

# CMS INFO SYSTEMS LIMITED

## Issue highlights

- ❑ **CMS Info Systems Limited (“CMS”)** was incorporated on March 26, 2008. 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.
- ❑ For Fiscal Year 2021, their total currency throughput, or the total value of the currency passing through all of their ATM and retail cash management businesses, amounted to ₹9,158.86 billion.
- ❑ Company’s business includes **installing, maintaining and managing assets and technology solutions** on end-to-end outsourced basis for banks under long term contracts.
- ❑ CMS operates their business in 3 segments:
  - **Cash management services:** which includes end-to-end ATM replenishment services; cash pick-up and delivery; network cash management and verification services;
  - **Managed services:** which includes banking automation product sales, deployment and associated annual maintenance; end-to-end Brown Label deployment and managed services for banks;
  - **Others:** which includes end-to-end financial cards issuance and management for banks and card personalisation services.
- ❑ Company’s cash management business is largely route-based in nature and managed services business on the other hand is largely recurring in nature.
- ❑ As on August 31, 2021, company 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, except remote union territory of Lakshwadeep. Also, through their network, CMS served more than 141,977 business points across their ATM cash management, retail cash management and managed services businesses.
- ❑ CMS is also supported by their Promoter-**Sion Investment Holdings Pte. Ltd**, which acquired the company in 2015 and is an affiliate of Baring Private Equity Asia, a private equity firm that has over US\$27 billion assets under management as of June 30, 2021.

## Brief Financial Details\*

(₹ In Cr)

	As at Aug’ 31,	As at Mar’ 31,		
	2021(05)	2021(12)	2020(12)	2019(12)
Equity Share Capital	148.00	148.00	148.00	148.00
Reserves	911.37	836.48	702.39	597.90
Net worth	1,059.37	984.48	850.39	745.90
Revenue from Operations	626.29	1,306.09	1,383.24	1,146.16
Revenue Growth (%)	-	(5.58)	20.68%	-
EBITDA as stated	153.09	309.44	258.96	211.09
Adj. EBITDA	151.06	305.48	265.90	213.98
Profit Before Tax	113.43	237.75	195.06	149.93
Net Profit for the period	84.47	168.52	134.71	96.41
Net Profit Margin (%)	13.49%	12.90%	9.74%	8.41%
EPS – Basic (₹)	5.71 <sup>^</sup>	11.39	9.10	6.50
EPS – Diluted (₹)	5.49 <sup>^</sup>	11.09	8.87	6.33
RoNW (%)	7.97% <sup>^</sup>	17.12%	15.84%	12.89%
NAV (₹)	71.58	66.52	57.46	50.40

Source: RHP \*Restated Consolidated, ^not annualised

## Issue Details

**Offer for sale of Equity Shares aggregating upto ₹ 1,100 Cr**
**Issue size: ₹ 1,100 Cr**  
**No. of shares: 52,838,753 - 50,925,925 Shares**  
**Face value: ₹ 10/-**
**Price band: ₹ 205 – 216**  
**Bid Lot: 69 Shares and in multiple thereof**
**Post Issue Implied Market Cap: ₹ 3,034 – 3,197 Cr**
**BRLMs: Axis Capital, DAM Capital, Jefferies India, JM Financial**  
**Registrar: Link Intime India Pvt Ltd**
**Issue opens on: Tuesday, 21<sup>st</sup> Dec’2021**  
**Issue closes on: Thursday, 23<sup>rd</sup> Dec’2021**

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	28-12-2021
Refunds/Unblocking ASBA Fund	29-12-2021
Credit of equity shares to DP A/c	30-12-2021
Trading commences	31-12-2021

## Issue break-up ( Issue Size)

	No. of Shares		₹ In Cr	% of Issue
	@Lower	@upper		
QIB	26,009,484	25,462,961	550	50%
NIB	8,048,781	7,638,889	165	15%
RET	18,780,488	17,824,075	385	35%
<b>Total</b>	<b>53,838,753</b>	<b>50,925,925</b>	<b>1,100</b>	<b>100%</b>

