ASIAN MARKETS SECURITIES
INSTITUTIONAL EQUITIES

4QFY26 Result update

CMS Info Systems Ltd.

Financial Services

Asian Markets Rating	ACCUMULATE
CMP (Rs)	303
Target (Rs)	330
Upside (%)	9%

Nifty: 23,644	Sensex:75,238

Key Stock Data

Bloomberg	CMSINFO IN
Shares O/s Mn (FV INR 10)	164.4
Mkt Cap (USD Bn/INR Bn)	0.5/49.9
52-week high/low	541/262
6m daily avg vol (INR Mn)	216
Free Float %	93

Price Performance

(%)	3m	1yr	3yr
CMSINFO	(5.2)	(34.5)	3.7
Nifty	(7.1)	(4.4)	34.0
NSE500	(3.3)	0.1	50.4
BSE Midcap	1.4	4.6	80.9

Shareholding Pattern

(%)	Sep-25	Dec-25	Mar-26
Promoter	0.0	0.0	0.0
FII	33.2	28.2	25.0
DII	22.4	26.7	29.1
Others	44.5	45.1	45.9

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FY26-28E EPS CAGR	CF & Return Profile	Valuations
13%	Moderate	Attractive

Revenue Miss Offset by Strong Margin Recovery

CMS reported mix set of numbers with revenues below expectation (-5%) while margins improved 280bps QoQ resulting in EBITDA beat (+6%) and in-line PAT. Revenue stood at Rs 6.3bn, up 2.2% YoY and 2.4% QoQ. EBITDA at Rs 1.6bn declined 0.5% YoY but increased 15.5% QoQ. EBITDA margins improved by 280bps QoQ to 25.6% (-30bps QoQ). Adjusted PAT at Rs 772mn declined 20.9% YoY but improved 12.7% QoQ. Thus PAT margins (adj.) improved 2.9p.p. QoQ but was down 3.6p.p. YoY. Depreciation was higher due to capex and acquisition. The Cash Logistics segment recovered with revenues increasing 4% QoQ (-3% YoY). The company started execution (Mar'26) on Rs 10bn, 10-year contract from SBI, which is estimated to generate incremental revenue of ~Rs 5bn over the contract tenure. Managed Services and Cards revenue grew ~18.7%/38.9% YoY but declined 0.4%/1.3% QoQ. Company won 5-yr managed service mandate from HDFC Bank of Rs 4bn for 6000 ATMs in 1QFY27. FY27 revenue guided at Rs 28bn to 29bn (+13% to 17% growth) with EBITDA margin of 25%+. Management re-affirmed of achieving it FY30 goal of Rs 37.5-39.5 bn of service revenues (13-14% FY26-30 CAGR). Board approved Rs 1.68bn buyback (3% of equity) at Rs 340/share through tender offer mode. We value CMS at 14x FY28E P/E to arrive at a Target Price of Rs 330. Maintain Accumulate.

Cash Logistics: Revenue Growth Rebounds; EBIT Margin improves QoQ

Revenues in Cash logistics declined 3% YoY but staged recovery with 4% QoQ increase to Rs 4.0bn. Revenues were largely flat YoY at Rs 16bn for FY26. EBIT margins recovered 3.4 p.p. QoQ to 19.8% however remained subdued as compared to 24.7% registered in 4QFY25. EBIT margins for FY26 were subdued at 18.9% vs 25.2% in FY25. Revenues and EBIT margins were impacted in FY26 due to weaker consumption in 1H, SBI cash outsourcing delay, shut down of off-site ATMs by Pvt. banks, cut down of low yield retail segments and deliberate focus on correcting higher DSOs. During the year, the company won SBI contract, with Rs 5bn incremental revenues with execution going live in Q4. The company also won a Rs 4 bn contract from ICICI Bank, which has gone 90% live. A pipeline of 6,000 to 8,000 ATM units in active RFP stages represents a contracted-value opportunity of over Rs 20bn for the industry. With strong base of 70k+ ATMs, 65k retail touchpoints and ~1400 CIT routes, company has a strong base to compound growth hereon. Management guided for 11% CAGR through FY30 in these businesses.

