

CMS Info Systems Limited (CMSINFO)

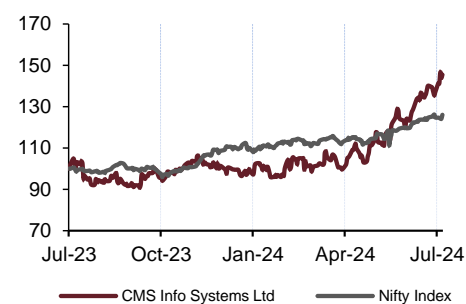
CMS Info Systems Limited (CMSINFO) reported a strong Q1 FY25 with consolidated revenue of Rs.599 crore, up 17% YoY, and adjusted EBITDA of Rs.164 crore, up 8.2% YoY. The company's cash logistics business saw a 10% YoY revenue growth, while the managed services & tech solutions business grew by 31% YoY. CMSINFO secured Rs.200 crore in new order wins, including a significant AIoT-based surveillance transformation project with a leading bank. The company reiterated its FY25 revenue guidance of Rs.2,600 to Rs.2,700 crore, implying 15-19% growth YoY, driven by the formalization of the economy, rising consumption, increased outsourcing in the BFSI sector, and growth in new business lines. CMSINFO's expansion into new business lines like retail cash management and loan collection services, along with a focus on ATM outsourcing and the Bank Label ATM (BLA) model, are part of its long-term growth strategy. However, concerns were raised regarding risk costs and declining EBITDA and PAT margins in Q1 FY25. The company also emphasized a disciplined approach to capital allocation and the potential for branding or positioning changes to communicate its evolving nature and expanding solution set.

Rating	TP (Rs)	Up/Dn (%)
HOLD	540	-2

Market Data

Current price	Rs	554
Market Cap (Rs.Bn)	(Rs Bn)	90
Market Cap (US\$ Mn)	(US\$ Mn)	1,077
Face Value	Rs	10
52 Weeks High/Low	Rs	564 / 341.3
Average Daily Volume	('000)	1,219
BSE Code		543441
Bloomberg		CMSINFO.IN
Source: Bloomberg		

One Year Performance



Source: Bloomberg

% Shareholding	Jun-24	Jun-24
Promoters	-	-
Public	100	100
Total	100	100

Source: BSE

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 (%)		25%	33%	33%	17%	14%	11%
EPS	9.10	11.39	15.06	19.32	21.33	23.82	26.10
P/E (x)	61	48	37	29	26	23	21
P/B (x)	10	8	7	5	5	4	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
Net Debt	-2,521	-2,885	-2,240	-2,568	-3,014	-2,660	-2,667

Source: Dalal & Broacha Research

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Conference Call Highlights

Operational Performance:

- Cash Logistics Business: Revenue grew 10% YoY to Rs.387 crore. EBIT grew 5% YoY to Rs.99 crore.
- Managed Services & Tech Solutions Business: Revenue grew 31% YoY to Rs.239 crore. EBIT grew 20% YoY to Rs.41 crore. Secured Rs.200 crore in new order wins, including a large AIoT-based surveillance transformation project with a leading bank.

Future Outlook:

- FY25 Revenue Guidance: Reiterated guidance of Rs.2,600 to Rs.2,700 crore, implying 15-19% growth YoY.
- Growth Drivers: Formalization of the economy, rising consumption, increased outsourcing in the BFSI sector, and growth in new business lines.

Business Strategy:

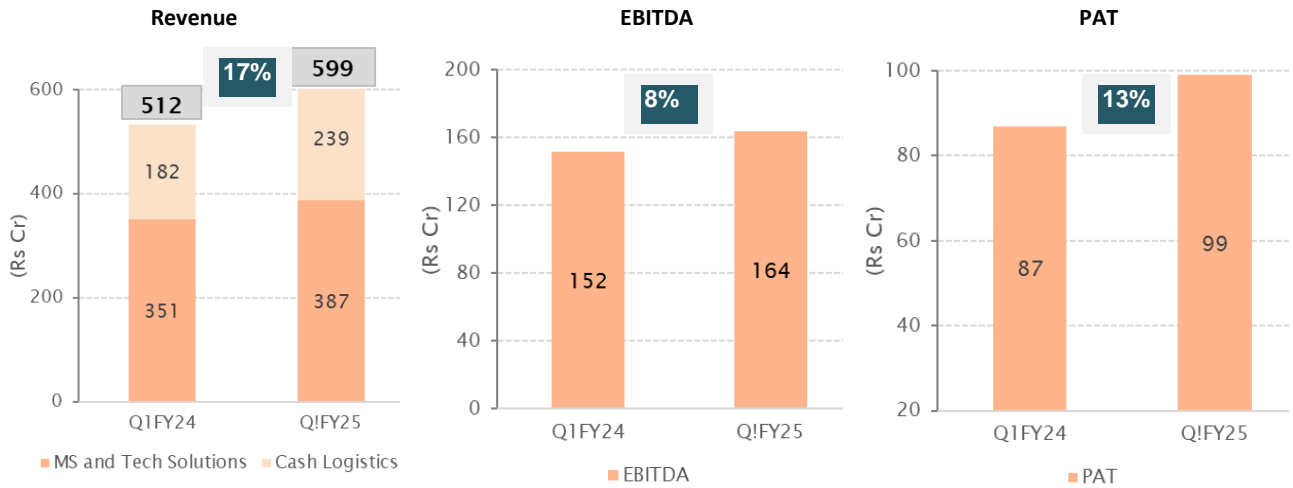
- Expansion into new business lines like retail cash management and loan collection services.
- Focus on ATM outsourcing and Bank Label ATM (BLA) model for growth.
- Long-term growth strategy includes integrated solutions, partnerships, innovation, and exploring inorganic growth opportunities.

Quarterly Consolidated Financial Performance

Particulars(All Figures in INR Mn)	Q1-FY25	Q4-FY24	Q-o-Q (%)	Q1FY24	Y-o-Y (%)
Operating Income	5,994	6271	-4%	5,116	17%
Expenses	4,472	4716	-5%	3,640	23%
Operating EBITDA	1,522	1,555	-2%	1,476	3%
Adj. EBITDA	1,639	1686	-3%	1,515	8%
EBITDA Margins (%)	25.39%	24.80%	2%	28.85%	
Adj. EBITDA Margins (%)	27.34%	26.89%		29.61%	
Finance costs	37	40	-8%	42	-12%
Depreciation and amortisation expense	388	397	-2%	364	7%
Other Income	115	112	3%	67	72%
Profit before tax	1,213	1229	-1%	1,137	7%
Tax	305	314	-3%	294	4%
Profit after Tax	908	914	-1%	843	8%
Adjusted Profit after Tax	985	994	-1%	868	13%
PAT Margins(%)	15.15%	14.58%		16.48%	
Adjusted PAT Margins (%)	16.43%	15.85%		16.97%	

