16% growth from FY26. Vals are attractive, so Buy call stays

Slower revenue growth drags earnings. During 4Q, CMS Info's revenues were down 1% YoY, a weak growth for second quarter in a row. While cash management revenues grew by 7% YoY, managed service revenues were down 5% YoY and card business was -35% YoY. Among segments, retail cash management and RMS segments continue to do well, but have been offset by slower growth in ATM revenues and delays in lower product sales. We understand that drags have come from slower ATM rollout and diversion of attention among banks to manage impact of bankruptcy at AGS Transact that exposed 18-20k ATMs to closures and other issues including claims by operational creditors & missing cash. During 4Q, CMS also provided for dues from AGS and has stopped recognising their revenues that impacted profits. EBITDA margin was up 140bps YoY and EBITDA rose 4% YoY reflecting opex controls and tad better mix; PAT at Rs1bn slightly missed our estimates.

Competitive position stronger; RMS to rampup. With stress at AGS Transact, CMS' position has become stronger especially as we understand that they are also helping banks to normalise the network of about 18k ATMs operated through AGS as either brown label or cash mgt. While in the near-term it led to higher opex and slower ATM rollout (both impacted CMS), it should payoff over next 2-3yrs in revenue growth and share gains. Mgt is also positive on ramp-up retail cash management business and RMS business in financial sector that can aid revenue growth.

Cutting estimates but Buy stays. We cut earnings estimates by 6-7% to factor in the slower growth and tad lower margins. But we see stronger medium term opportunities and this can drive healthy profit growth over FY25-27. Valuations look attractive at 18x FY26 PE & we rate CMS as Buy with revised PT of Rs580 (earlier Rs600) based on 18x Jun-27E PE.

Exhibit 1 - CMS Info Systems: Key Metrics

Key Metrics	FY24	FY25E	FY26E	FY27E	FY28E
EBITDA Margin (%)	26%	26%	26%	25%	25%
Net Profit (Rsm)	3,471	3,725	4,355	5,093	5,871
PAT Growth (% YoY)	17%	7%	17%	17%	15%
ROE (%)	20%	18%	18%	18%	18%
P/S	12.7	12.3	10.7	9.3	8.2
P/E	21	21	18	15	13
P/BV	3.9	3.4	3.0	2.6	2.3

Source: Company, Jefferies

FY (Mar)	2025A	2026E	2027E	2028E
Rev. (MM)	24,245.3	27,964.7	32,550.8	37,437.2
P/Rev	3.1x	2.7x	2.3x	2.0x
Cons. Rev.	26,188.8	29,941.2	33,703.0	-

TARGET | ESTIMATE CHANGE

RATING	BUY
PRICE	INR468.00*
PRICE TARGET % TO PT	↓ INR580 (INR600) +24%
52W HIGH-LOW	INR615.90 - INR375.65
FLOAT (%) ADV MM (USD)	93.5% 2.93
MARKET CAP	INR76.2B \$892.0M
TICKER	CMSINFO IN
*Prior trading day's closing price unless otherwise noted.	

FY (Mar)	CHANGE TO JEF		JEF vs CONS	
	2026	2027	2026	2027
REV	-4%	-4%	-7%	-3%
EPS	-7%	-8%	-12%	-99%

2026 (INR)	Q1	Q2	Q3	Q4	FY
EPS	-	-	-	-	↓26.50
PREV					28.39

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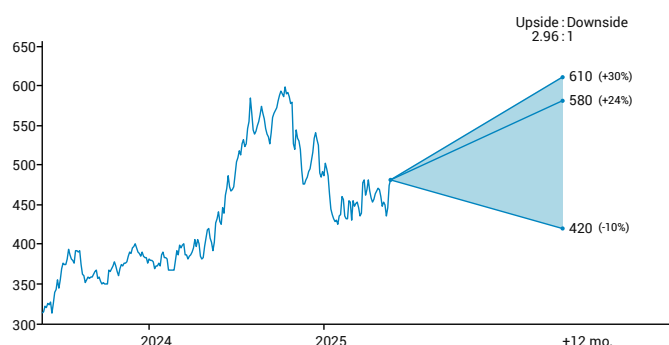
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The Long View: CMSINFO

Investment Thesis / Where We Differ

- CMS can gain market share as it leverages its wider reach, operational edge, stronger balance sheet, partnerships with leading banks and expansion into new verticals like remote monitoring systems and brown-label ATMs (BLA).
- Like global markets in cash mgt., India can also consolidate further, and CMS should be a beneficiary of this phenomenon.