## Listing: BSE & NSE

## Shareholding (No. of Shares)

No of shares	Pre-Offer and Post-Offer Equity Shares	
	Pre-Issue	Post-Issue
	148,000,000	

## Shareholding (%)

	Pre-Issue	Post-Issue
Promoter and Promoter Gr	100.00%	65.59%
Public	-	34.41%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

The company was originally incorporated as 'Subhiksha Realty Private Limited', at Mumbai, on March 26, 2008. The Promoter of the company is Sion Investment Holdings Pte. Limited ("Sion") (The ultimate promoter of Sion is Baring Private Equity Asia GP VI Limited). Currently, Sion holds 148,000,000 Equity Shares, representing 100% of the issued, subscribed and paid-up equity share capital of the company, including 6 Equity Shares held by certain individuals who have declared the beneficial ownership in the favour of Sion.

### Brief Biographies of Directors

**Shyamala Gopinath** is the Chairperson of the Company and an Independent Director of the company. She has been associated with the company since November 13, 2017. In the past, she has served as the Deputy Governor of the RBI, chairperson of the advisory board on Bank, Commercial and Financial Frauds and part-time non-executive director of HDFC Bank Ltd. Currently she is a director on the board of several companies including Colgate Palmolive (India) Ltd, CRISIL Ltd, CRISIL Ratings Ltd and Grassroot Trading Network for Women.

**Rajiv Kaul** is the Executive Vice Chairman, Whole Time Director and CEO of the company. He has been associated with the company since July 1, 2009. He is currently heading the Company and is responsible for the overall management of the company. He has over 24 years of experience across technology, private equity and cash management industry. Prior to his association with the company, he was associated with Actis Capital LLP, London as a partner and with Microsoft Corporation (India) Pvt Ltd in the capacity of general manager and managing director, India from where he moved to Redmond, USA as senior director of emerging markets including BRIC.

**Jimmy Lachmandas Mahtani** is the Non-Executive Director of the company. He has been associated with the company since August 27, 2015. He has over 21 years of experience in private equity and investment banking. He has been associated with Baring Private Equity Asia (BPEA) since 2006 and currently serves as a managing director of private equity investment team in India. Prior to BPEA, he was associated with General Atlantic Partners (Mumbai) in the capacity of a vice president.

**Ashish Agrawal** is the Non-Executive Director of the company. He has been associated with the company since August 27, 2015. He has over 24 years of experience in private equity and investment banking. He currently serves as the managing director of Baring Private Equity Asia, Mumbai. Prior to that, he was associated with Lehman Brothers in Mumbai as a senior vice president and with Bank of America in Chicago as a vice president.

**Tapan Ray** is the Independent Director of the company. He has been associated with the company since April 9, 2021. He is a retired Indian administrative officer wherein he served as the secretary to the ministry of corporate affairs, Gol. Currently, he serves as the managing director and group chief executive officer of GIFT City, Gandhinagar, Gujarat.

**Krzysztof Wieslaw Jamroz** is the Non-Executive Director of the company. He has been associated with the company since August 10, 2021. He has over 19 years of experience in the logistics, cash management and investment banking. He presently serves as an executive chairman of the Board of Roadrunner Transportation Systems (RRTS) and executive chairman of Ascent Global Logistics.

### Key Managerial Personnel

**Pankaj Khandelwal** is the President and Chief Financial Officer of the company. He has been associated with the company since July 1, 2009 and prior to the demerger was associated with CMS Computers Ltd as a chief financial officer since May 8, 2006. He is currently responsible for finance, legal and secretarial function of the company. He has over 27 years of experience.

**Praveen Soni** is the Company Secretary and Compliance Officer of the company. He has been associated with the company since July 1, 2009 and prior to the demerger was associated with CMS Computers Ltd as a company secretary and legal manager since January 27, 2009. He is currently responsible for handling secretarial compliance and secretarial function of the company. He has over 16 years of experience in secretarial and legal practices.

**Manjunath Rao Pare Parmeshwar** is the President- Managed Services Business. He has been associated with the company since July 6, 2012. He is currently heading the managed services business of the company. He has over 34 years of experience in sales and marketing across sectors.

