

**CMS Info Systems Limited (CMSINFO) reported a strong financial performance in Q4 FY24 and FY24, with a revenue of Rs.2,265 Cr, an 18% YoY growth, and a PAT margin of 16.5% with a 23% YoY growth.**

**The company is debt-free with cash and cash equivalents of over Rs.780 Cr and an EBITDA margin of 28.3%. Operational highlights include significant new order wins, expansion of business points and remote monitoring sites, and increased strategic accounts. We recommend a BUY Rating on CMS Info System with a Target Price of 540 based on 20x FY26EPS.**

The company aims to achieve a revenue target of Rs.2,500 - Rs.2,700 Cr in FY25 and expects strong growth in the cash logistics business.

It also plans to double the AIoT business revenue in the next three years and expand into new adjacencies like NBFCs, insurance, and the public sector.

However, potential margin pressure, competitive intensity, uncertainty around CBDC impact, and reliance on a few large clients are noted as concerns.

CMSINFO is focused on maintaining and increasing market share, delivering strong ROCE, increasing dividend payouts, and investing in building a more predictable business with recurring revenue streams.

The company is committed to maintaining high-quality service, cost efficiencies, and continuous investment in technology automation and talent.

### Financial Summary

Y/E Mar (Rs mn)	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e
Net sales	13,832	13,061	15,897	19,147	22,647	26,443	29,531
EBIDTA	2,539	2,936	3,997	5,378	5,995	7,282	8,562
Margins	18.4	22.5	25.1	28.1	26.5	27.5	29.0
PAT (adj)	1,347	1,685	2,240	2,973	3,471	3,941	4,389
Growth (%)		0.3	0.3	0.3	0.2	0.1	0.1
EPS	9.10	11.39	15.06	19.32	21.33	23.82	26.10
P/E (x)	42	34	26	20	20	18	16
P/B (x)	7	6	5	4	4	3	3
EV/EBITDA (x)	23	20	15	12	11	9	8
RoE (%)	16	17	18	19	18	17	16
ROCE (%)	23	21	24	26	23	23	24
RoIC (%)	14	14	16	20	19	20	21

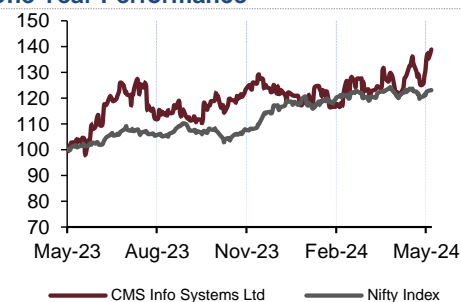
Source: Dalal & Broacha Research

Rating	TP (Rs)	Up/Dn (%)
<b>BUY</b>	<b>540</b>	<b>24</b>

### Market Data

Current price	Rs	435
Market Cap (Rs.Bn)	(Rs Bn)	71
Market Cap (US\$ Mn)	(US\$ Mn)	850
Face Value	Rs	10
52 Weeks High/Low	Rs	440 / 296.45
Average Daily Volume	('000)	135
BSE Code		543441
Bloomberg		CMSINFO
Source: Bloomberg		

### One Year Performance



Source: Bloomberg

% Shareholding	Mar-24	Feb-24
Promoters	0.00	0.00
Public	100.00	100.00
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BSE

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**Current Financial Performance:\*\* -**

- Revenue:\*\* Rs.2,265 Cr (18% YoY growth) -
- EBITDA Margin:\*\* 28.3% (16% EBITDA growth YoY) -
- PAT Margin:\*\* 16.5% (23% PAT growth YoY) -
- OCF/EBITDA Conversion:\*\* 69% -
- Cash & Cash Equivalents:\*\* Rs.780 Cr+ (Debt Free, AA+ rated)
- Dividend Payout (FY24):\*\* 25% of PAT (recommended)

**Operational Performance:\*\* -**

- 5th consecutive year of 20%+ PAT growth (adjusted for ESOP/share-based payment).
- Rs.1,850 Cr new order wins (95% YoY growth), driven by robust order placements in H2.
- MS & Tech Solutions revenue contribution reached 39%, exceeding FY25 guidance.
- Transitioned to 100% public ownership.
- Expanded network to 137,000 business points (25% growth in RCM points).
- Remote monitoring business crossed 25,000 sites (10x growth in 3 years). -
- Secured a 25% win rate in ATM outsourcing contracts in FY24.
- Increased strategic accounts (Rs.100 Cr+ revenue) from 3 in FY21 to 8 in FY24.