Risk/Reward - 12 Month View



Base Case, INR580, +24%

- Top line CAGR of 16% over FY25-28
- PAT CAGR of 16% over FY25-28
- Average ROE of 18%
- PT of Rs580 based on 18x Jun-27 P/E

Upside Scenario, INR610, +30%

- Top line CAGR of 17% over FY25-28
- PAT CAGR of 17% over FY25-28
- Average ROE of 19%
- PT of Rs610 based on 19x Jun-27 P/E

Downside Scenario, INR420, -10%

- Top line CAGR of 14% over FY25-27
- PAT CAGR of 14% over FY25-27
- Average ROE of 17%
- PT of Rs420 based on 13x Jun-27 P/E

Sustainability Matters

Top Material Issue(s): 1) Responsible Business 2) Customer Privacy & Data Security 3) Carbon Emissions

Company Target(s): 1) Reduce its carbon footprint through the efficient use of its fleet 2) Increasing diversity and inclusion in its workforce.

Qs to Mgmt: 1) How does the Company plan to reduce its carbon emissions given the high usage of vehicles in its business? Do you plan to include EVs in your fleet? 2) What steps are the company taking to ensure strong data security? 3) What steps are the company taking to promote diversity at different levels? What are initiatives towards employee training/ reskilling?

Catalysts

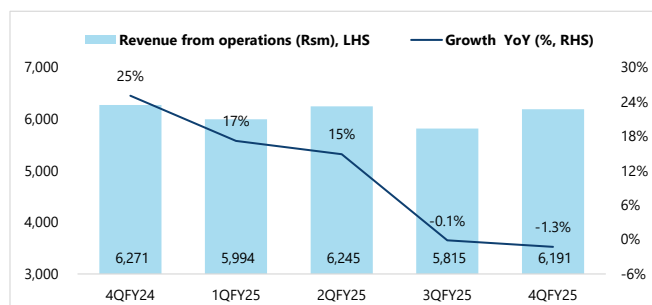
- Faster gain of market share through organic/ inorganic routes.
- Profitability can expand further through route-optimisation and upgrade of ATM-services.
- Key risks can arise from rapid digitisation of retail transactions and any adverse change in bank-partnership terms.

Exhibit 2 - 4QFY25 result summary

CMS Info Systems (Rsmn)	4QFY24	3QFY25	4QFY25	YoY	QoQ
Cash management services	3,882	4,044	4,138	7%	2%
Managed services	2,374	1,905	2,267	-5%	19%
Card services	273	194	177	-35%	-9%
Inter-segmental	(258)	(329)	(391)	52%	19%
Revenue from operations	6,271	5,815	6,191	-1%	6%
Employee benefits expenses	878	871	845	-4%	-3%
Service and security charges	1,188	1,172	1,251	5%	7%
Other expenses	2,650	2,176	2,473	-7%	14%
Total Expenses	4,717	4,220	4,570	-3%	8%
EBITDA (Calculated)	1,554	1,595	1,621	4%	2%
EBITDA Margin (%)	24.8%	27.4%	26.2%	140 bps	-124 bps
Depreciation and amortization expense	397	410	427	8%	4%
Other Income	112	117	138	24%	18%
Finance costs	40	47	46	14%	-3%
Profit before tax	1,229	1,254	1,286	5%	3%
Total tax expense	314	322	311	-1%	-4%
Profit after tax (PAT)	914	932	976	7%	5%
PAT Margin	14.3%	15.7%	15.4%	109 bps	-29 bps