**Anush Raghavan** is the President- Cash Management Business of the company. He has been associated with the company since October 1, 2009. He is currently heading the cash management business of the company. He has over 14 years of experience in business management and business development.

**Sanjay Singh** is the Chief Human Resources Officer of the company. He has been associated with the company since July 26, 2021. He is currently responsible for developing and executing human resource strategy in the company.

**Rohit Kilam** is the Chief Technology Officer of the company. He has been associated with the company since November 23, 2020. He is currently responsible for the IT function of the company. He has over 20 years of experience in IT across sectors.

## OFFER DETAILS

<b>Offer for Sale (₹ 1,100 Cr)</b>	<b>Upto 52,838,753~ - 50,925,925^ Equity Shares</b>
Sion Investment Holdings Pte. Limited - <i>Promoter</i>	<b>Upto 53,838,753~ - 50,925,925^ Equity Shares</b>

~@Lower price Band    ^@ Upper Price Band

## SHAREHOLDING PATTERN

Name	Pre Issue		No of Shares Offered^	Post Issue	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
<i>Promoters</i>	148,000,000	100.00%	50,925,925	97,074,075	65.59%
<i>Promoters Group</i>	0	-	-	-	-
<b>Total for Promoter and Promoters Gr</b>	<b>148,000,000</b>	<b>100.00%</b>	<b>50,925,925</b>	<b>97,074,075</b>	<b>65.59%</b>
<i>Public</i>	0	-	-	50,925,925	34.41%
<b>Total for Public Shareholders</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>50,925,925</b>	<b>34.41%</b>
<b>Total Equity Share Capital</b>	<b>148,000,000</b>	<b>100.00%</b>	<b>50,925,925</b>	<b>148,000,000</b>	<b>100.00%</b>

^@ Upper Price Band

## BUSINESS OVERVIEW

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. For Fiscal Year 2021, their total currency throughput, or the total value of the currency passing through all of their ATM and retail cash management businesses, amounted to ₹9,158.86 billion. Their business includes installing, maintaining and managing assets and technology solutions on end-to-end outsourced basis for banks under long term contracts.

Company’s integrated business platform is supported by customised technology and process controls, which enables them to offer their customers a wide range of tailored cash management and managed services solutions, while generating cross-selling opportunities and driving synergies and efficiencies across their business. They cater to broad set of outsourcing requirements for banks, financial institutions, organized retail and e-commerce companies in India.

CMS operates their business in 3 segments:

- **Cash management services:** which includes end-to-end ATM replenishment services; cash pick-up and delivery; network cash management and verification services (together known as “retail cash management services”); and cash-in-transit services for banks, accounting for 68.61% and 66.74% of the revenue respectively from operations in Fiscal 2021 and the 5 months ended August 31, 2021, and grew at a CAGR of 0.31% from Fiscal Year 2019 to Fiscal Year 2021;
- **Managed services:** which includes banking automation product sales, deployment and associated annual maintenance; end-to-end Brown Label deployment and managed services for banks; common control systems and software solutions, including multi-vendor software solutions and other security and automation software solutions; as well as remote monitoring for ATMs, accounting for 27.88% and 30.64% of the revenue, respectively, from operations in Fiscal 2021 and the 5 months ended August 31, 2021 and grew at a CAGR of 35.88% from Fiscal Year 2019 to Fiscal Year 2021; and
- **Others:** which includes end-to-end financial cards issuance and management for banks and card personalization services, accounting for 3.51% and 2.62% of revenue, respectively, from operations in Fiscal 2021 and the 5 months ended August 31, 2021.

**The breakdown of the 3 business segments, as well as the end-to-end service and product solutions:**


Company's cash management business is largely route-based in nature with 78.11% and 78.70% of revenue, respectively, in Fiscal 2021 and the 5 months ended August 31, 2021 being generated from activities where route density drives profitability and enables operating leverage. Their managed services business on the other hand is largely recurring in nature with 52.45% and 65.80% of revenue in Fiscal 2021 and the 5 months ended August 31, 2021 being generated from long-term contracts, which provides high revenue visibility.

