

CMS Info Systems

Letter to Shareholders

For the financial year ended 31 March 2026

Dear Shareholders,

Sometimes people call us a cash company. Sometimes an ATM company. Sometimes, given our name, a technology company. CMS does not fit neatly into any of these descriptions.

Our work happens before markets open, in districts most companies have never visited, across 97% of India's geography. What you see is a cash van. Behind it is one of India's most complex business services platforms, built over seventeen years, refined through every market cycle.

On any given day we manage cash replenishment and reconciliation across 70,000+ ATMs. We service over 65,000 retail touchpoints. Our currency-in-transit network runs approximately 1,400 routes across 20,000 bank branches. Our HAWKAI Vision AI platform monitors 50,000+ sites in real time. We process ₹14 lakh crore of currency through our network annually. And yet FY26 was a difficult year.

FY26: What Happened and What We Did

FY26 was hard, and we said so early. We flagged it at our September 2025 analyst day; between our July call and that meeting, the H1 consumption slowdown had become unmistakable.

Three pressures hit simultaneously. Tepid consumption in H1 hit ATM transaction volumes and retail cash collections, creating operating leverage on our largely fixed-cost network. SBI's cash outsourcing contract, for which we had invested ahead in network capacity, was delayed significantly. The exit of a key competitor led to short-term disruption even as it validated our long-term position. EBITDA margin for FY26 was 24.1% versus 26.1% in FY25, even as services revenue grew 6% to ₹2,312 crore.

We focused on what we could control. We protected revenue and grew market share in every segment. AI-led route optimisation let us reduce routes by 10% while we tightened network investment strictly to contracted milestones, a correction we have now made permanent. We stayed away from transaction-linked contract bids and insisted on fixed-fee models. In October 2025, we walked away from a ₹700cr PSU bank contract, linked to a transaction price of ₹18.95 (highest transaction price till date), based on this principle. After years of rapid retail growth, we rationalised low-yield customers to leave the remaining base healthier. We tightened DSOs, accepting some short-term revenue impact to protect cash flow quality. Each of these choices made FY26 harder and sets up a better FY27.

Alongside FY26's operating moves, the customer mix has shifted. Today, 52% of our revenue comes from large private banks, other PSU banks, and retail customers, versus a concentrated mix from SBI and large MSPs in prior years. The platform is materially more diversified than the one we listed in 2021.

Q3'26 marked our bottom. The recovery began in Q4: services revenue crossed ₹600 crore for the first time, after eight quarters in the ₹550–575 crore range. EBITDA margin recovered 280 basis points to 25.6%. The inflection is now visible in the numbers.

The Transformation, and the Foundation It Rests On

In FY22, our Technology and Payment Solutions business contributed 7% of services revenue. In FY25 it hit 12%. End of FY26 it crossed 16%. CMS has historically outspent its competitors on technology; in FY26 we invested ₹40 crore, a key reason behind our scale, margin and return profile.

AI is changing CMS in two ways. The visible way is HAWKAI, now the largest Vision AI platform in BFSI in India. The less visible way is what AI is doing inside the company itself: route optimisation across our 4,000+ routes, predictive maintenance on the fleet, fraud and shrinkage detection across millions of cash movements, and an internal productivity programme embedded across finance, sales and operations. We are not just adopting AI, we are restructuring around it.

This transformation is built on a foundation that is itself difficult to replicate. Banks, NBFCs and retail of every format are expanding their physical footprints, all of which require infrastructure for moving cash safely, managing it intelligently, securing it in real time, and connecting India's physical and digital payment layers. CMS has built that trust infrastructure. Our moats are operational, relational, and now technological, the product of years of compounding network density, client trust and proprietary capability. No competitor can replicate this in five years or ten.

The clearest proof came in late FY25, when a large publicly listed competitor was forced to cease operations. Banks did not have to scramble; they called CMS. We absorbed the disruption and stabilised their networks, as we did during demonetisation and COVID. Our market share in Cash Logistics rose 200 basis points. In Managed Services we jumped from number five to number three.

The transformation runs across three platforms: ATM Management Solutions, Retail Solutions and Currency Logistics, and Technology & Payment Solutions. Each operating in its own market, on its own economics, with its own growth drivers. We laid CMS out this way at our September 2025 analyst day. The choice was deliberate, since each platform needs the autonomy to compete on its own terms, and growth investments, including M&A, would concentrate where the opportunity was largest and most differentiated.

