

CMS Info Systems assessing M&A opportunities

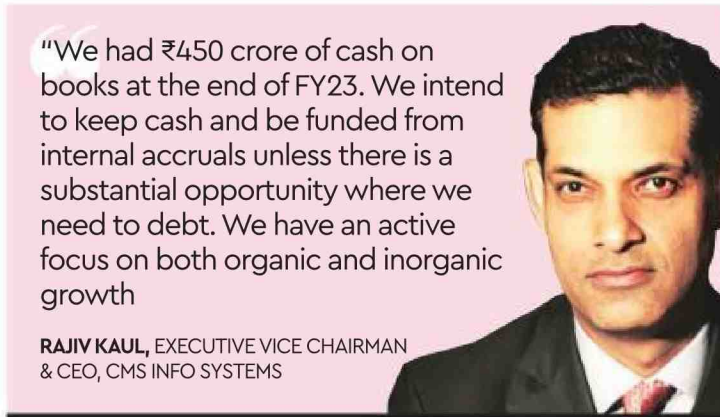
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CMS INFO SYSTEMS is assessing opportunities for mergers and acquisitions, but remains very mindful of valuations of these entities, says executive vice chairman and chief executive officer Rajiv Kaul. "We have an active focus on both organic and inorganic growth. We have been looking at the market opportunities in both standalone digital businesses and business services," he said.

"We have looked at companies in the remote monitoring space and new sectors. We do banking. If we can find a company in new sector, we would love to explore," he added.

Currently, the company offers a wide range of services. The cash logistics segment includes ATM (automated teller machines) cash



RAJIV KAUL, EXECUTIVE VICE CHAIRMAN & CEO, CMS INFO SYSTEMS

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management, retail cash management, and cash in transit.

On the other hand, its managed services and tech solutions include banking automation, ATM-as-a-service, artificial intelligence of

things, ALGO software solutions, and cards personalisation.

Broadly, cash logistics business contributes to 64% of the company's overall revenues whereas managed services and tech solu-

tions currently contribute 36%.

Going ahead, the company expects ALGO AIoT remote monitoring solution and ALGO software solutions to contribute 8-10% to its revenues by 2026-27 (April-March). The cash logistics business will likely comprise 58-62% of overall revenues by FY27.

The net profit rose 33% year-on-year to ₹304 crore, and revenue grew 20% YoY to ₹1,915 crore in 2022-23. The company is targeting to achieve ₹2500-2700-crore revenues by 2024-25, which is a compound annual growth rate of 17-18%.

Its stock listed on the bourses in December 2021.

Earlier this month, promoter Sion Investment Holdings sold a further 19.4% stake in a bulk deal. In June, it had offloaded a 13.8%

stake in the company. Sion Investment Holdings' stake in CMS Info stood at at 27.1% as of August 10.

Nevertheless, the company currently has no plans to raise fresh equity as it is typically more expensive to borrow through equity rather than debt.

"The dilution of fund raise does not make sense as any shareholder today looks at return on capital and return on equity," he said. "We had ₹450 crore of cash on books at the end of FY23. We intend to keep cash and be funded from internal accruals unless there is a substantial opportunity where we need to debt."

In the last two years, the company has spent around ₹400 crore in funding its growth aspirations. In the next few years, funding from self-generated sources is expected to be at ₹150-200 crore.