

CMS Info Systems | BUY

Ramping up

Execution on service orders in CMSINFO's managed services vertical has started picking up after a weak FY25, and while 1Q should see some positive trends, it is expected to be in a comfortable position by 2QFY26. Execution of the remote monitoring order from a quick commerce player for its dark stores has also commenced and is tracking well. Incrementally, industry-wide challenges caused by the disruption at a major peer have largely been addressed. We revise our FY26-28E EPS estimates by 1-2.6%, and maintain BUY with a target price of INR 570 (INR 550 earlier).

- **Services execution picking up:** One of the biggest challenges for CMS Info Systems in FY25 was that the execution of the service portion of its managed services vertical was impacted, due to delays in pre-deployment testing, and disruptions at a large industry player. However, we understand that service execution has started picking up now. While most issues are now resolved, CMSINFO is expected to be in a comfortable position by 2QFY26. Most wins last year were from PSU banks, wherein execution has picked up; and in private sector banks, execution is panning out as usual. Further, on the remote monitoring front, execution has also begun on the recently won order from a quick commerce player for its dark stores, with completion targeted by 3QFY26.
- **ATM cash management affected by a weak macro, seeing some green shoots:** In FY25, CMSINFO's cash management business was impacted owing to elections and a weak macro and, consequently, growth was muted at 8% YoY in FY25. However, some improvement is expected in this quarter, and the company seems to be on track to achieve its guidance of 10% YoY growth in this vertical. CMS INFO is the largest player in the cash management business with 42%+ market share, followed by SIS and Hitachi at number two and three respectively. Further, in the ATM cash management business too, CMSINFO is the largest with 52%+ market share, followed by Hitachi (22-23%) and SIS. In ATM cash management, given disruptions at a major peer, the industry has seen further consolidation, with the top-2 players making up ~75% of the market.
- **How is the industry reacting to disruptions at a major peer?** Running a broad math, we conclude that out of 145-150k ATMs in India that are outsourced to service providers (like CMSINFO), CMSINFO caters to ~75k, and the major peer being spoken about catered to 25k. This included a blend of ATMs wherein capex was incurred by banks while being managed by service providers, and brown-label ATMs (capex incurred by the service provider). Of these, most bank-owned ATMs have transitioned to other service providers, while for the BLA portfolio, new RFQs are expected in the next quarter.
- **1QFY26 preview – ramping up:** We factor in 8/5% YoY/QoQ growth in 1Q, driven by growth in both the cash management and managed services verticals. On the EBITDA front, coming off a weak base, we factor in EBITDA margin of 26.8%, +140bps YoY, and absolute EBITDA of INR 1.7bn, +14% YoY. Lastly, we expect CMSINFO to post a PAT of INR 1bn, +14% YoY/+6% QoQ.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	22,647	24,245	27,306	30,998	34,614
Sales Growth (%)	18.3	7.1	12.6	13.5	11.7
EBITDA	5,995	6,268	7,145	8,115	9,186
EBITDA Margin (%)	26.5	25.9	26.2	26.2	26.5
Adjusted Net Profit	3,471	3,725	4,322	4,917	5,588
Diluted EPS (INR)	19.9	21.3	24.8	28.2	32.0
Diluted EPS Growth (%)	10.2	7.3	16.0	13.8	13.6
ROIC (%)	22.3	20.1	20.5	21.6	23.2
ROE (%)	19.8	17.7	17.9	18.0	18.1
P/E (x)	25.5	23.7	20.4	18.0	15.8
P/B (x)	4.2	3.7	3.3	2.9	2.5
EV/EBITDA (x)	13.3	12.7	11.0	9.4	8.0
Dividend Yield (%)	1.1	1.9	1.7	1.9	2.1

Source: Company data, JM Financial. Note: Valuations as of 03/Jul/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	570
Upside/(Downside)	12.6%
Previous Price Target	550
Change	3.6%

Key Data – CMSINFO IN

Current Market Price	INR506
Market cap (bn)	INR83.2/US\$1.0
Free Float	87%
Shares in issue (mn)	163.2
Diluted share (mn)	174.6
3-mon avg daily val (mn)	INR221.8/US\$2.6
52-week range	613/373
Sensex/Nifty	83,239/25,405
INR/US\$	85.3

Price Performance

%	1M	6M	12M
Absolute	2.2	1.6	-0.6
Relative*	-0.5	-3.3	-4.4

* To the BSE Sensex

JM Financial Research is also available on:
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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. CMSINFO - 1QFY26 preview