**Future Outlook:**

- FY25 Revenue target: Rs.2,500 - Rs.2,700 Cr (upper end of the 2x target range).
- Expect continued strong growth in the cash logistics business at 10-13% (mid-term).
- Aiming to double AIoT business revenue in the next three years.
- Focused on expanding into new adjacencies like NBFCs, insurance, and the public sector.
- Actively exploring inorganic growth opportunities, focusing on debt collection solutions, Fintech, specialized logistics, and software.

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## Conference Call Highlights

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### Business Mix Shift:

- Two years ago, the business mix between Cash and Managed Services was 70:30.
- Currently, the mix is 60:40.
- Management is confident this trend will not reverse.
- Uncertainty remains if Managed Services will overtake Cash Logistics, as the cash business is also experiencing healthy growth.

### Capital Expenditure (Capex):

- Capex in FY24 was lower by approximately 100 crore INR, which will roll over into FY25.
- Annual capex guidance remains at 200 crore INR.
- FY25 may see slightly higher capex due to the spillover from FY24.

### Order Book and Capital Infusion:

- Two-thirds of the order book will require fresh capital infusion.
- For transaction-linked brown label ATM orders, management is confident of a high Return on Equity (ROE), with only one-fourth of the capex deployed in such orders.

### Receivables:

- Receivables increased slightly in FY25 due to more Public Sector Unit (PSU) orders being executed, where payment is received 10-15 days later than usual.

### Debt Collection Business:

- There is a need for a high-quality player in the debt collection business.
- It is uncertain if CMS will be able to execute effectively in this area; it will be clearer in the foreseeable future but it remains too early to determine.

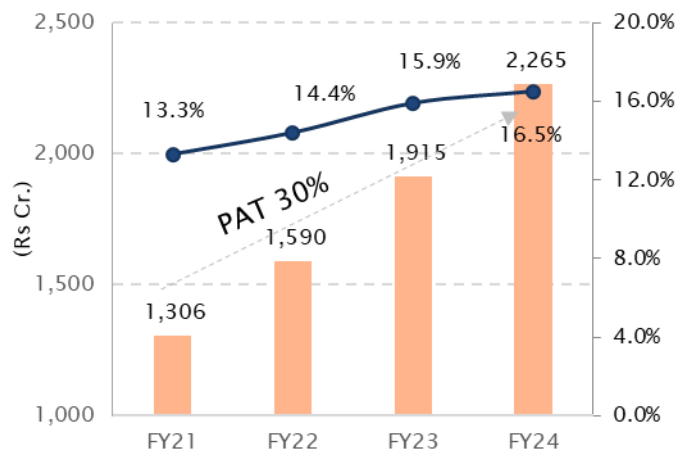
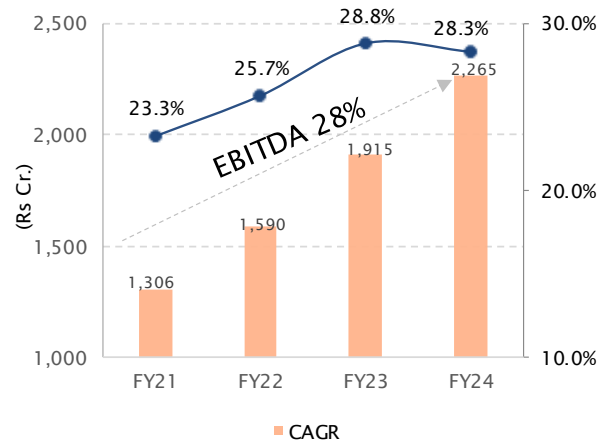
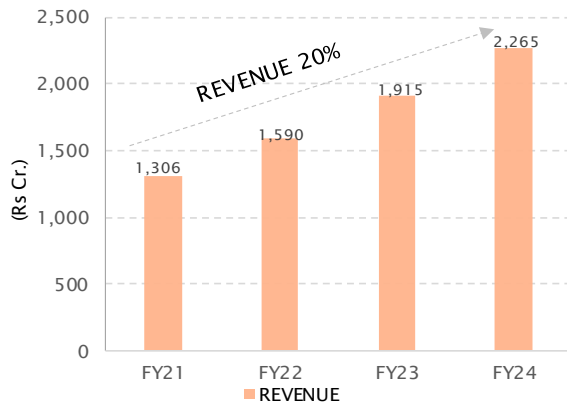
### Bullion Space:

- A trend toward the shift from unorganized to organized operations and formalization is observed in the bullion space.

### EBITDA Margin:

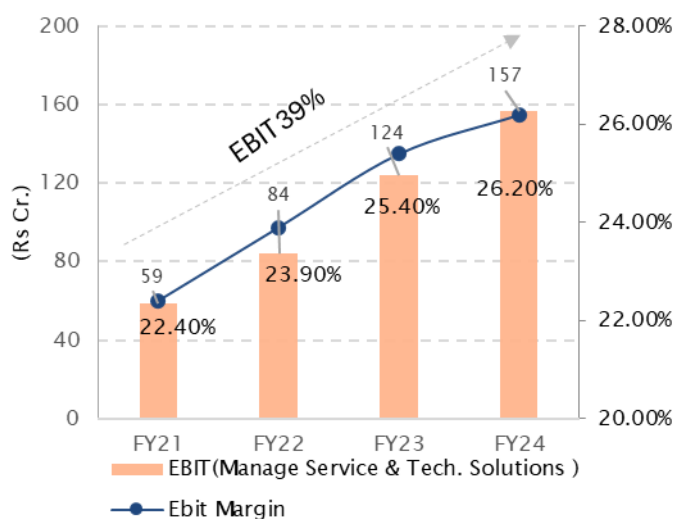
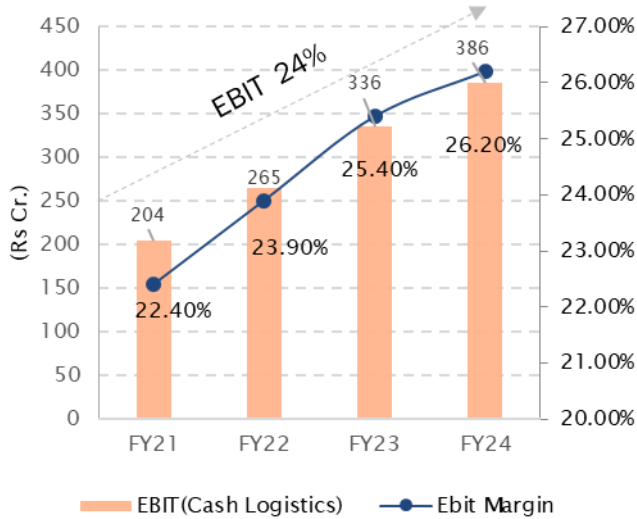
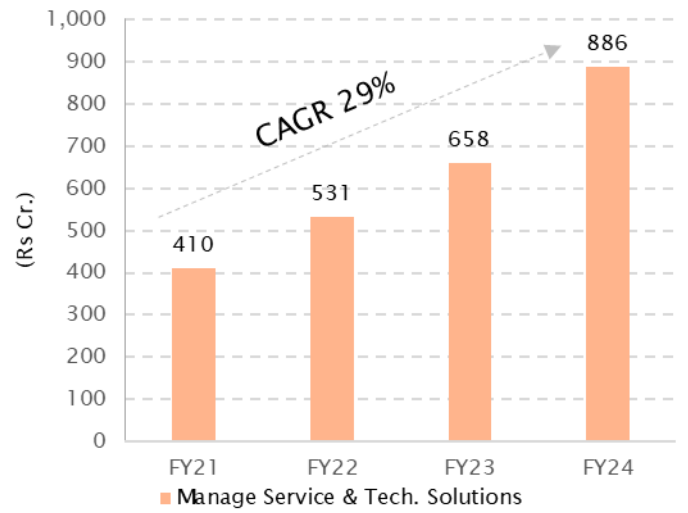
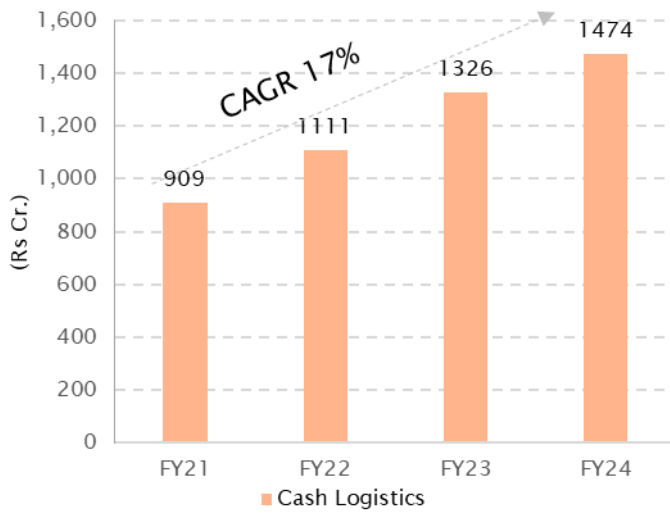
- EBITDA Margin has grown from 17-18% pre-COVID to about 26% in FY24.
- Reasons for margin growth include a denser network, a changing business mix, and increased use of technology for efficiency and automation.