Three Platforms, Each with a Strong Hand

ATM Management Solutions

Our ATM Management Solutions business has doubled in the last five years and continues to grow strongly, even as the industry's ATM installed base has stayed flat. As the market contracted on the back of the AGS disruption and offsite ATMs became unviable for weaker players, we focused on pricing and yield discipline. We won the key SBI contract, with ₹500 crore incremental revenues to CMS, and executed it completely in Q4. Earlier in the year we won a ₹400 crore contract from ICICI Bank, now 90% live. A pipeline of 6,000 to 8,000 ATM units in active RFP stages represents a contracted-value opportunity of over ₹2,000 crore for the industry. We have signed an accretive acquisition of FSS's Managed Services and Tech business, and CMS is now operating those contracts. The acquisition brings direct contractual relationships with mid-sized banks that would have taken CMS years to build organically. Our commercial discipline also shows in execution: a ₹100 crore one-time revenue win became a ₹225 crore long-term recurring contract. This business is positioned to compound at approximately 11% CAGR through FY30.

Retail Solutions and Currency Logistics

Our Retail Solutions and Currency Logistics business had a difficult H1 as the consumption slowdown hit our retail customers directly. The GST 2.0 reforms drove a strong rebound, with same-store cash collection volumes in December 2025 growing across every segment we serve. Our market share in retail

cash management has grown 400 basis points to 38% over the last two years, and currency-in-transit routes have grown at 11% CAGR, driven by sustained bank-branch expansion. Cash usage in semi-urban and rural India remains structurally strong: currency throughput per touchpoint in SURU markets matches metro/urban, and SURU now represents over half our base.

Our direct-to-retail platform has grown to 165 logos across quick commerce, large-format retail, QSR, NBFCs, and e-commerce. This is a fraction of the 5-6 lakh organized retail points in India, and a deepening cross-sell base for HAWKAI and automation solutions. Our Gig delivery model has scaled to 2,500 partners serving 20% of our retail touchpoints, converting fixed costs to variable, enabling network agility, and supporting expansion into semi-urban and rural markets at lower capital intensity. This business is positioned to compound at 11%+ CAGR through FY30.

Technology & Payment Solutions

Our T&PS business reached ₹370 crore in FY26, compounding at 25%+ CAGR over the last five years, and doubling in the last three. HAWKAI began as a ₹25 crore acquisition in 2022, a small, deliberate bet. Four years later, we monitor 50,000+ sites, up from 2,000 at acquisition. Our BFSI market share has grown from 7% to 25% organically. Our enterprise-grade product is going live across thousands of bank and NBFC branches. Revenue has doubled from ₹100 crore to ~₹200 crore in the last two years. We have expanded into eight non-BFSI sectors including quick commerce, EV infrastructure, QSR, and retail. We own the full stack: hardware, software, AI models. The Securens acquisition (₹75 crore) added a decade of proprietary AI training data and consolidated our BFSI market share to 36%, a category position no competitor can replicate near-term. Our addressable market exceeds ₹8,000 crore annually, split between ₹3,000 crore in BFSI and ₹5,000 crore in non-BFSI sectors.

Our ALGO MVS software, which turns ATMs into customer-acquisition and service-delivery engines, today powers 68,000 machines (40% market share) on the SBI network. ICICI Bank goes live across 10,000+ ATMs in FY27. Our card management business contributes a steady ₹75 crore in annual revenue. The T&PS business is positioned to continue compounding at 20%+ CAGR through FY30.

The three platforms operate in different markets with different growth drivers. The shared institutional foundation is what makes them compound, and what makes CMS difficult to replicate.

Capital Allocation: The Discipline That Compounds

We have approached capital allocation the same way for over a decade, in good markets and difficult ones. Since our listing in December 2021 we have not raised a single rupee of primary equity from public shareholders. Our IPO was a pure offer for sale. The only addition to share capital since has been ESOP exercises by our management, colleagues investing their own capital in the business they are building alongside you. Every rupee we have allocated has come from operating cash flow. We have been debt-free for over a decade and have cash on books of ₹650 crore. We have generated over ₹2,275 crore since IPO, allocated as below:

S I N C E I P O	C U M U L A T I V E
Capex investments	~₹1,000 Cr
Accretive acquisitions	~₹190 Cr
Dividends to shareholders	₹437 Cr

The capex profile is shifting. Through the years following listing, much of our capex went into the cash logistics infrastructure and the BLA ATM business. FY26's ₹352 crore capex spend was predominantly HAWKAI and managed services, now on fixed-price contracts.