Managed Solution: Revenue Growth Flat QoQ while Margins Improve

Revenue growth in Managed Solution was flat qoq at Rs 2.7bn (+19% YoY). EBIT at Rs 363mn, was up 6% YoY/QoQ. EBIT margins improved 80bps QoQ (-160bps YoY) to 13.5%. Revenues increased 17% YoY to Rs 10.4bn in FY26 while EBIT growth was flat at Rs 1.4bn. EBIT margins declined 220bps YoY to 13.2% in FY26. Company acquired and is operating managed services and tech portfolio of FSS Managed Services with deal closure expected in 1QFY27. Company won 5-yr managed service mandate from HDFC Bank of Rs 4bn for 6000 ATMs in 1QFY27.

Tech and Payment Solutions Scaled Up:

Tech & Payments contribute 16% of revenues (FY26) as compared to 12% in FY25 and 7% in FY22. Post acquisition of Securens, HAWKAI is scaled up to 50k+ sites, contributing Rs 2bn in revenues in FY26 (doubled in last 2 years). ALGO MVS software has a reach of 68k machines (40% market share) on the SBI network with 10k+ ATMs of ICICI Bank expected to go live in FY27. Card management is a steady contributor of Rs 750 mn in annual revenues. Management guided for 20%+ CAGR in T&PS business through FY30.

Valuations: Maintain Accumulate with a Target Price of Rs 330

Slow consumptions, industry headwinds and execution challenges have led to subdued revenue growth and margin strain in FY26. While we see positive tailwinds from improved consumption and new wins, sustained execution remains key to drive re-rating. We build in revenue/EBITDA/EPS CAGR of 11%/14%/13% over FY26-28E.We value CMS at 14x FY28 P/E to arrive at a Target Price of Rs 330. Maintain Accumulate.

Exhibit 1: Key Financials (Consolidated)

Y/E Mar (Rs Mn)	FY24	FY25	FY26	FY27E	FY28E
Sales	22,647	24,245	24,872	27,902	30,821
yoy (%)	18.3	7.1	2.6	12.2	10.5
Adjusted EBITDA	6,360	6,576	6,000	7,221	7,983
yoy (%)	16.3	3.4	-8.8	20.4	10.6
Adjusted PAT	3,743	3,955	3,063	3,746	4,167
yoy (%)	23.1	5.6	-22.5	22.3	11.2
Adj EBITDAM (%)	28.1	27.1	24.1	25.9	25.9
Net worth	19,468	22,665	24,323	27,056	30,014
Adjusted EPS	23.1	22.7	18.3	21.5	23.9

Source: Company, AMSEC Research

Exhibit 2: Key Indicators

Y/E Mar	FY24	FY25	FY26	FY27E	FY28E
RoE (%)	19.8	17.7	12.9	14.0	14.1
RoCE (%)	24.8	22.5	17.0	18.1	18.3
RoIC (%)	23.4	22.0	14.6	14.7	15.7
Net D/E	-0.2	-0.3	-0.2	-0.1	-0.2
PER (x)	16.9	13.4	17.5	14.9	13.4
P/BV (x)	3.3	2.2	2.2	1.9	1.8
EV/Sales (x)	2.5	1.7	2.0	1.8	1.5
EV/EBITDA(x)	9.3	6.7	8.3	7.3	6.1
Div Yield (%)	1.5	3.1	1.6	2.0	2.2