Track record of delivering high revenue and earnings growth.



Source: Company, Dalal & Broacha Research

**3 years Track Record: Delivered strong growth and margin expansion across business.**



Source: Company, Dalal & Broacha Research

## Valuation & Outlook

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In our opinion, CMS infosystem is well poised for growth which will be driven by Retail cash management and Managed Services. The company can grow with sales growth of 19%-20% and PAT growth of 25-29% for upcoming years. The company has guided a revenue around 2500-2700 Crores by FY25. %). Currently It trades 20 times P/E on TTM basis and 14 times P/E on FY26E. **We recommend a BUY Rating on CMS Info System with a Target Price of 540 based on 20x FY26EPS.**

### Target Price Calculation

<b>EPS(FY2026E)</b>	<b>27</b>
Target P/E	20
Target Price	540
Current Price	430
Upside %	26%

Source: Dalal & Broacha Research, Company

## Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	15,897	19,147	22,647	26,443	29,531
Operating Expenses	-6,254	-6,562	-8,083	-9,100	-9,792
Employee Cost	-2,315	-2,649	-3,321	-3,932	-4,333
Other Expenses	-3,330	-4,559	-5,248	-6,128	-6,843
<b>Operating Profit</b>	<b>3,997</b>	<b>5,378</b>	<b>5,995</b>	<b>7,282</b>	<b>8,562</b>
Depreciation	-918	-1,318	-1,502	-1,771	-1,977
PBIT	3,079	4,059	4,493	5,511	6,585
Other income	79	147	340	260	274
Interest	-144	-196	-162	-186	-208
PBT	3,014	4,010	4,671	5,585	6,651
Profit before tax	3,014	4,010	4,671	5,302	5,906
Provision for tax	-774	-1,038	-1,199	-1,361	-1,516
Profit & Loss from	-	-	-	-	-
Reported PAT	2,240	2,973	3,471	3,941	4,389
MI	-	-	-	-	-
Owners PAT	2,240	2,973	3,471	3,941	4,389
<b>Adjusted Profit</b>	<b>2,240</b>	<b>2,973</b>	<b>3,471</b>	<b>3,941</b>	<b>4,389</b>
<b>EPS</b>	<b>15</b>	<b>19</b>	<b>21</b>	<b>24</b>	<b>26</b>

