

## Pick of the Day (Short Term Delivery Call)

**Company Name: CMS Info Systems**

NSE code	CMSINFO
BSE code	543441
Market Cap (Rs Cr)	6,119
Promotor holding (%)	26.69
PE (x) TTM	19.1
Industry PE (x)	37.4
EV/EBITDA (x)	10.7
P/PB (x)	3.77

**CMP (Rs): 390 | Buy Range: 380-390 | Target Price: 450 | Upside: 15%**

**Duration of recommendation: 1 to 3 months**

**About Company:** CMS Info System is the leading business services company providing logistics and technology solutions to banks, financial institutions, organized retail, and e-commerce companies in India. Company also supplies, installs, and maintains ATMs and cash deposit machines, and offers card trading and personalization services.

### Investment Rationale

**Market leader in all segments:** CMS Info Systems is biggest cash management company in India that provides cash management services and ATMs. In ATM cash management, its market share increased from 42% (FY21) to 47% (March 2022). The company is the market leader in Retail Cash Management (36%) and Dedicated Cash-in-transit vans (28%). In FY23, the total currency value processed through their ATMs and retail cash management operations was more than ₹12.7 Lakh crore.

### Business Segments:

**Cash management services (69.3% of FY23 revenues):** Cash Management revenue grew by 19.4% from Rs. 11,108.07 million to Rs. 13,262.80 million driven by strong volume growth and realization improvement led by compliance implementation.

**Managed services (31.9% of FY23 revenues):** Managed Services revenue grew by of 24.8% from Rs. 4,896.29 million to Rs. 6,111.27 million driven of a rampup in ATM-as-a-Service business and execution of the Remote Monitoring orderbook.

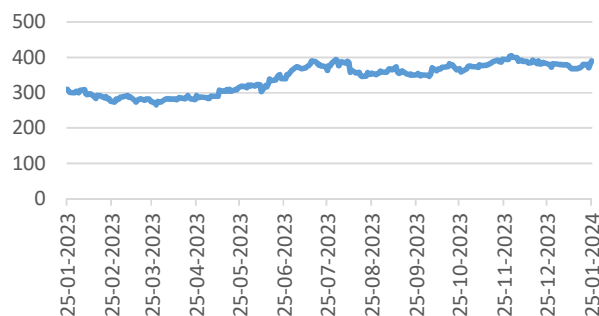
**Strong Financial Position:** Revenue has grown at a CAGR of 14% over FY19-23 period from Rs. 903 crores in FY19 to Rs. 1704 crore in FY23. Consistent improvement in operating margins from 16% in FY19 to 28% in FY23. PAT has grown at a CAGR of 32% from Rs. 91 in FY19 crores to Rs. 275 crores in FY23. Company's delivered good profit growth of 29.2% CAGR over last 5 years. Company's ROE/ROCE are 20 & 28 respectively. Leverage position is also good with D/E is 0.12.

**Q3FY24 Results:** Company reported strong financial performance during quarter with consolidated Revenue/EBITDA/PAT increasing 19.2%/11.8%/14.5% YoY respectively. However, EBITDA margins reported a blip falling 200 bps. On QoQ basis, Revenue/EBITDA/PAT increased by 7%/3.4%/3.5% respectively.

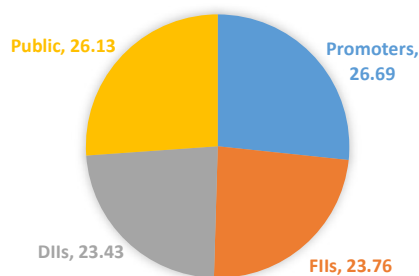
**Our Valuation & Recommendation:** Stock is currently trading at 17.7x its FY24E EPS. We recommend BUY in price range of 380-390 with target price 450 (based on 20.9x FY24E EPS), upside 15%.

**Key risks:** Big reduction in cash in circulation and delay in compliance implementation.

**Price Performance**



**Shareholding Pattern %**



**Disclosure:**

We, research team at Share India Securities Ltd. (SISL), authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SISL has no material adverse disciplinary history as on the date of publication of this report. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

We state that Research Analyst or his/her relative or SISL may have any financial interest in the subject company. Also Research Analyst or his relative or SISL or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report.

Further, Research Analyst or his relative or SISL or its associate a) does not have any material conflict of interest at the time of publication of the research report; b) has not managed or co- managed public offering of securities for the subject company in the past twelve months; c) has not received any compensation for investment banking or merchant banking or brokerage services or for any other product/s or service/s or for any other reason whatsoever from the subject company in the past twelve months; d)has not received any compensation or other benefits from the subject company or third party in connection with the research report; e) has not served as an officer, director or employee of the subject company; and f) has not been engaged in market making activity for the subject company.

SISL is a SEBI Registered Research Analyst having registration no. INH100005011.

**Disclaimer:**

This report has been prepared by SISL and is meant for sole use by the recipient and not for circulation. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable.

Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject SISL or its affiliate to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently send or has reached any individual in such country, especially, USA, the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of SISL.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security. SISL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mainland/or its attachments.

SISL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

SISL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SISL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.

SISL is a Member of National Stock Exchange of India Limited (NSE), BSE Ltd (Bombay Stock Exchange), Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX), Indian Commodity Exchange Limited (ICEX) and has Depository Participant affiliation with Central Depositories Services (India) Limited (CDSL). It is a SEBI registered Portfolio Manager and SEBI registered Research Analyst [ SEBI Reg. No.:INB/F/E 231079832, INB/F/E 011079838, IN-DP-32-2015, AMFI Reg. No. ARN: 78041, SEBI Research Analyst Reg. No.: INH100005011, CIN - L67120GJ1994PLC115132 ].