Exhibit 3: Revenues growth at 2% YoY/QoQ

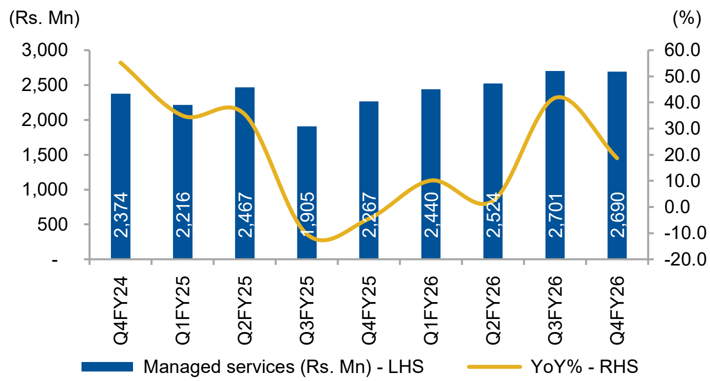


Exhibit 4: Cash management business revenue rebounded QoQ

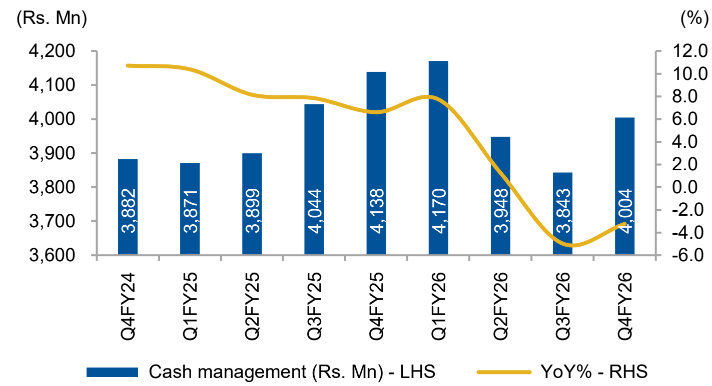


Exhibit 5: …While Managed Services Revenue growth was flat QoQ

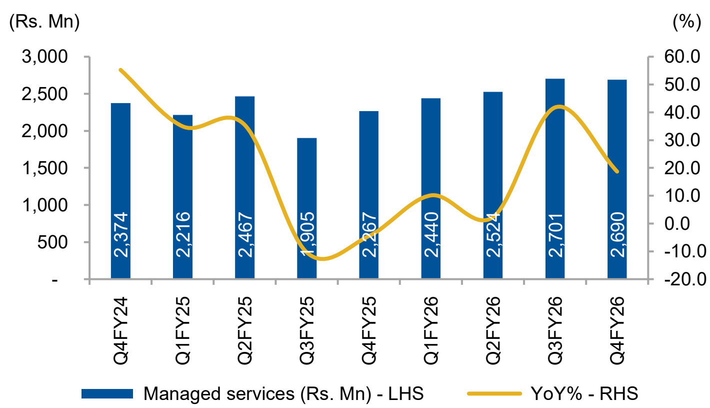


Exhibit 6: Segment Wise revenue mix (in %)