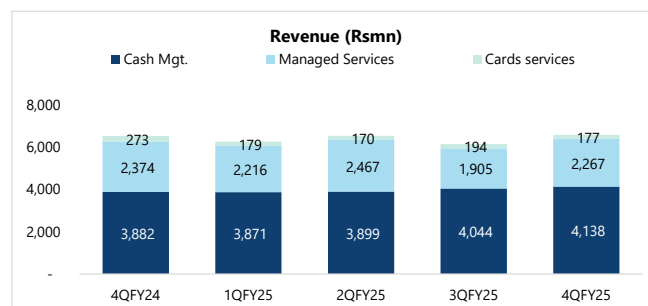
Source: Company, Jefferies

Exhibit 3 - Revenue fell 1% YoY due to slower rollout in ATM contracts and managed services contracts



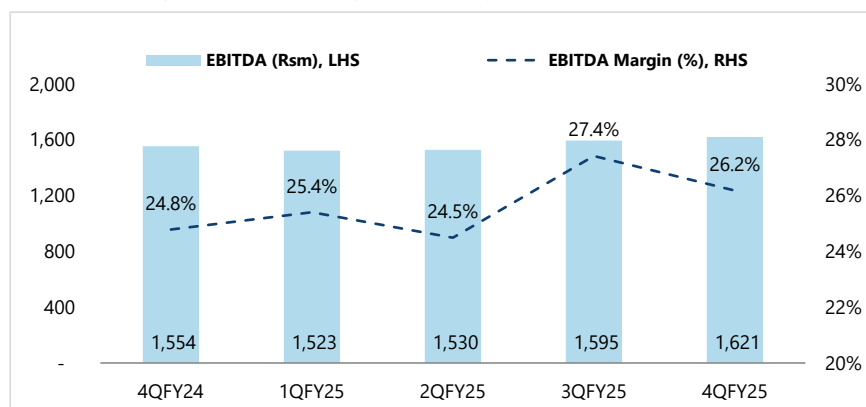
Source: Company Data, Jefferies

Exhibit 4 - Share of managed services & cards fell 4ppt YoY in mix to 37%



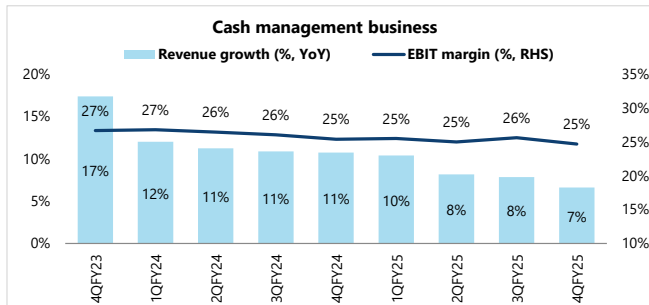
Source: Company Data, Jefferies

Exhibit 5 - EBITDA grew at 4% YoY as margins improved by c140bps on better mix



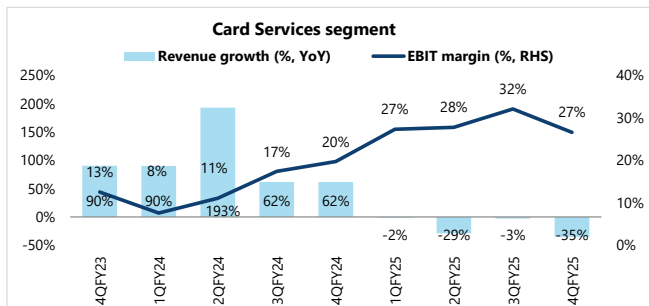
Source: Company Data, Jefferies

Exhibit 6 - Growth stays soft in cash management business at 7% YoY due to slower ATM roll out



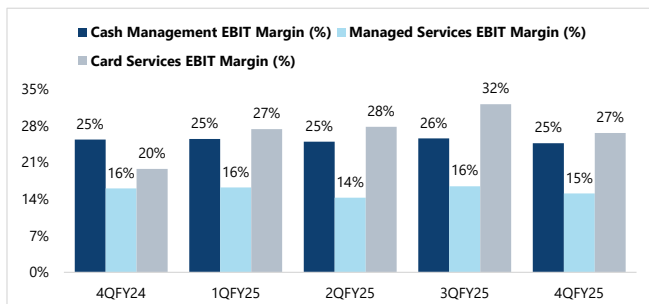
Source: Company Data, Jefferies

Exhibit 8 - Cards business declined & margin profit was impacted but share in mix is low



