

Investment Case

Integrated business services platform for India’s BFSI, Retail and Logistics Sectors

We are an end-to-end, pan-India provider of high-quality services across the full spectrum of India’s Cash Management, Managed Services, Tech-based Remote Monitoring and Physical Payment Solutions value chain.

We provide platform-based business solutions that encourages greater outsourcing of non-core activities by our clients.

LEADERSHIP POSITION ACROSS MOST SEGMENTS

#1
in ATM Cash Management

46% marketshare in ATM cash management

#1
in MVS for ATMs

-50,000 ATMs managed

#1
in Retail Cash Management

36% marketshare in Retail cash management

#1*
in AIoT Remote Monitoring

Installed base of 15,000+ ATMs; Order book of 25,000 sites
#1 based on orderbook

#1
in Cash-in-transit

26% market share in Cash-in-transit

Among
Top 3
in banking automation

Strong base in the currency management value chain



CMS Info Systems is a long-standing market leader in India's cash management industry and handles close to 40% of the ₹ 31 trillion that makes up India's total cash in circulation. Our touchpoints cover all critical B2B and B2C interfaces within the existing cash value chain – from currency chest banks to ATMs, from bullion movement to retail frontends. Our force of 4,000 cash vans and more than 23,000 staff and third-party associates provides the essential infrastructure on which India's cash economy runs.

The revenue streams for our cash and currency management businesses mostly follow a hybrid structure, with a base level of transactions and contract tenure getting covered under the fixed component.

For ATM cash management and the retail cash management businesses, contract durations typically span one to three years with a slab-based pricing model. For both businesses, incremental variable pricing is linked to volumes handled/ activities carried out. Further, this

business is largely route-based and 78% of revenues come from activities where route density can be optimized to improve productivity and drive higher profitability. The cash-in-transit business follows a fixed monthly fee structure, with additional fees depending on variables like extra operations, time of day and distance travelled.

78%
revenue from route based operations

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Successful track record of horizontal and vertical expansion through tech innovation and strong business model



Over the past 14 years of we have steadily built our Tech stack and capability base. After consolidating our cash management business, we have expanded into the adjacent businesses of Banking Automation, ATM Managed Services, Software Solutions and AIoT based Remote Monitoring.

The software solutions that we provide help to add efficiencies along different points of the banking services value chain. Our services include ATM multi-vendor software solutions (MVS), ATM end-point security and

software upgrade services and proprietary software solutions for risk management and transaction reconciliation. Using our multi-vendor software, banks are able to centralize ATM channel management to a single central command center in order to enhance their customer experience and make real time updates

We also generate significant operating leverage across our business lines. Our ATM deployment business is volume-based, with a fixed price chargeable per ATM deployed and managed. The maintenance services contracts that we run for OEMs in complement with our ATM deployment, are also on a fixed rate for unit basis, with the contract period stretching between 5-8 years. The BLA ATM follows a transaction linked model or a fixed fee per month model for a typical tenure of 7-8 years. In AIoT Remote Monitoring, we get a fixed monthly recurring revenue for a 4-6 year contract duration.

	SOLUTION OFFERINGS	CUSTOMERS	REVENUE MODEL
<div>AIoT Remote Monitoring</div> <div></div>	<ul style="list-style-type: none">Built on cutting edge AI and IOT based solutionState of Art Integrated Command and Control Center15,000+ sites covered	Orderbook of over 25,000 ATM sites 1,000+ bank branches and gold loan NBFCs	Monthly recurring revenue on per site/ premise basis
<div>Software Solutions</div> <div></div>	<ul style="list-style-type: none">Multi-vendor software to help banks centralize ATM managementCMS Algo: Fully automated ATM security softwareCMS Agile: Automated query resolution tool	<ul style="list-style-type: none">CMS Algo licensing for five banks~50,000 ATMs under MVS solutions for SBI	One-time sale revenue and recurring AMC sales
<div>Brown Label ATMs and Managed Services</div> <div></div>	<ul style="list-style-type: none">Brown label (CMS capex)Asset-light for bank owned ATM networks	Banks like SBI, ICICI, HDFC etc.	Monthly recurring revenue: Transaction linked or on fixed rental per month basis
<div>Banking Automation</div> <div></div>	Sales, deployment and maintenance of automation products like ATMs, cash recyclers	Banks and Managed Service Providers (MSPs)	One time product sale and recurring service revenue

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Longstanding relationships demonstrating quality, trust and the strength of the customers' faith in us

KEY CUSTOMERS

Our customers and their customers across our three business verticals cover a vast swathe of India's financial sector, including the country's largest banks and BFSIs (NBFCs and insurance), and more than 2000 brands across retail, e-commerce, public utilities, transportation, hospitality and governments.