Source: Company, Dalal & Broacha Research

Consolidated revenue growth of 17% YoY in Q1-FY25

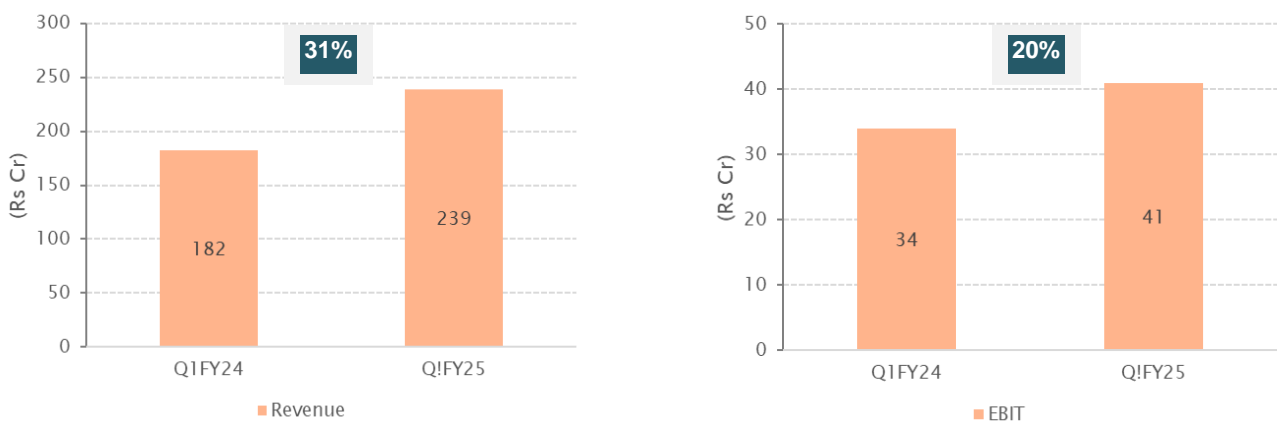


Source: Company, Dalal & Broacha Research

Cash Logistics

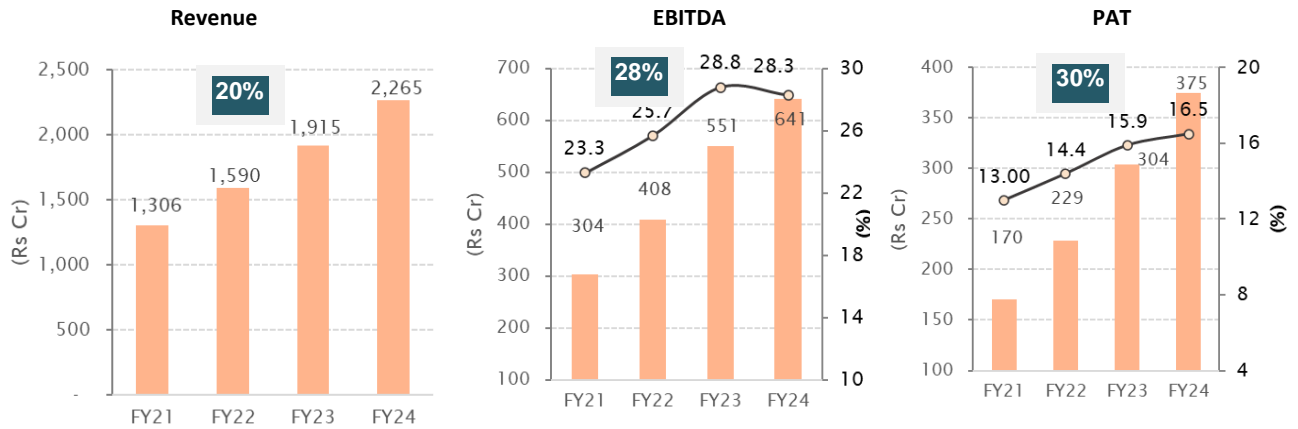


Managed Services and Tech Solutions



Source: Company, Dalal & Broacha Research

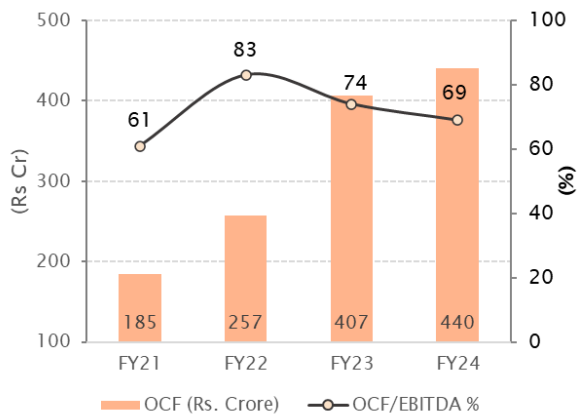
Track record of delivering high revenue and earnings growth



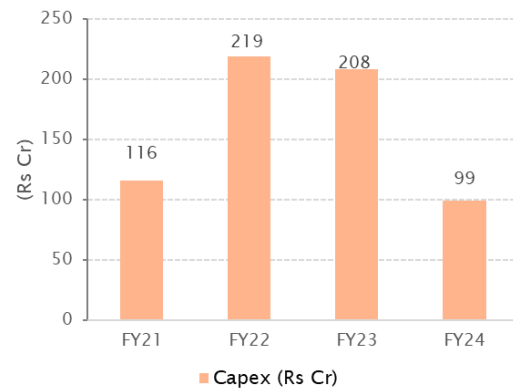
Source: Company, Dalal & Broacha Research