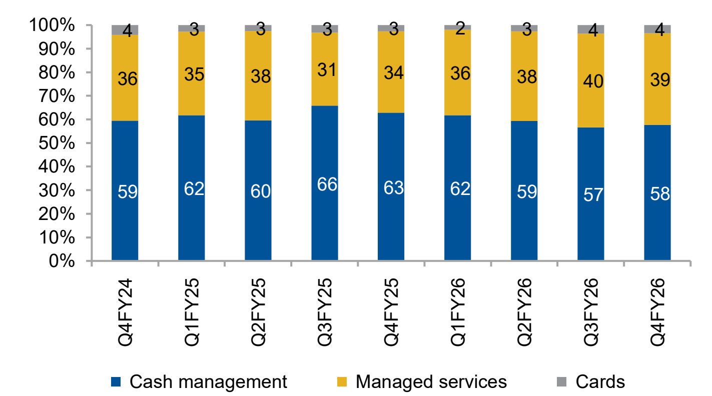


Exhibit 7: Operating expenses declined QoQ

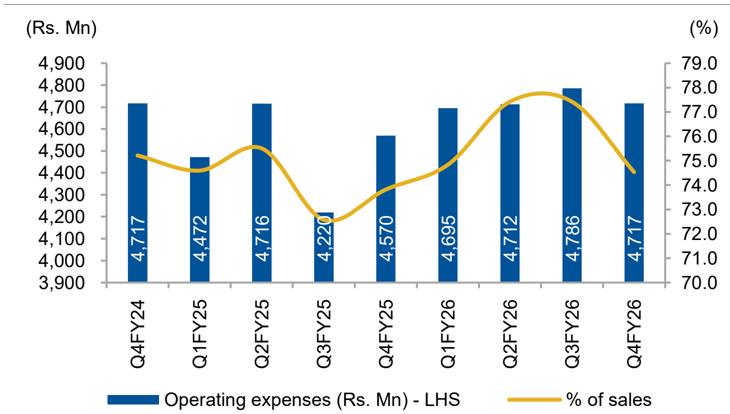
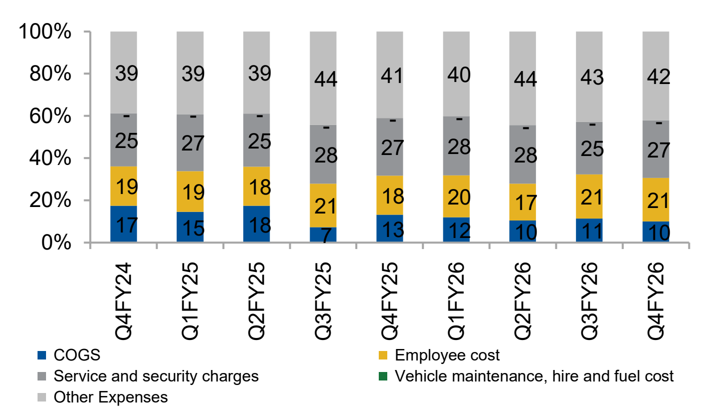


Exhibit 8: Mix of operating expenses (%)