Their services help increase the velocity of cash through the cash cycle by assisting customers to meet their outsourcing needs and increase the speed with which they handle cash by automating and decreasing duplication in the processing and turnaround of cash, which allows customers to improve their productivity and reduce their cash handling and processing costs. As the amount of cash in circulation increases, so does the need for cash and cash-related services.

Company's integrated service and product offering has enabled them to shift their business mix towards providing more integrated end-to-end services for their customers, which has meant that they are able to offer their customers lower pricing, more reliable service through a single point of accountability, improved advance planning of routes, faster reconciliation and improved days sales outstanding, which is a measure of the average number of days that it takes company to collect payment for sales, as well as increased customer loyalty and reduced customer turnover.

Banks and other participants in India are increasingly also outsourcing their managed service's needs, such as through Brown Label ATMs, where CMS deploy, maintain and manage ATMs on an end-to-end basis under a bank's brand name, and other services, such as multi-vendor software solutions and remote monitoring, in order to drive better ATM management and accountability. As the ATM market continues to shift from bank-managed ATMs to end-to-end deployment by service providers such as CMS, the business of outsourcing ATM managed services is expected to continue to grow in India.

Company's pan-India fleet of 3,965 cash vans and their network of 238 branches and offices, which as of August 31, 2021 cover all of India's states and union territories, except remote union territory of Lakshwadeep, 97.04% of India's 742 districts and over 14,949, or 77.46%, Indian postal codes, including difficult to reach and remote rural and semi-urban areas, position them well to take advantage of future opportunities arising from this growth and these initiatives. Through their network, CMS served more than 141,977 business points across their ATM cash management, retail cash management and managed services businesses as of August 31, 2021.

CMS is also supported by their Promoter, Sion Investment Holdings Pte. Ltd, which acquired the company in 2015 and is an affiliate of Baring Private Equity Asia, a private equity firm that has over US\$27 billion assets under management as of June 30, 2021. As of August 31, 2021, their Promoter held 100% of their share capital.

**Revenue from Operations: Services**

Particulars	5 Months ended August 31, 2021		Year Ended March 31,					
	Revenue (₹ in Cr)	% to Total	2021		2020		2019	
			Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Sale of ATM and ATM Sites	62.04	9.91%	162.28	12.42%	135.45	9.79%	66.41	5.79%
Sale of products	25.25	4.03%	68.30	5.23%	119.85	8.66%	43.70	3.81%

Particulars	5 Months ended August 31, 2021		Year Ended March 31,					
			2021		2020		2019	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
- ATM Spares and related Products	19.78		53.63		111.03		31.68	
- Cards	5.40		14.37		7.68		11.86	
- Others	0.07		0.30		1.14		0.16	
<b>Sale of services</b>	<b>539.00</b>	<b>86.06%</b>	<b>1,075.51</b>	<b>82.35%</b>	<b>1,127.94</b>	<b>81.54%</b>	<b>1,036.05</b>	<b>90.39%</b>
- ATM and Cash management services	446.76		896.13		977.65		892.17	
- AMC services	81.21		147.89		114.59		97.35	
- Card Personalisation	11.03		31.49		35.70		46.54	
<b>Total for Revenue from Operations</b>	<b>626.29</b>	<b>100.00%</b>	<b>1,306.09</b>	<b>100.00%</b>	<b>1,383.24</b>	<b>100.00%</b>	<b>1,146.16</b>	<b>100.00%</b>

#### Revenue from Operations: Business Segments:

Particulars	5 Months ended August 31, 2021		Year Ended March 31,					
			2021		2020		2019	
	Revenue (₹ in Cr)	% to Total Income	Revenue (₹ in Cr)	% to Total Income	Revenue (₹ in Cr)	% to Total Income	Revenue (₹ in Cr)	% to Total Income
Cash Management Services	417.96	66.37%	896.13	67.79%	977.65	70.42%	890.55	76.82%
Managed Services	191.91	30.47%	361.10	27.54%	362.22	26.09%	197.21	17.01%
Others	16.43	2.61%	45.86	3.47%	43.38	3.12%	58.40	5.04%
<b>Total for Revenue from Operations</b>	<b>626.29</b>		<b>1,306.09</b>		<b>1,383.24</b>	<b>%</b>	<b>1,146.16</b>	
<b>Total Income</b>	<b>629.72</b>	<b>99.46%</b>	<b>1,321.92</b>	<b>98.80%</b>	<b>1,388.29</b>	<b>99.64%</b>	<b>1,159.32</b>	<b>98.86%</b>