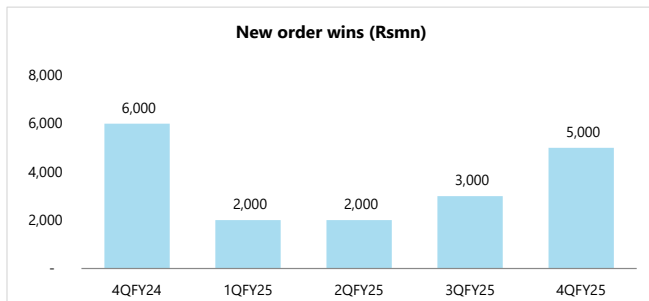
Source: Company Data, Jefferies

Exhibit 9 - Margins were stable YoY in cash logistics & managed services but rose in cards



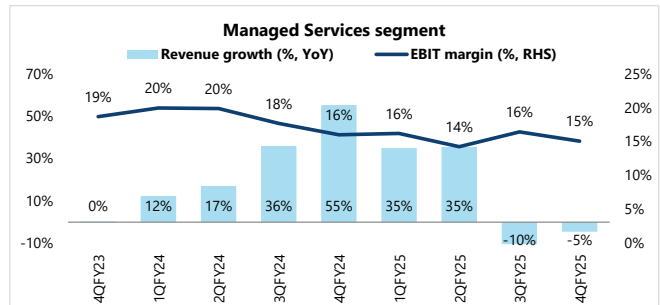
Source: Company Data, Jefferies

Exhibit 11 - Momentum in order wins improved in 4Q to Rs5bn



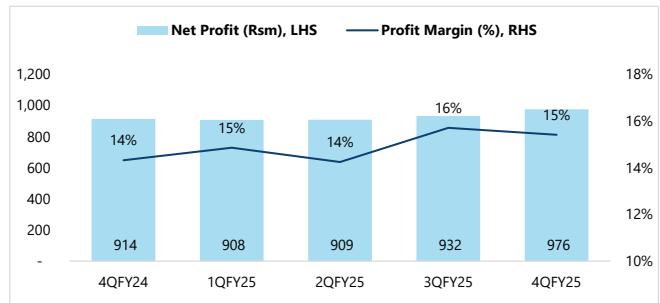
Source: Company Data, Jefferies

Exhibit 7 - Managed services revenue fell 5% YoY due to slower contracts & lower automation sales



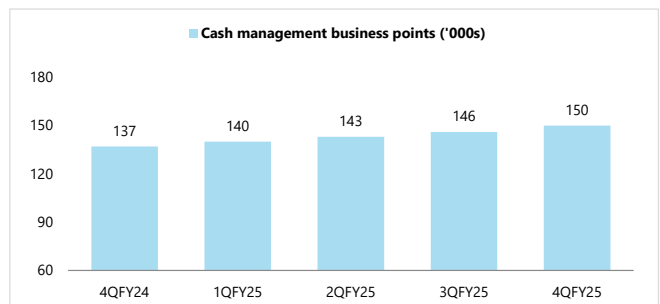
Source: Company Data, Jefferies

Exhibit 10 - Reported PAT grew 7% YoY in 4QFY25



Source: Company Data, Jefferies

Exhibit 12 - Business points in cash logistics segment rose 9% YoY to 150K, primarily due to retail cash logistics



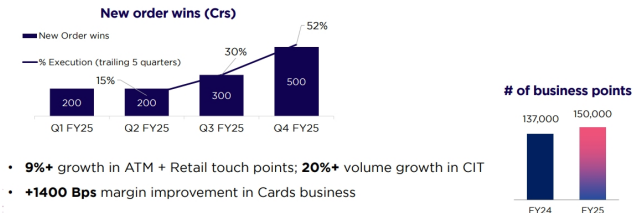
Source: Company Data, Jefferies

Exhibit 13 - CMS has gained share in cash logistics business

Strengthened competitive position across businesses

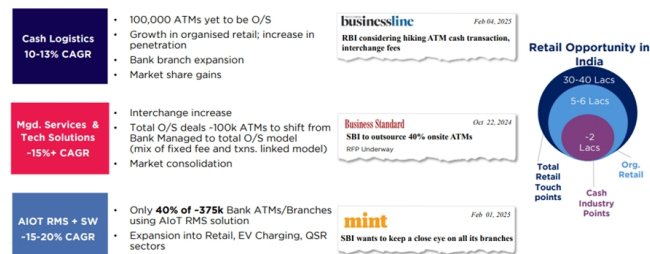
200 Bps market share gain in cash logistics, Among #3 MSPs

