

Stock Idea Note - CMS Info Systems Limited

Company Overview

CMS Info Systems Limited is India's largest business services platform focused on cash management, managed services, and technology solutions for banks, financial institutions, and retail clients. Its business is structured around two primary segments: the Cash Management Business (CMB) (contributed 62.5% of the revenue as of FY25), which includes cash logistics, retail cash pick-up, and currency management services; and the Managed Services and Technology Solutions (MSTS) segment (contributed 37.5% of the revenue as of FY25), which encompasses ATM and branch automation, AI-based surveillance, and software solutions for banking infrastructure. The company provides integrated offerings across the cash cycle, including cash-in-transit (CIT), cash processing, and ATM replenishment, supported by its extensive pan-India network of over 1.5 lakh business touchpoints covering both urban and rural markets. CMS also operates one of the country's largest managed services and technology platforms, providing end-to-end automation, remote monitoring, and software-led solutions to leading banks and enterprises. CMS serves a diversified client base that includes all major private and public sector banks, financial institutions, and large retail chains, supported by long-term contracts that provide strong revenue visibility. As of FY25, the company's total revenue was broken down as follows: ATM Cash accounted for 33%, Retail for 16%, Managed Solutions for 15%, DCV for 11%, Automation for 10%, Txn BLA for 8%, and RMS+SW for 7%.

Investment Rationale

Strengthening tech-led managed services through the Securens acquisition and Vision AI expansion

CMS Info Systems' acquisition of Securens Systems Pvt. Ltd. marks a key step in accelerating its transition toward a technology-led managed services model. Securens, a leading AIoT-based remote monitoring company, was acquired for an enterprise value of Rs. 80 crore (~10x FY25 adjusted EBITDA) and is expected to deliver synergies through shared infrastructure, IT systems, and operational efficiencies across a combined base of 45,000 live sites. The acquisition expands CMS's capabilities in Vision AI, surveillance analytics, and managed services while broadening its presence beyond BFSI into retail and institutional clients. Parallely, CMS's Vision AI platform has scaled rapidly, now managing over 30,000 sites across the country and emerging as India's largest AI-based monitoring network in the ATM space. The completion of its in-house proprietary tech stack enables the 'deployment of new AI modules for bank branches and emerging use cases in retail and logistics. With less than 20% of India's 1.4 lakh bank branches currently outsourced for monitoring, this business is well-positioned for accelerated growth.

Robust order book execution and market consolidation to drive near-term recovery

CMS enters FY26 with a strong execution pipeline and improving industry dynamics following a period of sectoral disruption. The company's Rs. 1,400 crore executable order book, of which 52% was completed by March 2025, is expected to be fully executed in Q2, aided by faster project rollout from private bank contracts. Order inflows remain healthy, with Rs. 500 crore of wins in Q4 FY25 and continued traction across fixed-price BLA, Algo software, and card payment solutions. Industry consolidation has created a more favourable competitive landscape, with only two large integrated players remaining, enabling CMS to consolidate market share in both cash logistics and managed services. The company now commands a 58–60% market share in the ATM cash management space and continues to strengthen its positioning with PSU and private banks.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	384
Target Price (INR)	452
NSE Symbol	CMSINFO
BSE Code	543441
Bloomberg	CMSINFO IN
Reuters	CMSN.BO

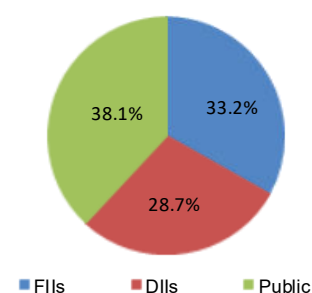
Key Data

Nifty	25,710
52WeekH/L(Rs.)	897 /601
O/s Shares (Cr.)	16
Market Cap (Rs, Cr.)	6,316
Face Value (Rs.)	10

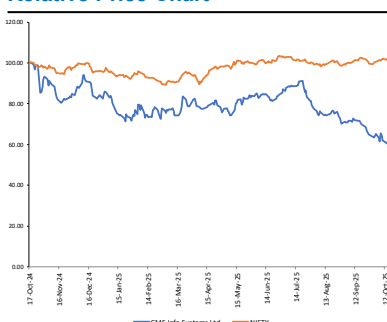
Average volume

3 months	6,56,510
6 months	5,81,850
1 year	5,58,050

Share Holding Pattern (%)



Relative Price Chart



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Valuation and Outlook

CMS Info Systems continues to demonstrate the resilience and cash-generating nature of its business model, underpinned by strong execution, disciplined capital allocation, and a visible pipeline across its core verticals. Despite a moderation in top-line growth during FY25 due to industry-wide disruption, the company maintained a 15%+ PAT margin and a ROE exceeding 15%, reinforcing its high-quality earnings profile. The business remains structurally attractive owing to its combination of recurring, long-term contracts and limited working capital intensity. Over the past few years, CMS has deliberately transitioned from short-duration annuity contracts (1–3 years) toward longer-term recurring models of 7–10 years, which now contribute more than one-third of total service revenues. This strategic shift materially enhances revenue visibility and reduces earnings volatility. The Vision AI platform and Securens acquisition provide scalable technology assets with higher structural margins and annuity characteristics, further improving quality of earnings. As this segment expands from its current base toward double-digit revenue contribution by FY27, the overall blended multiple is expected to rerate in line with higher-margin, tech-enabled business services peers. **Valuing the company at 17x FY26e earnings, we arrive at a target price of Rs. 452, implying a 18% potential upside over a 12-month horizon.**

Key Financials						
YE March (INR. Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,590	1,915	2,265	2,425	2,740	3,151
Revenue Growth (Y-o-Y)	-	20.4%	18.3%	7.1%	13.0%	15.0%
EBITDA	400	538	599	627	715	835
EBIT Growth (Y-o-Y)	-	34.5%	11.5%	4.6%	14.1%	16.8%
Net Profit	224	297	347	372	436	510
Net Profit Growth (Y-o-Y)	-	32.7%	16.8%	7.3%	17.0%	17.2%
Diluted EPS	14.3	18.7	21.4	22.4	26.6	31.1
Diluted EPS Growth (Y-o-Y)	-	30.3%	14.6%	4.5%	18.8%	17.2%
Key Ratios						
EBITDA margin (%)	25.1%	28.1%	26.5%	25.9%	26.1%	26.5%
NPM (%)	14.1%	15.5%	15.3%	15.4%	15.9%	16.2%
RoE (%)	17.8%	19.0%	17.8%	16.4%	17.5%	18.6%
RoCE (%)	24.5%	26.0%	23.1%	20.5%	21.6%	23.0%
Valuation Ratios						
P/E (x)	26.8x	20.6x	18.0x	17.2x	14.5x	12.3x
EV/EBITDA (x)	15.4x	11.4x	10.1x	9.6x	8.4x	7.1x
P/BV (x)	5.0x	4.0x	3.2x	2.8x	2.5x	2.3x
Market Cap. / Sales (x)	4.0x	3.3x	2.8x	2.6x	2.3x	2.0x

Source: Bloomberg, BP Equities Research



BP WEALTH

Tel: +91 22 61596138

Research Desk

Institutional Sales Desk

Tel: +91 22 61596403/04/05

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Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392