The M&A playbook has been patient and deliberate. In FY23 and FY24, with valuations elevated, we evaluated fifteen opportunities across e-commerce logistics, digital payments, loan collections and bullion logistics. We walked away from every one of them. The hurdle is clear: a minimum 20% post-tax IRR with conviction on the durability of the return. Most opportunities do not clear it.

The environment is now shifting. Rational valuations and an industry consolidating around scale create the kind of opening a self-funded acquirer with intact balance-sheet capacity waits for. We are looking for small and mid-sized businesses in domains where CMS already has customer relationships and operational credibility: banking software and payments infrastructure, Vision AI applications in new sectors, and specialised logistics. We will move when the right business is available at the right price, and not before.

We applied the same 20% IRR hurdle to capital-return options. At current valuations, repurchasing our own shares clears that hurdle with conviction. We are deploying ~₹168 crore for the buyback while retaining ₹477 crore for organic investment and opportunistic M&A, preserving the dry powder for a consolidating environment.

On dividends, we have grown the dividend in line with earnings and will continue to apply that principle as PAT recovers. Across the decade, our priorities have stayed in the same order: organic growth first, accretive M&A second, sufficient liquidity maintained, and surplus returned through dividends and buybacks.

Risks We Are Watching

Fuel prices, wage inflation and currency movement remain live operating pressures, and geopolitical volatility in the Middle East could compound them. Our response is structural: a variable-cost model through gig delivery, AI-led route optimisation across 4,000+ routes, and fixed-fee managed services contracts that insulate revenue from transaction-volume swings. These do not eliminate the risk, but they reduce its amplitude.

On digital substitution, we believe cash and digital payments remain complementary in India for the foreseeable future. Monthly currency dispensed through ATMs is steady at ₹2.5 lakh crore, and rural withdrawals are rising. We are accelerating the mix toward T&PS and Retail in any case.

Two other risks we manage actively. Commoditisation in Vision AI is one, where our moat is our proprietary incident dataset. Competitive intensity is the other, where we have a proven cyclical playbook.

These risks shape how we run the business; they do not change our conviction in it.

The Year Ahead, and Beyond

In FY27, we expect total revenue in the range of ₹2,800 to ₹2,900 crore, with services revenue of ₹2,700 to ₹2,800 crore and EBITDA margin trending towards the 25%+ range. This is grounded in contracted order book and operational improvements underway. Macro variables such as fuel, wage inflation, geopolitical volatility could shift the trajectory.

FY27 GOALS	RANGE
Total revenue (13% - 17% growth)	₹2,800 – 2,900 Cr
Services revenue (17% - 21% growth)	₹2,700 – 2,800 Cr
EBITDA margin	25%+

On profitability, the mix shift toward fixed-fee contracts and T&PS revenue, combined with operating leverage on a larger revenue base, will continue to rebuild profitability through FY27. The buyback we are pursuing will reduce share count and put balance-sheet cash currently earning interest income to work.

Our FY30 trajectory remains intact, and the mix shift toward higher-margin T&PS revenue is running ahead of our model. We expect to compound services revenue at 13–14% to ₹3,750–3,950 crore by FY30. We will revisit the longer-term outlook at our next analyst event.

The CMS that exists today is not the CMS we listed in 2021. Our core business generates the free cash flow to fund every part of our growth: the platform approach, the acquisitions, and the capital we return to shareholders. FY26 was the year we accelerated the transformation through a difficult market. In FY27 we should see the results.

At the heart of CMS is something intangible: a management team that has stayed together for seventeen years, a frontline workforce of 27,000 people who show up in difficult conditions, and a culture that treats reliability as non-negotiable. This reflects in market-share data, client-retention numbers, and the way banks depend on us, when things break. That is our institutional strength. FY26 tested it. It held.

The cash vans are still up at 4am. Behind them is your institution, built to last and impossible to replicate.

Thanks to everyone who held with us through a tough year. Now, back to work. We will update you at the half-year mark.

Rajiv Kaul

Executive Vice Chairman, Whole-time Director & Chief Executive Officer
CMS Info Systems Ltd.