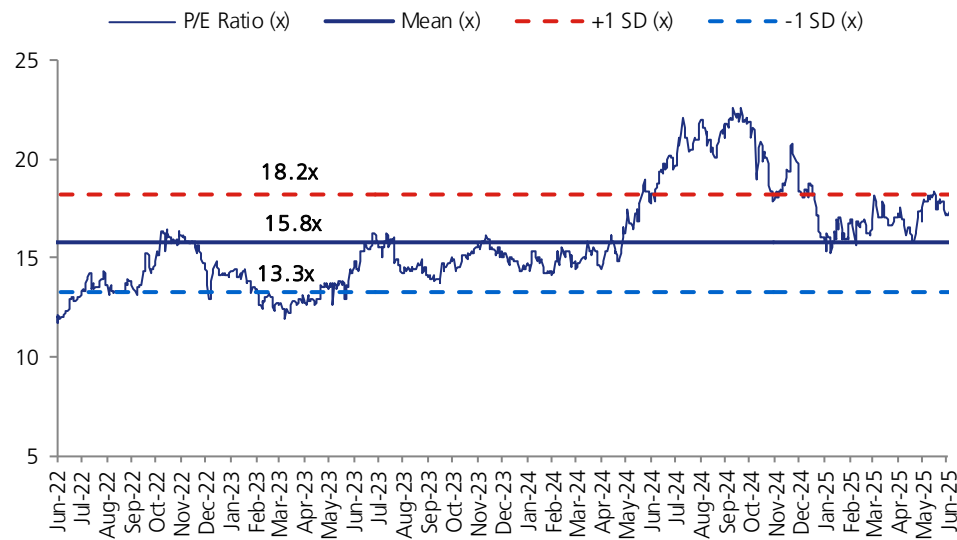
Year End March31 (INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26E
Total Revenues	5,116	5,437	5,823	6,271	22,647	5,994	6,245	5,815	6,191	24,245	6,483
YoY	13%	15%	19%	25%	18%	17%	15%	0%	-1%	7%	8%
Total Raw Material Costs	(233)	(369)	(522)	(825)	(1,949)	(655)	(825)	(309)	(601)	(2,389)	(713)
% of sales	4.5%	6.8%	9.0%	13.2%	8.6%	10.9%	13.2%	5.3%	9.7%	9.9%	11.0%
Gross Profit	4,883	5,068	5,301	5,446	20,698	5,340	5,420	5,506	5,590	21,856	5,770
YoY	16%	16%	15%	14%	15%	9%	7%	4%	3%	309%	8%
GP Margin %	95.5%	93.2%	91.0%	86.8%	91.4%	89.1%	86.8%	94.7%	90.3%	90.1%	89.0%
Employee Expenses	(733)	(850)	(861)	(878)	(3,321)	(860)	(869)	(871)	(845)	(3,445)	(870)
% of sales	14.3%	15.6%	14.8%	14.0%	14.7%	14.3%	13.9%	15.0%	13.7%	14.2%	13.4%
Manufacturing and other expenses	(2,674)	(2,762)	(2,932)	(3,014)	(11,382)	(2,957)	(3,021)	(3,040)	(3,124)	(12,142)	(3,165)
% of sales	52.3%	50.8%	50.3%	48.1%	50.3%	49.3%	48.4%	52.3%	50.5%	50.1%	48.8%
Other expenses	(3,407)	(3,612)	(3,793)	(3,892)	(14,703)	(3,817)	(3,890)	(3,911)	(3,969)	(15,588)	(4,035)
% of sales	66.6%	66.4%	65.1%	62.1%	64.9%	63.7%	62.3%	67.3%	64.1%	64.3%	62.2%
EBITDA	1,476	1,456	1,508	1,554	5,995	1,523	1,530	1,595	1,621	6,268	1,735
YoY	19%	9%	11%	8%	11%	3%	5%	6%	4%	5%	14%
EBITDA Margin %	28.9%	26.8%	25.9%	24.8%	26.5%	25.4%	24.5%	27.4%	26.2%	25.9%	26.8%
Total D&A Expense	(364)	(364)	(377)	(397)	(1,502)	(388)	(389)	(410)	(427)	(1,615)	(435)
EBIT	1,112	1,093	1,131	1,157	4,493	1,135	1,140	1,184	1,194	4,654	1,300
YoY	18%	9%	10%	6%	11%	2%	4%	5%	3%	4%	15%
EBIT Margin %	21.7%	20.1%	19.4%	18.5%	19.8%	18.9%	18.3%	20.4%	19.3%	19.2%	20.0%
Other Income	36	47	43	112	237	115	137	117	138	507	130
Interest Income	31	36	35		103						
Finance Costs	(42)	(41)	(39)	(40)	(162)	(37)	(52)	(47)	(46)	(182)	(45)
Others	25	43	39	72	178	78	85	70	92	325	85
PBT	1,137	1,135	1,170	1,229	4,671	1,213	1,225	1,254	1,286	4,978	1,385
YoY	23%	16%	13%	14%	16%	7%	8%	7%	5%	7%	14%
Income Tax Expense	(294)	(292)	(299)	(314)	(1,199)	(305)	(316)	(322)	(311)	(1,254)	(349)
Rate %	25.9%	25.7%	25.6%	25.6%	25.7%	25.1%	25.8%	25.7%	24.1%	25.2%	25.2%
Net Profit	843	844	871	914	3,471	908	909	932	976	3,725	1,036
PAT Margins	16.5%	15.5%	15.0%	14.6%	15.3%	15.1%	14.6%	16.0%	15.8%	15.4%	16.0%
YoY	22%	16%	15%	14%	17%	8%	8%	7%	7%	7%	14%