Source: Company, AMSEC Research

Exhibit 9: Employee Expenses declined 3% QoQ

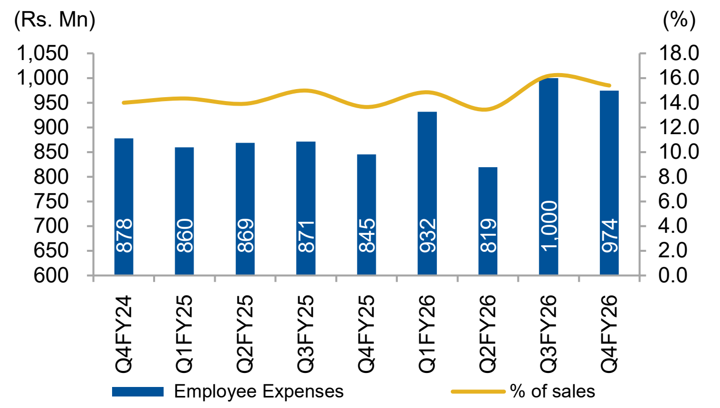


Exhibit 10: EBITDA Margins improved QoQ on controlled opex

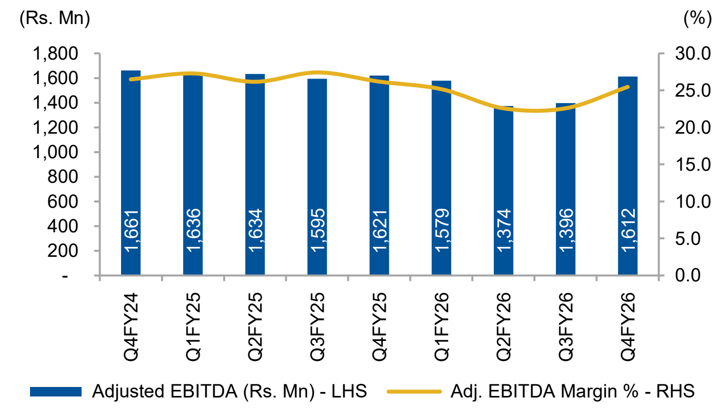


Exhibit 11: PAT margins improved on controlled opex

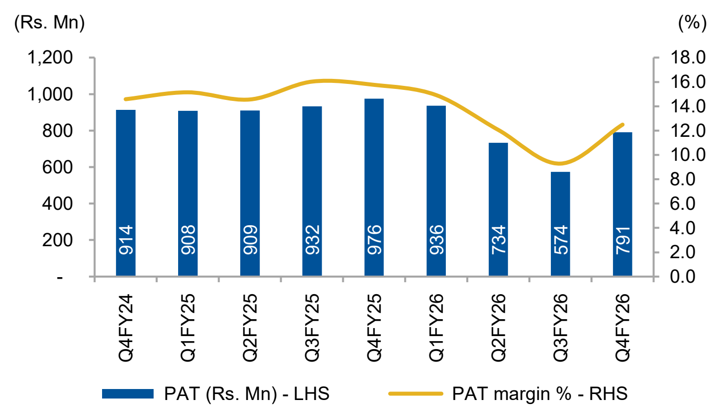
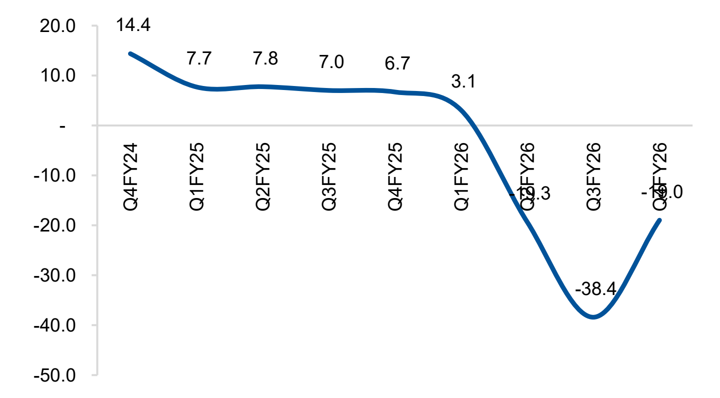


Exhibit 12: Reported PAT growth (YoY) declined 21% YoY however improved QoQ



Source: Company, AMSEC Research

Exhibit 13: Key highlights of 4QFY26

(Rs. Mn)	Q4FY26	Q4FY25	YoY%	Q3FY26	QoQ%
Operating revenue	**6,329**	**6,191**	***2.2***	**6,182**	***2.4***
Operating expenses					
Purchase of traded goods	511	673	*-24.1*	408	*25.1*
% of sales	*8.1*	*10.9*		*6.6*	
Decrease / (Increase) in inventories	-41	-72	*-43.6*	139	*-129.2*
% of sales	*-0.6*	*-1.2*		*2.3*	
Employee cost	974	845	*15.3*	1,000	*-2.6*
% of sales	*15.4*	*13.7*		*16.2*	
Service and security charges	1,286	1,251	*2.8*	1,193	*7.8*
% of sales	*20.3*	*20.2*		*19.3*	
Other Expenses	1,987	1,873	*6.1*	2,046	*-2.9*
% of sales	*31.4*	*30.2*		*33.1*	
Total Operating expenses	**4,717**	**4,570**	***3.2***	**4,786**	***-1.4***
% of sales	*74.5*	*73.8*		*77.4*	
EBITDA	**1,612**	**1,621**	***-0.5***	**1,396**	***15.5***
EBITDA Margin %	*25.5*	*26.2*	*-72 bps*	*22.6*	*289 bps*
Depreciation	593	427	*38.9*	556	*6.7*
Core EBIT	**1,019**	**1,194**	***-14.7***	**840**	***21.3***
Other Income	98	138	*-29.3*	86	*13.2*
Finance Cost	63	46	*38.5*	45	*40.5*
Exceptional Item	14	-	*Na*	-83	*Na*
Profit before Tax	**1,067**	**1,286**	***-17.0***	**798**	***33.7***
Tax	**277**	**311**	***-10.9***	**224**	***23.5***
Reported PAT	**791**	**976**	***-19.0***	**574**	***37.7***
Reported PAT margin %	*12.5*	*15.8*	*-327 bps*	*9.3*	*321 bps*
Adjusted PAT	**772**	**976**	***-20.9***	**685**	***12.7***
Adj. PAT margin %	*12.2*	*15.8*	*-357 bps*	*9.3*	*292 bps*