## COMPANY BUSINESS

CMS offers their services across multiple stages of the cash cycle in India, from when the RBI initially issues cash to currency chest banks, which are authorised by the RBI to hold and distribute rupee notes and coins for circulation to banks, to when cash is deposited back in banks after going through the various stages of the cash cycle. In particular, they are present in 3 key segments, which include **cash management services**, which includes a wide range of cash services across the cash cycle, **managed services**, which includes installation, maintenance and management of assets and **technology solutions** on an end-to-end outsourced basis for banks under long-term contracts, as well as financial cards issuance and management for banks and card personalization services.

The services, company provides at the different stages of the cash cycle include, among other things, providing:



1. Cash-in-transit services to the banks that run currency chests to enable them to distribute the cash to bank branches;
2. ATM cash management services to banks (on behalf of MSPs) to enable them to distribute cash and replenish their ATMs with cash;
3. ATM deployment and maintenance services to banks and on behalf of banks, Brown Label ATM services, where they manage ATMs on an end-to-end basis for banks, as well as multi-vendor software solutions, endpoint security and remote monitoring services, to enable banks to expand and manage their ATM networks so that cash is readily available to consumers;

4. Retail cash management services to retailers and other corporates that require the cash that they have accumulated from consumers purchasing their products to be picked up, reconciled and deposited with their banks, as well as deployment of retail cash vaults;
5. Reconciliation of ATM and retail cash balances and end-of-day reporting;
6. Credit and debit card personalization services to banks wishing to distribute credit and debit cards to give their customers access to cash; and
7. Currency chest automation, which in addition to dedicated cash-in-transit service, also includes automated cash processing (authenticating, sorting, packeting, bundling and shrink-wrapping currency) and reconciliation and reporting of the movements.

CMS operates their business in 3 segments:

### Cash Management

The cash management business comprises ATM cash management, retail cash management, cash-in-transit services and other cash management services, which CMS carry out through 2 distinct brand names, **CMS** and **Securitrans**. Their cash management business is largely route-based in nature with 78.11% and 78.70%, respectively, of revenue in Fiscal Year 2021 and the 5 months ended August 31, 2021 being generated from activities where route density drives profitability and enables operating leverage.

<p><i>ATM cash management services</i></p>	<p>The ATM cash management services primarily include cash withdrawal from banks, ATM replenishment, cash evacuation and deposition for cash deposit machines and cash recyclers. CMS deploys route optimization tools that enable them to provide ATM cash replenishment to their cash management customers more efficiently, and they offer their cash management customers with complete line maintenance of ATMs to minimize ATM downtime. They also offer their customers first line maintenance services through a 24-hour automated ticketing tool.</p> <p>As of August 31, 2021, they provided ATM cash management services to more than 45 public and private Indian banks, either directly or through MSPs. As of March 31, 2019, 2020, 2021 and August 31, 2021, they serviced 52,691, 58,458, 62,919 and 66,431 ATM points, respectively, through their ATM cash management business. They also had 3.39 million and 1.38 million first line management calls and 6.68 million and 3.30 million ATM activities in Fiscal Year 2021 and for the 5 months ended August 31, 2021 respectively. Their key revenue drivers for the ATM cash management business are the number of ATMs for which they provide cash replenishments and the ATM activities during any given month.</p>
<p><i>Retail cash management services</i></p>	<p>The retail cash management services include outsourced retail cash pick-up, retail currency processing, retail cash vaults, automated retain cash vault solutions and smart safe solutions for customers. CMS has able to offer their 2,000 retail cash management customers (either directly or through banks), as of August 31, 2021, same-day and next-day settlement. Their customers for these services are primarily banks that offer banking services to insurance providers, NBFCs, restaurants, utilities, e-commerce companies, logistics providers, government establishments, fuel stations, consumer goods companies and hospital chains. As of March 31, 2019, 2020, 2021 and August 31, 2021, they serviced 41,836, 44,497, 40,249 and 42,715 retail cash management pick-up points, respectively, either directly or indirectly, through their retail cash management business. For Fiscal Year 2021, they serviced 6 million retail cash pick-ups.</p>
<p><i>Cash-in-transit</i></p>	<p>As part of their cash-in-transit services, CMS provides for the inter-city and intra-city transport of cash for their customers. In recent years, they have seen a strong growth in this segment primarily on account of the growing cash in circulation and shift from unorganized to organized compliant service providers on account of RBI and MHA guidelines. In Fiscal Year 2021, CMS provided cash in transit services for 19 banks in India through their fleet of 901 dedicated cash vans.</p>
<p><i>Emerging businesses</i></p>	<p><b>Currency chest:</b> The currency chest solutions includes cash processing at currency chests for counting, sorting, checking note fitness, packaging, among other services; end-to-end management of currency chest for banks and NBFCs, including providing manpower and transport to and from various locations; and services for white-label currency chests. With a total market size of approximately 4,075</p>