Partner of choice for almost every bank in India

e-commerce

India's largest e-commerce company, Leading furniture retailer, Leading value retailer, Top-3 logistics companies in India

Govt. agencies

Leading State Utilities, National and Regional Transport Service Providers

NBFC

- Leading Housing Finance Company
- Large Vehicle Finance Company
- One of the largest Rural Finance Company
- Pan India Consumer Finance NBFC
- One of the leading gold loan NBFCs
- Leading MFIs

Insurance

- Largest Public Insurance Comapny
- Top-5/leading private general and life insurance companies

Large retail format

- Largest retail chain in India
- Largest electronics retailer in India
- Leading value retail chain
- Leading Swedish furniture retailers

Accessories and apparel

- One of the largest apparel chains
- Leading Indian handicraft chain
- Leading global luxury retailers
- Fast growing online and offline accessories retailer

50+

Banks

2,000+

End Retailers



UNDERSTANDING THE 'REAL' INDIA A LITTLE BETTER

As India's largest cash logistics management company, CMS has an insider's understanding of where the money is flowing – which sectors have the highest cash inflows; state-wise and region-wise variances in economic activities or even demographic level trendspotting as smaller towns and cities revv up momentum. Such granular data and its expert analysis have immense value for a growing nation, and the world. With India holding its place as the fastest growing economy, a real-time analysis of economic activity helps businesses design and market their products and services more effectively, and aids more on-point interventions by the government.

Realizing the value of our data inventory, we have designed the CMS Cash Index™ to provide insights into different aspects of the

Indian economy. The primary CMS Cash Index™ is a weighted index consisting of two factors: the cash that goes into circulation via the CMS ATM channels and cash that we collect from the retail channels, which stands in as proxy for consumption patterns by state and sectors. Our analysis is based on data gathered from over 700 districts and more than 16,000 pin codes across India.

With more than half our ATM base in SURU areas we provide a rare view of the ebb and flow of economic change in India's hinterland, where more than two-thirds of the population lives. Our data also gains in richness from the sheer expanse that we cover, across India's diverse geographic terrain, capturing regional, seasonal and demographic movements through the prism of economic activity.

Find out more www.cms.com/cash-index.php



MOVING UP THE VALUE CHAIN - TECH SOLUTIONS

CMS' relationship with one of the leading banks in the country showcases how we have been able to support growth and operational efficiency initiatives of banks through our high-quality services and portfolio offerings, to gain customer trust and thereby grow share of wallet.

Prior to 2014, we had an indirect relationship with the bank and only provided cash management services for its ATM network spread across the country. As the bank started automating its banking operations and expanding ATM infrastructure, we deployed over 25,000 automation products across the length and breadth of the country for it. We have also helped bank automate their currency chest and vaults which were handled manually.

Over the last decade, the bank rapidly expanded its ATM network, and procured ATMs from multiple OEMs (manufacturers). This led to inconsistent customer experience and inefficient operations. With no prior credentials, CMS participated in and won a global tender and, today, the bank's entire network of ATMs is powered by our Multi-vendor Software (MVS). The several hundred million customers of the bank use the MVS interface every day for their banking needs. Our MVS helps the bank deliver consistent customer experience, save on operating costs and generate cross-sell opportunities.

Over the last few years, the bank has shifted focus on expanding its service network. We have deployed and started running ATMs on its behalf. Today, we are enabling last-mile banking access to its customers and delivering best-in-class service levels and uptime. Most recently, when compliance standards were made more stringent, banks were asked to move from physical guarding to remote tech-enabled monitoring of their premises and assets. CMS, once again, emerged as trusted partner for the bank and used its AIoT technology for monitoring and safeguarding thousands of its ATMs.