- **INR 1,200 Crs+ order wins** (60% Pvt Banks)
- **-52% of last 5 Qtr. wins executed** (-30% Dec'24); order book to be executed - **INR 1,400 Crs**



Source: Company, Jefferies

Exhibit 15 - New outsourcing contracts in ATM cash handling are tailwinds



Source: Company, Jefferies

Exhibit 14 - ATM market was impacted by disruption at second largest player

ATM Market Update

Market Flat; Disruptions at industry player: Opportunity to accelerate market share gains and broaden customer base

- ATM channel across several large banks was impacted adversely in Q4
- CMS assisted with evacuation of cash from majority of these ATMs (ongoing)
- Key wins in leading private sector banks; End to End Managed solutions
- ATM Interchange increase w.e.f May'25, from INR 17 → INR 19/txn is driving renewed focus on ATM deployment and management

NDTV Profit Mar 28, 2024
ATM Crisis: Lenders Scramble To Replace AGS Transact Amid Financial Woes

The Financial Express March 27, 2025
Interchange fee hike to boost expansion of ATM Network

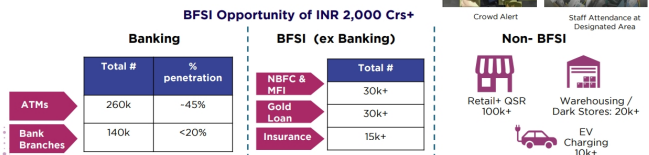
Source: Company, Jefferies

Exhibit 16 - Strong potential to grow in RMS or Vision AI

Vision AI (RMS) : Rapid scale up | #1 in ATM | Large TAM Opportunity

Investing in building new use cases

- Completed development of own tech stack & multiple new AI modules (QSR, Warehouse, transit vehicle surveillance)
- Multiple marquee wins during the year
 - Build & Operate mandate with a leading bank across branch/ATM
 - Expanded in retail with a large win at quick commerce player



Source: Company, Jefferies

Exhibit 17 - Mgt. is looking to grow revenues in the range of 14-17% cagr

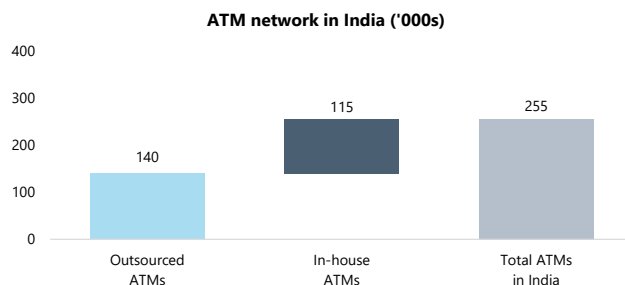
FY25 → FY27 Opportunity: Compound Services Revenue @ 14-17%

- **Market consolidation**
- **Low Penetration in retail:** 550K points (<35% covered)
- **Large TAM in Vision AI:** ~35% of ~400k Bank ATMs/Branches use AIOT RMS solution
- **Growth in ATMs, Bank Branches** – ATM interchange increased from INR 17/- to 19/-
- **100K ATMs yet to O/S for Cash Logistics**