Source: Company, JM Financial

Exhibit 2. CMSINFO - EPS revision table

Year End Mar31 (INR mn)	FY26E	FY27E	FY28E
Revenues			
Old	27,458	30,630	34,195
New	27,306	30,998	34,614
Chg	-0.6%	1.2%	1.2%
EBITDA			
Old	7,126	7,987	9,041
New	7,145	8,115	9,186
Chg	0.3%	1.6%	1.6%
EBITDA Margins			
Old	26.0%	26.1%	0
New	26.2%	26.2%	26.5%
bps	21	10	10
PAT			
Old	4,280	4,793	5,455
New	4,322	4,917	5,588
Chg	1.0%	2.6%	2.4%
FD EPS			
Old	24.5	27.5	31.2
New	24.8	28.2	32.0
Chg	1.0%	2.6%	2.4%

Source: Company, JM Financial

Exhibit 3. CMSINFO - EPS revision table

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	22,647	24,245	27,306	30,998	34,614
Sales Growth	18.3%	7.1%	12.6%	13.5%	11.7%
Other Operating Income	0	0	0	0	0
Total Revenue	22,647	24,245	27,306	30,998	34,614
Cost of Goods Sold/Op. Exp	1,949	2,389	2,184	2,480	2,769
Personnel Cost	0	0	0	0	0
Other Expenses	14,703	15,588	17,977	20,403	22,660
EBITDA	5,995	6,268	7,145	8,115	9,186
EBITDA Margin	26.5%	25.9%	26.2%	26.2%	26.5%
EBITDA Growth	11.5%	4.6%	14.0%	13.6%	13.2%
Depn. & Amort.	1,502	1,615	1,843	2,073	2,303
EBIT	4,493	4,654	5,301	6,042	6,883
Other Income	337	507	542	580	621
Finance Cost	162	182	152	136	117
PBT before Excep. & Forex	4,667	4,978	5,692	6,486	7,386
Excep. & Forex Inc./Loss(-)	3	0	75	75	75
PBT	4,671	4,978	5,767	6,561	7,461
Taxes	1,199	1,254	1,445	1,644	1,873
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	3,471	3,725	4,322	4,917	5,588
Adjusted Net Profit	3,471	3,725	4,322	4,917	5,588
Net Margin	15.3%	15.4%	15.8%	15.9%	16.1%
Diluted Share Cap. (mn)	174.6	174.6	174.6	174.6	174.6
Diluted EPS (INR)	19.9	21.3	24.8	28.2	32.0
Diluted EPS Growth	10.2%	7.3%	16.0%	13.8%	13.6%
Total Dividend + Tax	938	1,561	1,397	1,561	1,726
Dividend Per Share (INR)	5.8	9.5	8.5	9.5	10.5

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	4,671	4,978	5,767	6,561	7,461
Depn. & Amort.	1,502	1,615	1,843	2,073	2,303
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-644	372	-1,691	-1,456	-1,561
Others	-22	-8	0	0	0
Taxes Paid	-1,199	-1,254	-1,445	-1,644	-1,873
Operating Cash Flow	4,308	5,703	4,474	5,534	6,331
Capex	-1,414	-3,227	-2,000	-2,000	-2,000
Free Cash Flow	2,894	2,476	2,474	3,534	4,331
Inc (-) / Dec in Investments	-2,059	-1,312	0	0	0
Others	126	-437	227	243	297
Investing Cash Flow	-3,347	-4,976	-1,773	-1,757	-1,703
Inc / Dec (-) in Capital	1,310	1,034	0	0	0
Dividend + Tax thereon	-938	-1,561	-1,397	-1,561	-1,726
Inc / Dec (-) in Loans	-225	87	-185	-198	-242
Others	0	0	0	0	0
Financing Cash Flow	147	-440	-1,582	-1,759	-1,968
Inc / Dec (-) in Cash	1,108	286	1,119	2,018	2,660
Opening Cash Balance	1,563	2,670	2,957	4,076	6,094
Closing Cash Balance	2,670	2,957	4,076	6,094	8,754