The trajectory of how our relationship with the bank has grown typifies the potential that exists for growing business across adjacent customer need points. Given the high-risk, high-stakes nature of the work we do, gaining customer confidence always requires consistent, on-point service. It also requires the ability to handle increasingly complex projects that need deeper specialized understanding. But once these checkpoints have been crossed, the accretive benefits are many as customers gain strength from an industry partner who understands their business and can deliver with technological prowess and faultless execution. We see considerable value getting generated from business areas that are non-core for our customers, but where they require efficiencies so that they can strengthen their own value proposition and build competitive edge.



MULTI-YEAR RECURRING REVENUE STREAMS

While the cash management business has its profitability linked with high route density, majority of our revenue in the managed services business is recurring in nature and generated from long-term contracts. Most of these contracts are 5-7 years long giving significant visibility. As we expand into adjacent businesses and try to gain a bigger share of the outsourcing pie, we are actively pursuing businesses with long-term recurring and value-added revenue streams.

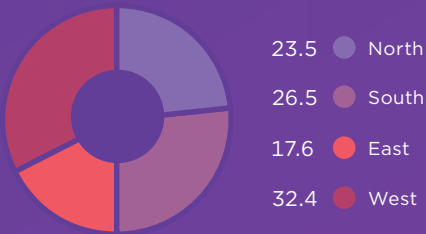
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Far-reaching logistics network with deep penetration in growing markets

Our people travel distant roads and cross rivers and mountains to make money available where it is needed. Our on-demand services are available 24 hours a day, 365 days a year across 16,000+ pincodes.

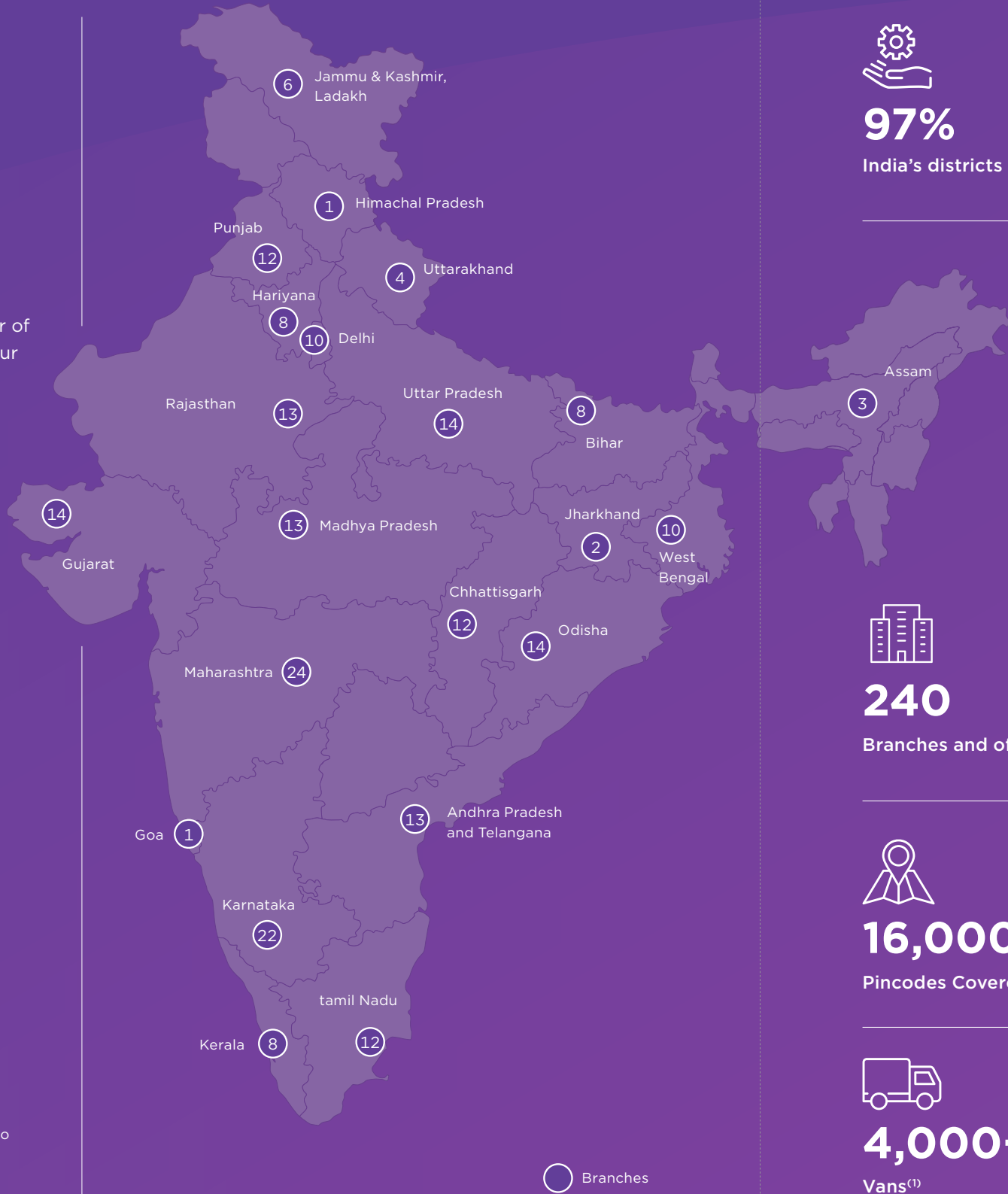
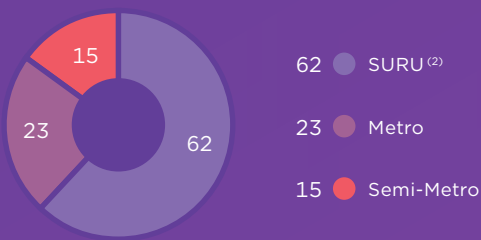
Our deep penetration in high-growth markets, and coverage of SURU areas makes the most of the opportunities created by growing urbanization and financial inclusion. The highest number of our ATMs are in SURU areas – 62% of our total ATM network.