	<p>currency chests in India as of March 31, 2021, there is an increasing trend in the industry for these services to be outsourced by the banks to private third-party companies, such as CMS.</p> <p>CMS provide services to execute and operate currency chests across India to public sector and private sector banks in India. The currency chest market reached a size of ₹5 billion in Fiscal Year 2021.</p> <p><b>Bullion:</b> The bullion services includes the transport and logistics for the movement of bullion between two businesses, the movement of bullion for delivery and pick-up from and to end customers, as well as for customs clearance, vaulting and local deliveries of bullion.</p> <p><b>On-demand pick-up solutions:</b> CMS offers a number of tailored on-demand pick-up solutions for their customers, which include NBFC soft loan collections, document collections, mandate verifications, insurance cheque pickups and other financial services back-end processes.</p>
<i>Synergies realized among the cash management businesses</i>	Managing and coordinating movements of large volumes of cash and the various other cash management services CMS provides to their customers, involves complex planning and logistics that can have a significant impact on the performance of their customers' businesses.

### Managed Services

CMS is one of the few companies in India that can offer end-to-end management of an ATM network, from both an operational and a management perspective, through a single point of accountability. Their managed services business is largely recurring in nature with 52.45% and 65.80% of revenue from the managed services business in Fiscal 2021 and in the 5 months ended August 31, 2021, respectively, being generated from long-term contracts, which provides high revenue visibility. Their managed services business services includes:

<i>Banking automation product sales and service (AMC)</i>	This includes ATM sales, where they offer customers a variety of bank automation products through cooperation with various OEMs, as well as product deployment, service and AMC support through the product life cycle.
<i>Brown label ATM and pure managed services</i>	This includes Brown Label ATM services, where they deploy, maintain and manage ATMs on an end-to-end basis under a bank's brand name and provide ATM infrastructure to bank customers who pay on an on-going, day-to-day operational basis, as well as pure managed services, where they manage ATMs owned by banks on an 'asset-light' basis, including through the provision of services.
<i>Software solutions</i>	This includes ATM multi-vendor software solutions, ATM software upgrade services and proprietary software solutions for risk management and transaction reconciliation.
<i>Remote monitoring</i>	Remote monitoring for ATMs and bank branches through centralized monitoring centres by deploying cameras and advanced sensors on site with a provision for quick response function upon detecting any threats or adverse events.

### Others

Company's others business includes end-to-end financial card solutions for their card customers, which are primarily banks. The financial card services primarily involve sourcing plastics cards and chips and personalizing the cards with embossing and printing, uploading variable encrypted data on the chip or magnetic stripe. It also include data generation for card personalization, card and chip personalization programs, cryptographic key management solution, consultancy for migration and instant card issuance capabilities.