Source: Company, AMSEC Research

Financials

(Rs mn)

Profit & Loss Account	FY24	FY25	FY26	FY27E	FY28E
Revenue from operations					
Cash management services	13,790	14,671	13,701	14,826	15,921
Managed services	7,963	8,855	10,356	12,179	13,914
Others	894	720	815	896	986
Revenue from operations	**22,647**	**24,245**	**24,872**	**27,902**	**30,821**
Operating Expenses					
Purchase of traded goods	2,516	1,954	1,764	2,511	2,774
Decrease / (Increase) in inventories	-567	436	310	-231	-94
Employee cost	3,321	3,445	3,725	3,958	4,223
Service and security charges	4,493	4,819	5,104	5,519	6,023
Vehicle maintenance, hire and fuel cost	1,641	1,822	2,022	2,269	2,546
Other Expenses	5,248	5,502	5,986	6,855	7,566
Total Operating expenses	**16,652**	**17,977**	**18,911**	**20,880**	**23,037**
EBITDA	**5,995**	**6,268**	**5,961**	**7,021**	**7,783**
Depreciation & Amortisation	1,502	1,615	2,076	2,533	2,765
Operating Profit	**4,493**	**4,654**	**3,885**	**4,489**	**5,018**
Other Income					
Finance Income	137	203	294	297	346
Others	204	304	163	263	264
Total Other Income	**340**	**507**	**457**	**560**	**610**
EBIT	**4,833**	**5,160**	**4,341**	**5,049**	**5,628**
Finance Cost	162	182	195	221	235
Profit before Tax	**4,671**	**4,978**	**4,077**	**4,828**	**5,393**
Total tax expenses	**1,199**	**1,254**	**1,043**	**1,231**	**1,375**
Reported PAT	**3,471**	**3,725**	**3,034**	**3,597**	**4,018**