REGION-WISE SPREAD (%)



as of Mar'21

MIX OF ATM CASH MANAGEMENT POINTS FY21 (%)



○ Branches



97%

India's districts serviced



240

Branches and offices



16,000+

Pincodes Covered⁽¹⁾



4,000+

Vans⁽¹⁾

as of Mar'22

Strong track record of prudent capital allocation



Our growth journey has gained significant momentum from the inorganic acquisitions that we have made. We have used our strong foundations in our core business to acquire competencies and client bases from the businesses we have bought, rapidly streamline and build scale to deliver high operating efficiencies.

- In 2011, Securitrans (SIPL), second largest cash management service provider in India, was acquired, consolidating our market leadership.
- In 2017, a mid-sized cash management company was acquired which helped further increase our ATM network. A small brown label ATM services company was also acquired and marked our foray into this segment. We scaled

up on its readymade client base of mid-sized banks and increased capacity.

- In 2018, acquired the retail cash management business of a cash management competitor.
- In 2020, Logicash was bought out and further grew our ATM cash management business.
- In 2021, we acquired Hemabh Technology, a Remote Monitoring Tech company to strengthen our integrated solutions for customers.

Dividend Policy

- Historically despite capital investments for growth company has maintained healthy dividend payouts.
- The average payout for last three years has been ~25%



Technology as a game changer

In-house tech stack is a key differentiator

From the start, CMS set out to build a technology-led organization, that would be founded on focused, tailor-made solutions that answered to specific Indian situations and help to support agile operations agile operations and on-demand services.



In India - day to day banking operations run at very high speeds and execution systems need to be immensely agile and responsive. Businesses require on-demand service, with zero downtime. This means, services need to be available 24X7, every day of the year, in the remotest corners of the country. If that need were not challenging enough, it is also necessary for the delivery

network to run in a safe, secure and efficient manner. Needless to say, this is a very complex task as every piece is interconnected and needs to work seamlessly. Given our unwavering focus on creating a strong technology backbone that enables us to create a business that runs very efficiently, we have been able to consistently meet our clients' demands.