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	19,468	22,665	25,590	28,946	32,809
Share Capital	1,628	1,644	1,644	1,644	1,644
Reserves & Surplus	17,840	21,021	23,946	27,302	31,165
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	-390	-399	-399	-399	-399
Total - Equity & Liab.	19,077	22,267	25,192	28,548	32,410
Net Fixed Assets	6,983	8,595	8,752	8,679	8,376
Gross Fixed Assets	9,506	11,269	13,269	15,269	17,269
Intangible Assets	2,061	2,061	2,061	2,061	2,061
Less: Depn. & Amort.	4,765	6,380	8,223	10,296	12,599
Capital WIP	181	1,645	1,645	1,645	1,645
Investments	600	1,255	1,255	1,255	1,255
Current Assets	18,612	20,951	23,234	26,898	31,245
Inventories	1,269	796	728	826	922
Sundry Debtors	7,197	8,146	9,541	11,264	13,081
Cash & Bank Balances	2,670	2,957	4,076	6,094	8,754
Loans & Advances	0	0	0	0	0
Other Current Assets	7,476	9,053	8,890	8,714	8,487
Current Liab. & Prov.	7,118	8,534	8,049	8,284	8,466
Current Liabilities	5,632	5,134	4,649	4,884	5,066
Provisions & Others	1,486	3,400	3,400	3,400	3,400
Net Current Assets	11,495	12,417	15,185	18,614	22,779
Total - Assets	19,077	22,267	25,192	28,548	32,410

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	15.3%	15.4%	15.8%	15.9%	16.1%
Asset Turnover (x)	1.2	1.1	1.1	1.1	1.1
Leverage Factor (x)	1.1	1.1	1.1	1.0	1.0
RoE	19.8%	17.7%	17.9%	18.0%	18.1%

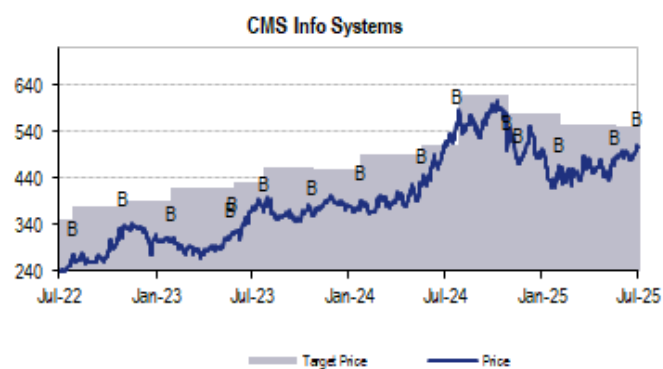
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	119.3	137.9	155.7	176.1	199.6
ROIC	22.3%	20.1%	20.5%	21.6%	23.2%
ROE	19.8%	17.7%	17.9%	18.0%	18.1%
Net Debt/Equity (x)	-0.1	-0.1	-0.2	-0.2	-0.3
P/E (x)	25.5	23.7	20.4	18.0	15.8
P/B (x)	4.2	3.7	3.3	2.9	2.5
EV/EBITDA (x)	13.3	12.7	11.0	9.4	8.0
EV/Sales (x)	3.5	3.3	2.9	2.5	2.1
Debtor days	116	123	128	133	138
Inventory days	20	12	10	10	10
Creditor days	88	71	58	58	58

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
25-Apr-22	Buy	350	
11-May-22	Buy	350	0.0
28-Jul-22	Buy	380	8.6
2-Nov-22	Buy	390	2.6
30-Jan-23	Buy	420	7.7
23-May-23	Buy	420	0.0
29-May-23	Buy	430	2.4
25-Jul-23	Buy	465	8.1
26-Oct-23	Buy	460	-1.1
25-Jan-24	Buy	490	6.5
20-May-24	Buy	510	4.1
27-Jul-24	Buy	620	21.6
28-Oct-24	Buy	580	-6.5
18-Nov-24	Buy	580	0.0
6-Feb-25	Buy	555	-4.3
20-May-25	Buy	550	-0.9
2-Jul-25	Buy	570	3.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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