Balance sheet	FY24	FY25	FY26	FY27E	FY28E
Sources of capital					
Equity	1,628	1,644	1,646	1,646	1,646
Reserves & Surplus	17,840	21,021	22,677	25,409	28,367
Net Worth	**19,468**	**22,665**	**24,323**	**27,056**	**30,014**
Leases					
Long term lease	1,281	1,321	1,554	1,571	1,630
Short term lease	527	575	660	667	692
Total lease liability	**1,809**	**1,895**	**2,214**	**2,238**	**2,322**
Other non-current liabilities					
Provisions	239	254	326	346	369
Other non-current liabilities	82	59	59	59	59
Total other non-current liabilities	**321**	**313**	**385**	**405**	**428**
Total	**21,597**	**24,873**	**26,922**	**29,699**	**32,764**
Application of funds					
Net PPE	**4,677**	**4,842**	**7,253**	**8,451**	**9,471**
Capital work-in-progress	147	1,525	1,135	1,135	1,135
Net Right of use assets	**1,558**	**1,624**	**1,929**	**1,735**	**1,552**
Total Tangible Assets	**6,382**	**7,992**	**10,317**	**11,322**	**12,158**
Net Intangible Assets	**64**	**46**	**249**	**308**	**372**
Intangible Assets under development	34	119	47	47	47
Total Intangible Assets	**97**	**166**	**297**	**356**	**419**
Goodwill	2,061	2,061	2,069	2,069	2,069
Financial Assets					
Investments	600	1,255	827	744	670
Others	481	795	1,584	1,566	1,666
Total Financial Assets	**1,081**	**2,050**	**2,411**	**2,311**	**2,336**
Deferred Tax Assets (net)	390	399	484	484	484
Non-current tax assets	206	77	220	220	220
Other non-current assets	187	365	920	920	920
Total Non-current Assets	**10,404**	**13,109**	**16,717**	**17,680**	**18,605**
Current Assets					
Inventories	1,269	796	692	1,185	1,349
Investments	4,251	4,908	2,911	3,338	4,683
Trade receivables	7,197	8,146	8,922	9,329	10,364
Cash and cash equivalents	1,590	2,309	1,123	2,415	3,269
Bank balances other than above	1,080	648	423	870	237
Other financial assets	99	482	626	626	626
Other current assets	696	803	968	932	1,029
Total Current Assets	**16,181**	**18,090**	**15,665**	**18,695**	**21,556**
Current Liabilities					
Trade Payables	4,030	3,501	3,120	3,771	4,163
Other financial liabilities	597	1,935	1,458	2,325	2,568
Other current liabilities	326	415	479	551	633
Provisions	35	475	402	30	32
Income tax liabilities (net)	-	-	-	-	-
Total current liabilities	**4,988**	**6,326**	**5,460**	**6,676**	**7,397**
Working Capital	**11,193**	**11,764**	**10,205**	**12,018**	**14,159**
Total	**21,597**	**24,873**	**26,922**	**29,699**	**32,764**

Cash Flow Statement	FY24	FY25	FY26	FY27E	FY28E
CASH FLOW FROM OPERATIONS					
Profit before tax	**4,671**	**4,978**	**4,146**	**4,828**	**5,393**
Non cash charges	2,616	2,531	2,980	3,429	3,720
Operating profit before working capital changes	**7,287**	**7,510**	**7,127**	**8,256**	**9,113**
Cash provided / (used) by working capital	-1,661	-1,555	-1,806	-1,790	-1,831
Cash flow generated from operations	**5,626**	**5,954**	**5,321**	**6,467**	**7,282**
Direct taxes paid (net of refunds)	-1,228	-1,129	-1,178	-1,231	-1,375
Net cash flow from operating activities	**4,399**	**4,825**	**4,142**	**5,236**	**5,907**
CASH FLOW FROM INVESTING					
Proceeds from sale of PPE	23	24	33	8	9
Purchase of PPE,Intangible assets (including CWIP and capital advances)	-1,084	-1,543	-4,093	-3,140	-3,154
Purchase consideration / Advance paid for acquisition of business	0	0	-463	0	0
Investment in mutual funds	-15,408	-16,462	-12,937	-8,889	-8,000
Proceeds from redemption of mutual funds	13,506	15,389	15,490	8,618	6,894
Loan to others	0	0	-570	0	0
Investment in deposits with banks	-1,568	-649	-861	-227	-159
Proceeds from maturity of deposits with banks (including interest)	1,218	444	450	765	880
Net cash flow (used in) / from investing activities	**-3,251**	**-2,665**	**-2,700**	**-2,865**	**-3,530**
CASH FLOW FROM FINANCING					
Proceeds from issue of equity shares	1,154	243	52	200	200
Dividend paid	-1,135	-1,063	-1,480	-864	-1,060
Finance costs	0	-2	-10	0	0
Finance costs on lease liability	-162	-180	-185	-221	-235
Payment of principal portion of lease liabilities	-378	-440	-508	-439	-432
Net cash flow (used in) financing activities	**-521**	**-1,442**	**-2,402**	**-1,324**	**-1,527**
Net (decrease) / increase in cash and cash equivalents	**627**	**718**	**-959**	**1,046**	**853**
Opening Cash & Cash equivalents	963	1,590	2,308	1,369	2,415
Closing Cash & Cash equivalents	**1,590**	**2,308**	**1,369**	**2,415**	**3,269**