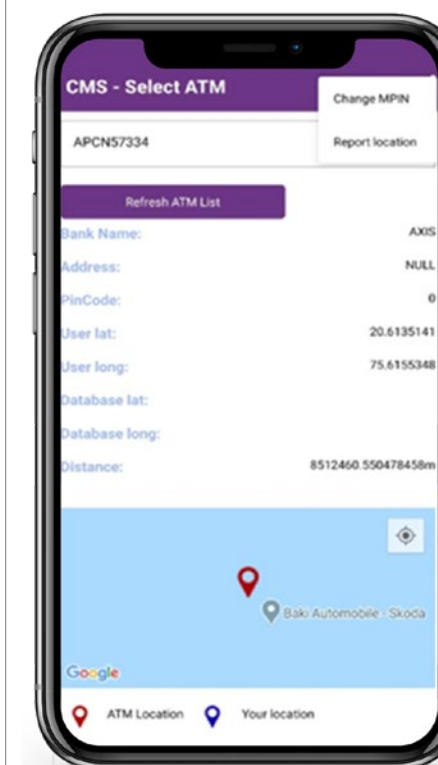
Our business model is very robust, yet often non-linear. Today, CMS has successfully integrated technology deep within its operational processes, which helps us to excel with respect to service delivery or to manage risks better. It is also a critical component for us to control cost or simply do more with less.

Over the last decade, we have often built solutions in-house instead of looking for ready-made solutions. Our tech stack is customized to address the complexities of the Indian market and fully addresses the requirements of banks and customers.

Our tech-led solutions take three primary directions:

- **Technology that is customer facing:**
For instance, CMS Algo, multivendor software (MVS), remote monitoring technology
- **Technology that helps us in automating internal processes:**
CMS Connect, fleet management focused software, Bots for e-journal management
- **Other enterprise support tools:**
For handling ERP, legal and HR Management systems

USING TECHNOLOGY TO IMPROVE OPERATIONS AND SERVICE DELIVERY



Cash loading for ATMs is moving towards cassette-based loading. To better manage the tracking and tracing of the ATM cassettes and to ensure correct cassettes are loaded into specific ATMs, a QR-based solution has been implemented. Realtime data feeds to zonal and regional levels help in monitoring ATM activity, their loading, EOD efficiency and pending reconciliation and CBR reporting among other parameters.

We also use a fleet management solution for our more than 4,000 vehicles as this helps us to drive operational efficiencies. The fleet management system encompasses integration with oil companies, Fastag data, vehicle maintenance scheduling and finance integration to provide real-time tracking that proactively reduces downtime and increases utilization.

Our proprietary technology solutions add significant efficiencies to several aspects of our operations.

Vault Management System provides logistical advantage to CMS and improves our operational efficiencies by digitising all vaulting activities. This helps in real time visibility of cash status, facilitates the cash transfer between the branches, day closure and reflects the real time vault balance.