Strong order win momentum and industry consolidation to drive earnings growth

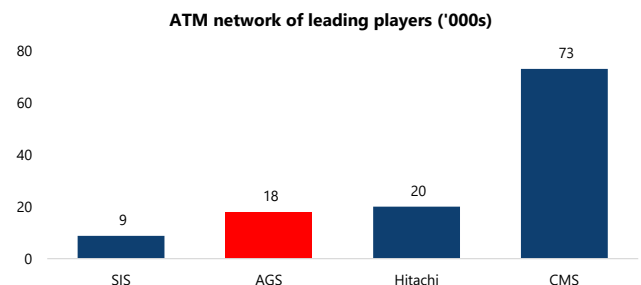
Source: Company, Jefferies

Exhibit 18 - 45% of ATMs are still not outsourced



Source: Company, Jefferies

Exhibit 19 - AGS, one of the leading players, defaulted on debt



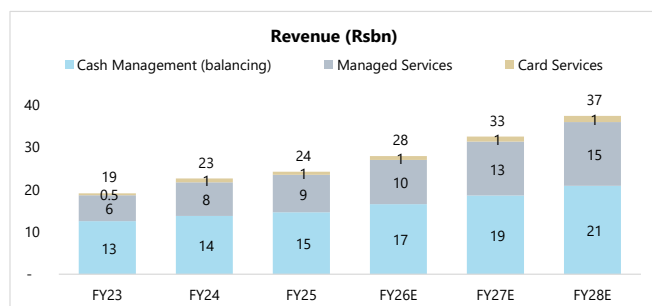
Source: Company, Jefferies

Exhibit 20 - Segmental mix: Managed services & cards to gain share; Overall margins to move in a narrow range

	FY23	FY24	FY25	FY26E	FY27E	FY28E
Cash Management Services						
Revenue growth (%)	19%	11%	8%	12%	13%	12%
Share in mix (%)	67%	62%	62%	61%	59%	58%
EBIT Margin (%)	25%	26%	25%	25%	25%	25%
Managed Services						
Revenue growth (%)	25%	30%	11%	18%	22%	18%
Share in mix (%)	31%	34%	35%	36%	37%	38%
EBIT Margin (%)	20%	18%	15%	16%	16%	15%
Card Services						
Revenue growth (%)	14%	90%	-19%	30%	25%	25%
Share in mix (%)	2%	4%	3%	3%	3%	4%
EBIT Margin (%)	7%	14%	29%	27%	27%	27%
Overall EBIT margin (%)	22%	21%	21%	21%	21%	21%
Overall EBITDA margin (%)	28%	26%	26%	26%	25%	25%

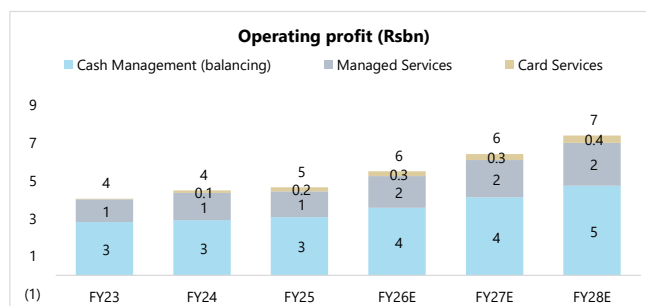
Source: Company, Jefferies

Exhibit 21 - Faster scale up of non-cash business will increase share in mix by FY27



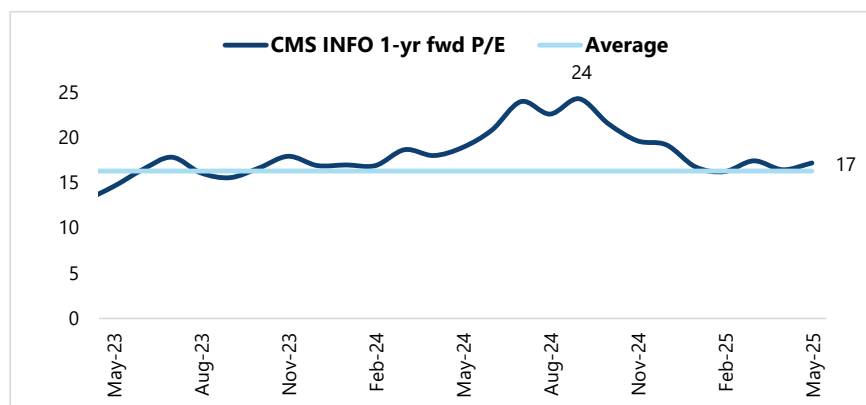
Source: Company Data, Jefferies

Exhibit 22 - However, share of non-cash transactions in EBIT to move up slower over the next 3 years