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Equity capital	1,532	1,544	1,628	1,655	1,682
Reserves	11,030	14,081	17,840	21,858	26,248
<b>Net worth</b>	<b>12,561</b>	<b>15,625</b>	<b>19,468</b>	<b>23,513</b>	<b>27,929</b>
MI	-	-	-	-	-
<b>Non Current Liabilites</b>	<b>1,678</b>	<b>1,745</b>	<b>1,602</b>	<b>2,167</b>	<b>2,533</b>
<b>Current Liabilites</b>	<b>4,318</b>	<b>3,642</b>	<b>5,516</b>	<b>5,998</b>	<b>6,627</b>
<b>TOTAL LIABILITIES</b>	<b>18,557</b>	<b>21,012</b>	<b>26,585</b>	<b>31,678</b>	<b>37,090</b>
<b>Non Current Assets</b>	<b>9,012</b>	<b>10,230</b>	<b>10,404</b>	<b>12,668</b>	<b>15,105</b>
Fixed Assets	6,140	7,070	6,983	9,035	11,035
Right of Use Assets	1,800	1,826	1,558	1,747	2,103
Financial Assets	331	656	1,081	1,094	1,165
Deferred Tax Asset	304	369	390	390	390
Advances	226	196	206	206	206
Assets	210	112	187	196	206
<b>Current Assets</b>	<b>9,545</b>	<b>10,782</b>	<b>16,181</b>	<b>19,010</b>	<b>21,985</b>
<b>Current investments</b>	<b>1,235</b>	<b>2,455</b>	<b>4,251</b>	<b>5,251</b>	<b>7,251</b>
Inventories	635	742	1,269	1,481	1,654
Trade Receivables	4,993	5,260	7,197	8,403	9,385
Cash and Bank Balances	1,418	1,563	1,590	2,716	2,889
Advances	-	-	-	-	-
Other Financial Assets	276	30	99	99	99
Other Current Assets	988	733	696	1,059	1,207
<b>TOTAL ASSETS</b>	<b>18,557</b>	<b>21,012</b>	<b>26,585</b>	<b>31,678</b>	<b>37,090</b>

Cashflow (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	3,014	4,010	4,671	5,302	5,906
Depreciation	918	1,318	1,502	1,771	1,977
Net Chg in WC	-1,366	-1,318	-1,661	-743	-605
Taxes	-976	-1,049	-1,228	-1,361	-1,516
Others	974	1,106	1,116	1,325	1,456
<b>CFO</b>	<b>2,565</b>	<b>4,068</b>	<b>4,400</b>	<b>6,293</b>	<b>7,218</b>
Capex	-2,840	-1,933	-1,084	-2,053	-2,000
Net Investments made	-9,293	-12,650	-16,977	-2,487	-3,500
Others	8,870	11,357	14,810	-	-
<b>CFI</b>	<b>-3,262</b>	<b>-3,226</b>	<b>-3,251</b>	<b>-4,540</b>	<b>-5,500</b>
Change in Share capital	638	157	1,154	-	27
Change in Debts	-	-	-	-	-
Div. & Div Tax	-226	-154	-1,135	-	-1,100
Others	-406	-525	-540	-628	-472
<b>CFF</b>	<b>6</b>	<b>-522</b>	<b>-521</b>	<b>-628</b>	<b>-1,545</b>
<b>Total Cash Generated</b>	<b>-692</b>	<b>320</b>	<b>628</b>	<b>1,126</b>	<b>173</b>
<b>Cash Opening Balance</b>	<b>1,334</b>	<b>642</b>	<b>962</b>	<b>1,590</b>	<b>2,716</b>
<b>Cash Closing Balance</b>	<b>642</b>	<b>962</b>	<b>1,590</b>	<b>2,716</b>	<b>2,889</b>

Ratios	FY22	FY23	FY24	FY25E	FY26E
OPM	25.1	28.1	26.5	27.5	29.0
NPM	14.0	15.4	15.1	14.8	14.7
Tax rate	-25.7	-25.9	-25.7	-25.7	-25.7

**Growth Ratios (%)**

Net Sales	22%	20%	18%	17%	12%
Operating Profit	36%	35%	11%	17%	12%
PBIT	28%	33%	15%	14%	11%
PAT	33%	33%	17%	14%	11%

**Return Ratios (%)**

ROE	18%	19%	18%	17%	16%
ROCE	24%	26%	23%	23%	24%
RoIC	16%	20%	19%	20%	21%

Source: Dalal &amp; Broacha Research, Company



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