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TECHNOLOGY IN ACTION: DYNAMIC ROUTE MAPPING

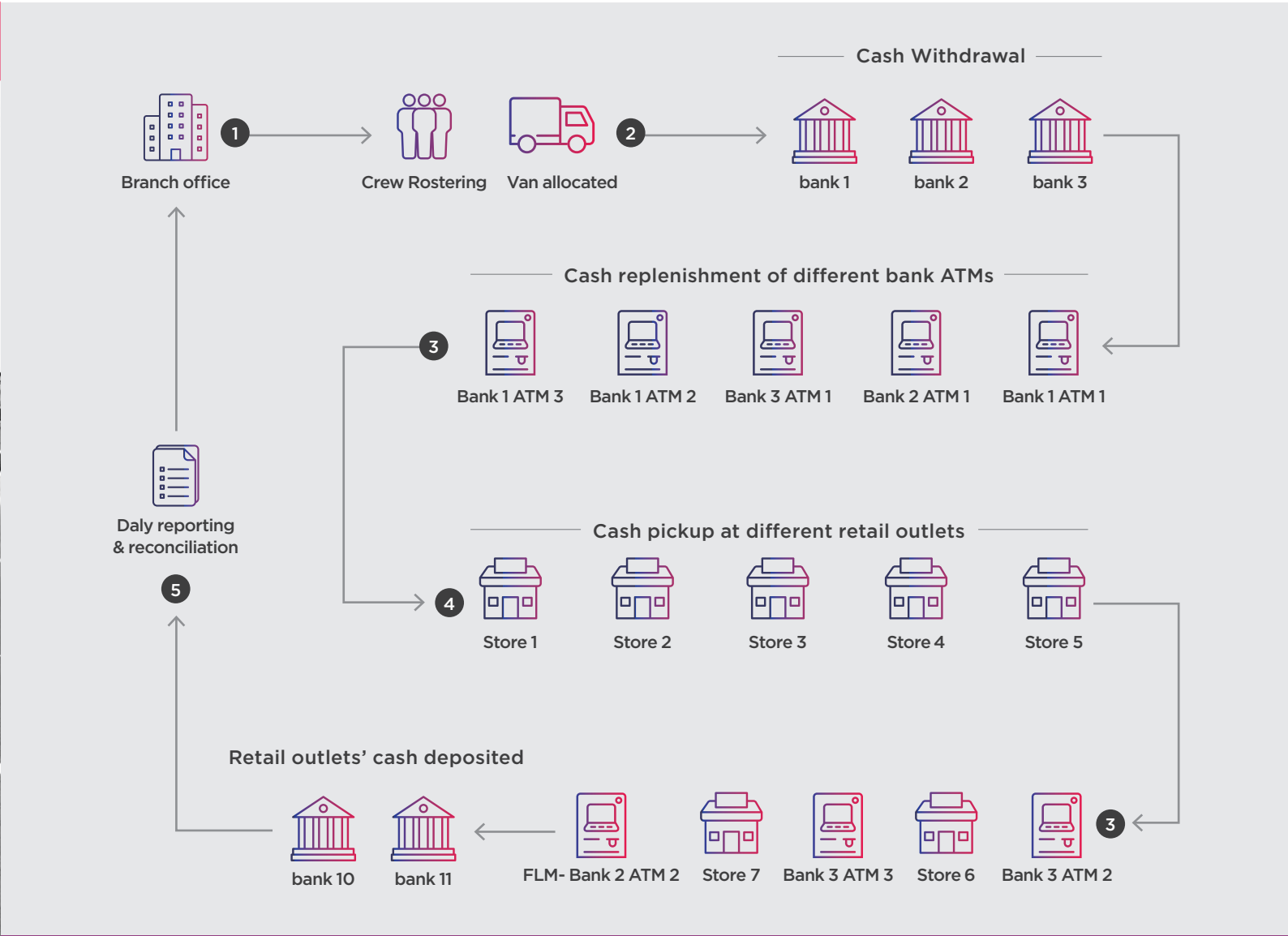


On a typical day, cash handled by the CMS network is roughly ₹ 1 lac crore per month. That highlights the complexity of the job that is part of a day’s work. With route productivity being a key determinant of profitability, all parts of our systems are primed to optimize this aspect. The intricate web of software solutions that make up our tech stack make these runs a seamless, fast and fool proof affair.

Before the vans leave the operation hubs, software solutions like CMS Connect help

to get the documentation ready for each stop that the vans will make. Before they pick up and drop off cash from ATMs, indents, trip sheet are automatically generated and uploaded for easy reference. Next the dispatcher and navigation modules like Route Mapper get to work, determining crew allocation and route determination. CMS ALGO, our fully automated, mobility based, ATM security software application, which provides E2E password management, facial recognition and geo tag-based validation, helps in site-level security

management, ensuring that operations continue securely and fluidly. Other solutions in the stack handle transaction monitoring, reporting and reconciliation, both for ATMs and RCMs. The CMS AGILE solution is an automated reconciliation system for predictive risk management, which has already handled 1.5 Million automated transaction reconciliations in FY22.



4,000+

Routes

~₹1 trillion

(Lac Crore)

Cash handled per month

1.5 million

Logistics activities per month

CMS Tech Stack at Work

- 1

1CMS Connect – Indent Upload, Trip Sheet Generation
- 2

Dispatcher module – Crew Allocation
- 3

ALGO – Automated OTC Generation
- 4

RCM Mobility – Real time RCM Transaction Reporting, QR code scanning etc.
- 5

CMS Connect – Real time ATM Transaction Reporting
- 6

CMS AGILE – ML based Reconciliation Tool
- 7

Fleet Manager – Integrated across OMCs, FasTags and vehicle telemetry

Technology helps us to service the scale at which we are present across the country, with nearly ₹ 1 trillion of cash handled every month (March 2022 month) from more than 113,000 business points, involving close to 1.5 million activities. Our proprietary technology builds our competitive edge and leads to our market dominance.