Source: Company Data, Jefferies

Exhibit 23 - Vals are attractive in context of improving growth and market positioning



Source: Bloomberg, Company, Jefferies

Exhibit 24 - CMS Info Systems: Profit & Loss Statement

Profit & Loss (Rsm)	FY24	FY25	FY26E	FY27E	FY28E
Cash Management Services	14,744	15,952	17,883	20,150	22,660
Managed Services	7,963	8,855	10,464	12,765	15,079
Cards	894	720	935	1,169	1,462
Inter-Segment	954	1,281	1,318	1,534	1,764
Revenue from operations	22,647	24,245	27,965	32,551	37,437
Total expenses	16,652	17,977	20,750	24,299	28,086
Ebitda	5,995	6,268	7,215	8,252	9,352
Ebitda margin (%)	26.5%	25.9%	25.8%	25.4%	25.0%
Depreciation and amortisation expense	1,502	1,615	1,710	1,834	1,953
Operating Profit	4,493	4,654	5,504	6,417	7,398
Other income	340	507	521	581	649
EBIT	4,833	5,160	6,025	6,999	8,047
Finance costs	162	182	204	192	200
Profit before tax	4,671	4,978	5,821	6,807	7,847
Total tax expense	1,199	1,254	1,466	1,714	1,976
Profit after tax	3,471	3,725	4,355	5,093	5,871
PAT margin (%)	15.1%	15.0%	15.3%	15.4%	15.4%
PAT growth (% YoY)	17%	7%	17%	17%	15%

Source: Company, Jefferies

Exhibit 25 - CMS Info Systems: Balance Sheet

Balance Sheet (Rsm)	FY24	FY25	FY26E	FY27E	FY28E
Equity share capital	1,628	1,644	1,644	1,644	1,644
Other equity	17,840	21,021	24,288	28,107	32,510
Total equity	19,468	22,665	25,931	29,751	34,154
Non-current liabilities	1,602	1,633	1,687	1,743	1,801
Current liabilities	5,516	6,901	7,267	7,945	8,653
EQUITY AND LIABILITIES	26,585	31,199	34,886	39,440	44,608
Property, plant and equipment	4,677	4,842	6,280	6,517	7,166
Right-of-use assets	1,558	1,624	1,616	1,627	1,651
Goodwill	2,061	2,061	2,061	2,061	2,061
Non-current assets	9,804	11,854	12,334	12,935	14,009
Investments	4,851	6,163	6,903	7,662	8,658
Cash and cash equivalents	1,590	2,309	3,585	5,079	6,835
Current assets	16,781	19,345	22,552	26,505	30,599
ASSETS	26,585	31,199	34,886	39,440	44,608

Source: Company, Jefferies

Exhibit 26 - CMS Info Systems: Key Ratios

Key Ratios	FY24	FY25	FY26E	FY27E	FY28E
EPS (Rs)	22.2	22.8	26.5	31.0	35.7
EPS Growth (% YoY)	15%	3%	16%	17%	15%
EBITDA (Rsm)	5,995	6,268	7,215	8,252	9,352
EBITDA Margin (%)	26%	26%	26%	25%	25%
EBITDA growth (% YoY)	11%	5%	15%	14%	13%
Net Profit (Rsm)	3,471	3,725	4,355	5,093	5,871
PAT Margin (%)	15.1%	15.0%	15.3%	15.4%	15.4%
PAT Growth (% YoY)	17%	7%	17%	17%	15%
ROA (%)	15%	13%	13%	14%	14%
ROE (%)	20%	18%	18%	18%	18%
BVPS	120	138	158	181	208
BVPS Growth (% YoY)	15%	3%	16%	17%	15%
DPS	5.8	10.0	6.6	7.7	8.9
Dividend payout (%)	26%	44%	25%	25%	25%
Dividend yield (%)	1.2%	2.1%	1.4%	1.7%	1.9%
P/S	13	12	11	9	8
P/E	21	21	18	15	13
P/BV	3.9	3.4	3.0	2.6	2.3
Mcap/ EBITDA	12.7	12.2	10.6	9.2	8.1