High cash flow generation with strong capital allocation discipline

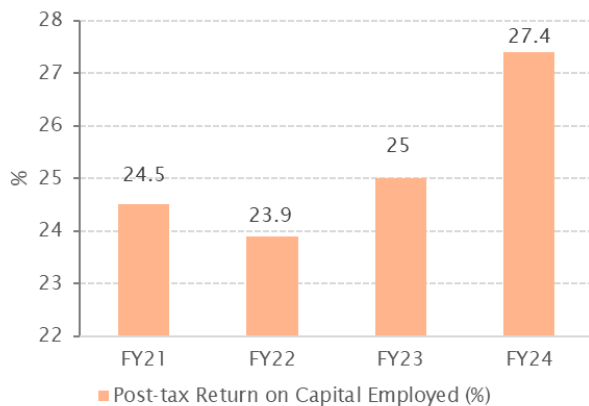
Strong cash flow generation...



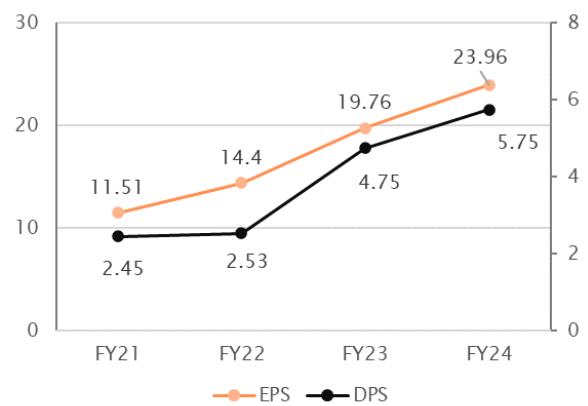
...reinvesting for growth...



...delivering high RoCEs...