Ratios	FY24	FY25	FY26	FY27E	FY28E
PER SHARE					
EPS Rs	23.1	22.7	18.3	21.5	23.9
CEPS Rs	19.8	19.2	16.4	18.2	20.4
Book Value Rs	119.6	137.9	147.7	164.3	182.3
DPS	5.8	9.5	5.3	6.4	7.2
VALUATION					
EV / Net Sales	2.5	1.7	2.0	1.8	1.5
EV / EBITDA	9.3	6.7	8.3	7.3	6.1
P / E	16.9	13.4	17.5	14.9	13.4
P / BV	3.3	2.2	2.2	1.9	1.8
FCF Yield (%)	6.0	7.8	0.2	4.1	5.8
Earnings Yield (%)	5.9	7.5	5.7	6.7	7.5
GROWTH YOY%					
Sales Growth	18.3	7.1	2.6	12.2	10.5
EBITDA Growth	11.5	4.6	-4.9	17.8	10.9
Net Profit Growth	16.8	7.3	-18.5	18.5	11.7
Gross Fixed Asset Growth	5.8	22.5	26.3	14.4	12.4
PROFITABILITY					
EBITDA / Net Sales (%)	26.5	25.9	24.0	25.2	25.3
Core EBIT / Net Sales (%)	19.8	19.2	15.6	16.1	16.3
EBIT / Net Sales (%)	21.3	21.3	17.5	18.1	18.3
Net Profit / Net Sales (%)	15.3	15.4	12.2	12.9	13.0
OCF (Pre-tax)/ EBITDA (%)	93.9	95.0	89.3	92.1	93.6
OCF / PAT (%)	126.7	129.6	136.5	145.6	147.0
ROE (%)	19.8	17.7	12.9	14.0	14.1
ROCE (%)	24.8	22.5	17.0	18.1	18.3
ROIC (%)	23.4	22.0	14.6	14.7	15.7
Tax / PBT %	25.7	25.2	25.6	25.5	25.5
TURNOVER					
Debtors Velocity (Days)	137.3	134.2	140.0	140.0	140.0
Creditors Velocity (Days)	189.5	171.4	147.0	147.0	147.0
Gross Fixed Asset Turn	1.9	1.7	1.4	1.3	1.3
Total Asset Turn	1.0	0.8	0.8	0.8	0.8
LIQUIDITY					
Current Ratio	3.2	2.9	2.9	2.8	2.9
Quick Ratio	3.0	2.7	2.7	2.6	2.7
Net Debt-Equity Ratio	-0.2	-0.3	-0.2	-0.1	-0.2
Interest Coverage	29.8	28.4	22.3	22.8	24.0
PAYOUT					
Payout %	25.9	42.8	29.0	30.0	30.0
DPS (Rs)	5.8	9.5	5.3	6.4	7.2
Dividend Yield %	1.5	3.1	1.6	2.0	2.2
Du Pont Analysis - ROE					
Net Margin (%)	15.3	15.4	12.2	12.9	13.0
Asset turnover (x)	1.0	0.8	0.8	0.8	0.8
Asset to Equity (x)	1.4	1.4	1.4	1.3	1.3
ROE (%) (derived)	19.8	17.7	12.9	14.0	14.1
ROE (%) (arrived)	19.8	17.7	12.9	14.0	14.1
ROCE (%)	23.4	22.0	14.6	14.7	15.7

Recommendation rationale

Buy: Potential upside of	>+15% (absolute returns)
Accumulate:	>+5 to +15%
Hold/Reduce:	+5 to -5%
Sell:	< -5%
Not Rated (NR):	No investment opinion on the stock

Sector rating

Overweight:	The sector is expected to outperform relative to the Sensex.
Underweight:	The sector is expected to underperform relative to the Sensex.
Neutral:	The sector is expected to perform in line with the Sensex.

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