Source: Company, Jefferies

Exhibit 27 - CMS Info Systems: Price Target Computation

CMS Info Systems Target price (Jun-27e)	
EPS (Rs)	32
P/E (x)	18
Target price (Rs)	579
Target price rounded off (Rs)	580
Current price (Rs)	468
Upside (%)	24%

Source: Company Data, Jefferies

Company Description

CMSINFO

CMS Info Systems Ltd is one of India's largest cash management company based on number of ATM points and number of retail pick-up points, and offers its customers a wide range of tailored cash management and managed services solutions, including ATM network management, retail management and managed services. CMS manages the entire flow and management of money for the business points that it serves every day - from when the RBI initially deposits cash in the bank's currency chests, to when cash is deposited back in banks after going through the various stages of the cash cycle.

Company Valuation/Risks

CMSINFO

We rate CMS Info Systems as Buy with a price target of Rs580 based on 18x Jun-27 PE. M&A led consolidation and diversification into newer/non-cash driven businesses can drive rerating. Key risks can arise from rapid digitisation of retail transactions and any adverse change in bank-partnership terms.

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Investment Recommendation Record

(Article 3(1)e and Article 7 of MAR)

Recommendation Published	May 20, 2025 , 15:13 ET.
Recommendation Distributed	May 20, 2025 , 15:13 ET.

Explanation of Jefferies Ratings

Buy - Describes securities that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

Hold - Describes securities that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated securities with an average security price consistently below \$10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Jefferies policies.

CS - Coverage Suspended. Jefferies has suspended coverage of this company.

NC - Not covered. Jefferies does not cover this company.

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Monitor - Describes securities whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Valuation Methodology

Jefferies' methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Jefferies Franchise Picks

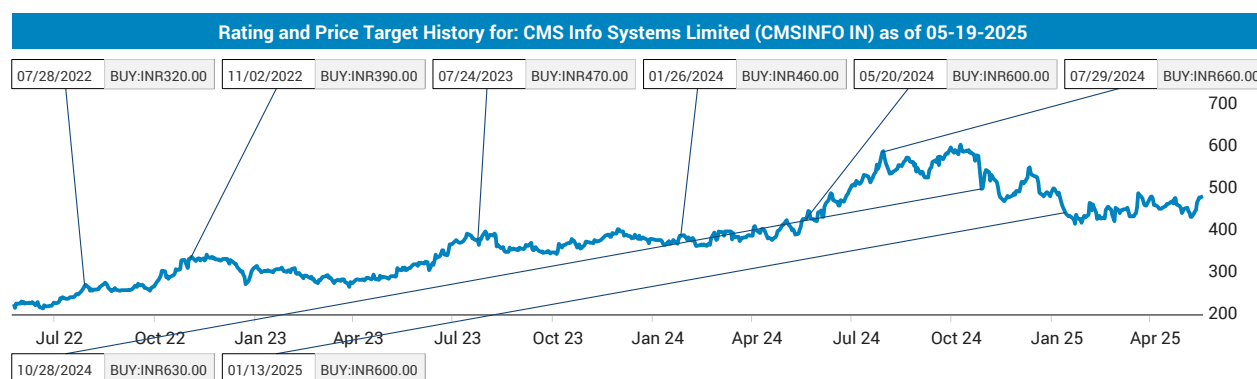
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Risks which may impede the achievement of our Price Target

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Other Companies Mentioned in This Report

- CMS Info Systems Limited (CMSINFO IN: INR468.00, BUY)



Notes: Each box in the Rating and Price Target History chart above represents actions over the past three years in which an analyst initiated on a company, made a change to a rating or price target of a company or discontinued coverage of a company.

Legend:

I: Initiating Coverage

D: Dropped Coverage

B: Buy

H: Hold

UP: Underperform

Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	2091	60.57%	382	18.27%	124	5.93%
HOLD	1211	35.08%	110	9.08%	22	1.82%
UNDERPERFORM	150	4.35%	5	3.33%	4	2.67%

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