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IPO OFFERING

CMS Info Systems Ltd



About Company

Recommendation: Subscribe

Incorporated on March 26, 2008, CMS Info Systems Limited ("CMS") is India's largest cash management company based on number of ATM points and number of retail pick-up points, as well as one of the largest ATM cash management companies worldwide based on number of ATM points as of March 31, 2021. Company's business includes installing, maintaining and managing assets and technology solutions on end-to-end outsourced basis for banks under long term contracts. It has pan-India fleet of 3,965 cash vans and the network of 238 branches and offices which cover all of India's states and union territories. Also, through their network, CMS served more than 141,977 business points across their ATM cash management, retail cash management and managed services businesses. They cater to broad set of outsourcing requirements for banks, financial institutions, organized retail and e-commerce companies in India. Company's cash management business is largely route-based in nature and managed services business on the other hand is largely recurring in nature.

Price Band	: Rs. 205 to 216 per share
Face Value	: Rs. 10
Bid Lot size	: 69 Shares
Issue size	: Rs. 1100 Cr
Issue Opens	: December 21 th 2021, Tuesday
Issue Closes	: December 23 rd 2021, Thursday
Min App Amount	: Rs. 14,904/- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View & Recommendation:

We believe CMS Info Systems IPO gives investors an opportunity to invest in India's largest cash management company. We are optimistic on the integrated business model offering a broad range of services and we believe this type of organized players with Strong Pan-India network would generate decent long term growth. We see the cash cycle in India would remain in the banking system for many more years due to growing banking operations and still the majority of the economy runs on cash exchange. Industry risks also follow a growth story with an increase in cashless transactions and increased usage of digital currency which can keep growth numbers under check. On valuations at upper price band (Rs 216/-), the issue is asking for a market cap of Rs 3197 Cr and seems to be reasonably priced understanding the market scenario. Investors should also note the fact that the entire issue is offer-for-sale, which means existing promoters/investors are selling their stake and no money will come into the company for its business growth which is a cause of concern for conservative investors. Hence considering all the factors risk seeking investors may consider subscribing to the issue with a long term perspective only.



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BASIC FINANCIAL DETAILS			
Particulars Rs (in Cr)	2019	2020	2021
Equity Share Capital	148.00	148.00	148.00
Reserves as stated	597.90	597.90	836.48
Net worth as stated	745.90	850.39	984.48
Revenue from Operations	1146.16	1383.24	626.29
Revenue Growth (%)	-	20.68%	(5.58)%
EBITDA as stated	211.09	258.96	309.44
Profit Before Tax	149.93	195.06	237.75
Net Profit for the period	96.41	134.71	168.52
EPS (Rs)	6.50	9.10	11.39
RONW%	12.89%	15.84%	15.84%
NAV (Rs)	50.40	57.46	66.52

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)								
Companies	MCap	FV	Revenue	EPS	NAV	P/E	P/Bv	RoNW
CMS Info Systems Ltd	3197	10	1321.92	11.39	66.52	18.97x	3.25x	17.12%
SIS Ltd	6510	5	1645.7	24.85	123.45	18.33x	8.27x	20.06%

Data as on 31st March 2021, MCap as on 20th December 2021

Source: Company RHP/Cline



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