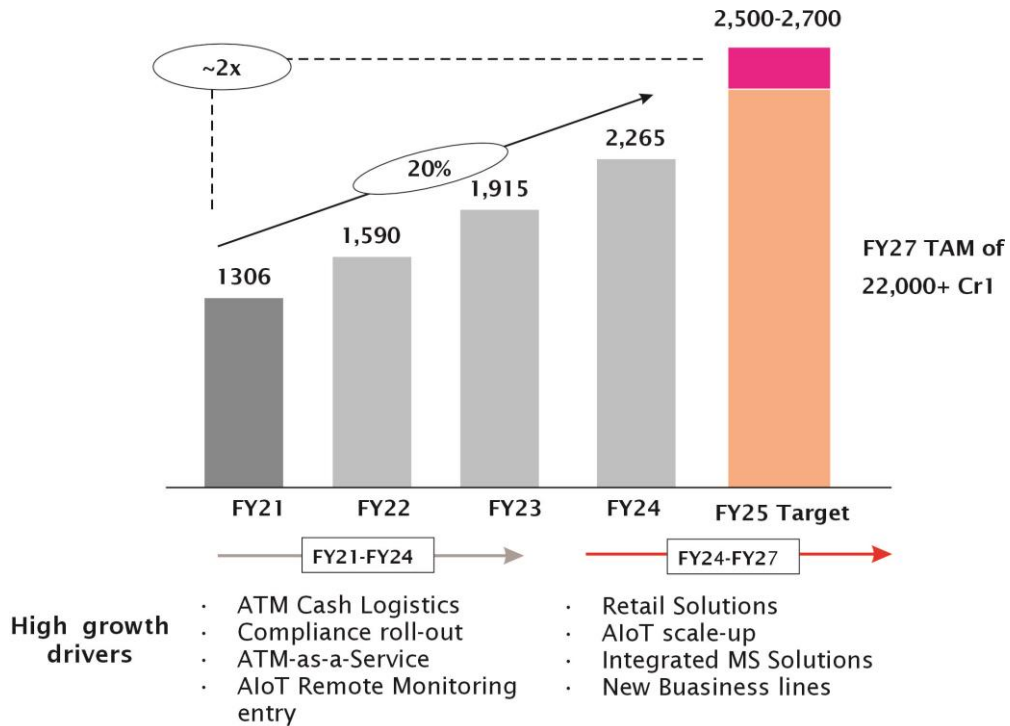


...increasing dividends

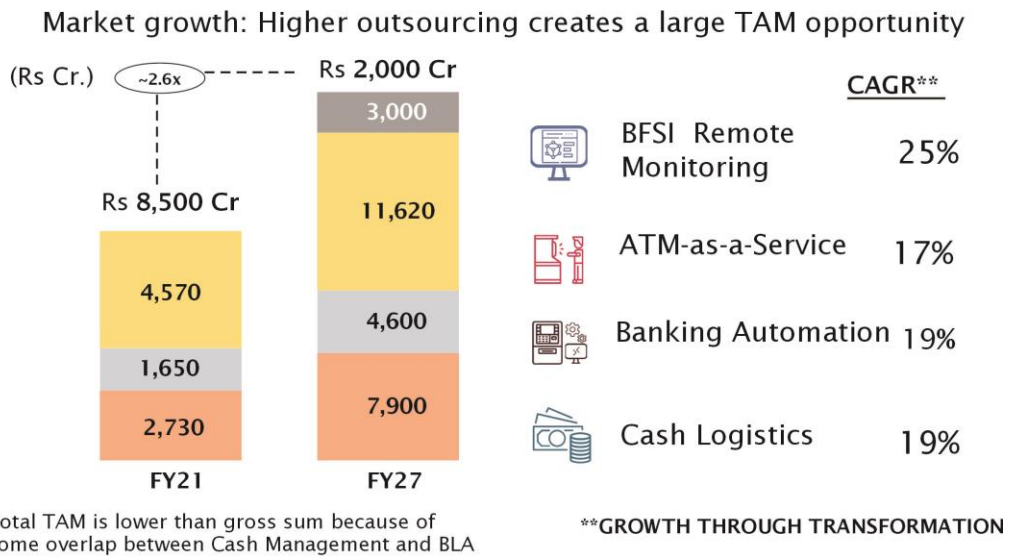


Source: Company, Dalal & Broacha Research

FY25 revenue outlook to be in the upper-end of the 2x target range



Market growth: Higher outsourcing creates a large TAM opportunity



Source: Company, Dalal & Broacha Research

Valuation & Outlook

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 said that these quarter was a one-off event due to elections and maintained a revenue guidance of 2500-2700 Crores by FY25. Currently It trades 25 times P/E on TTM basis and 20 times P/E on FY26E. **We recommend a HOLD Rating on CMS Info System with a Target Price of 540 based on 20x FY26EPS.**

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
Operating Profit	3,997	5,378	5,995	7,282	8,562
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
Adjusted Profit	2,240	2,973	3,471	3,941	4,389
EPS	15	19	21	24	26

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
Net worth	12,561	15,625	19,468	23,513	27,929
MI	-	-	-	-	-
Non Current Liabilites	1,678	1,745	1,602	2,167	2,533
Current Liabilites	4,318	3,642	5,516	5,998	6,627
TOTAL LIABILITIES	18,557	21,012	26,585	31,678	37,090
Non Current Assets	9,012	10,230	10,404	12,668	15,105
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
Current Assets	9,545	10,782	16,181	19,010	21,985
Current investments	1,235	2,455	4,251	5,251	7,251
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
TOTAL ASSETS	18,557	21,012	26,585	31,678	37,090

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
CFO	2,565	4,068	4,400	6,293	7,218
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	-	-
CFI	-3,262	-3,226	-3,251	-4,540	-5,500
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
CFF	6	-522	-521	-628	-1,545
Total Cash Generated	-692	320	628	1,126	173
Cash Opening Balance	1,334	642	962	1,590	2,716
Cash Closing Balance	642	962	1,590	2,716	2,889

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 & Broacha Research, Company

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