## CUSTOMER BASE

Revenue Contributed by:	5 Months ended Aug', 2021	FY2021	FY2020	FY2019
Top 3 Customers	44.59%	42.36%	42.33%	31.93%
Top 5 Customers	57.01%	55.73%	55.79%	48.25%
Top 10 Customers	74.97%	75.13%	75.41%	71.45%
Largest Customer – Public Sector Bank	18.78%	17.90%	23.45%	10.07%

The customer base of their ATM cash management business is diversified and includes over 13 MSPs, and service more than 45 public and private Indian banks directly and through MSPs, as well as white label ATM deployers, as of August, 2021. The banks that they service include public sector banks and private sector banks such as Axis Bank, HDFC Bank and ICICI Bank.

Company's customers in their retail cash management business are primarily banks and include Axis Bank, HDFC Bank, ICICI Bank and IDBI Bank, among others. CMS directly and indirectly serve more than 2,000 end-customers of their bank customers across various sectors, including e-commerce logistics providers, NBFC and financial services institutions, large format organized retailers, insurance companies, railways and transportation network operators, apparels and accessories retail chains, healthcare chains, hospitality chains and government and utilities, among others.

#### Details of Services and Customers:

Cash-in-transit Business	Emerging Businesses	On-demand pick-up solutions	ATM maintenance services	Remote monitoring Services	Card personalization solutions
Axis Bank, HDFC Bank, ICICI Bank and IDBI Bank	Banks for currency chest automation, Jewellery value chain participant	Financial services such as NBFCs and insurance companies	HDFC Bank, ICICI Bank	Leading public sector banks, such as SBI	HDFC Bank, IDBI Bank and ICICI Bank

## GEOGRAPHICAL PRESENCE

CMS provides their services to their customers through their pan-India fleet of over 3,965 cash vans, 238 branches and offices and they serviced 141,977 business points as of August 31, 2021.

The branch network through which CMS service all of India's states and union territories, except remote union territory of Lakshwadeep, 97.04% of India's districts and 77.46% Indian postal codes.



As of August 31, 2021, of the total number of ATM points their cash management business serviced, 22.40% were metro, 15.11% were semi-metro and 62.49% were semi-urban and rural, and in terms of geographic location, 23.51% were in the North of India, 26.54% were in the South, 17.61% were in the East and 32.34% were in the West.

In addition, as of August 31, 2021, of the total number of retail pick-up points their cash management business serviced, 33.01% were metro, 16.66% were semi-metro and 50.33% were semi-urban and rural, and in terms of geographic location, 26% were in the North of India, 30.39% were in the South, 13% were in the East and 30.61% were in the West.

## COMPETITIVE STRENGTHS

- Leading player in a consolidating market with strong fundamentals**

As of March 31, 2021, CMS is India's largest cash management company based on number of ATM points and number of retail pick-up points and had a market share of 24.7%, based on the total number of ATMs in India, as well as a market share of 41.1%, based on the total number of outsourced ATMs in India. For Fiscal Year 2021, their total currency throughput, or the total value of the currency passing through all of their ATM and retail cash management businesses, amounted to ₹9,158.86 billion.

The market share of the 2 largest ATM cash management companies, one of which being CMS, has increased from 60% in Fiscal Year 2018 to 72% in Fiscal Year 2021, while the number of cash management companies with over 5% market share has decreased from 6 to 4. They provide a wide range of services across each stage of the entire cash cycle in India and believe their services help increase the velocity of cash through the cash cycle by assisting customers to meet their outsourcing needs and increase the speed with which they handle cash. In addition, the size and wide reach of their network enables them to realize further economies of scale, allowing them to increase the productivity of their operations and their profit margins.

- ***Pan-India footprint with deep penetration in growing markets***

Company's pan-India fleet of 3,965 cash vans and their network of 238 branches and offices based on the numbers as of August 31, 2021 cover all of India's states and union territories, except remote union territory of Lakshwadeep. CMS is among the first cash management companies to invest in the growth of their business in rural and semi-urban areas in India, and their pan-India footprint enables them to offer their services to their customers in these areas as they grow their businesses and take advantage of opportunities created by these government initiatives and the expansion of the banking network in India. Company's platform offers their customers a single point of reference across India for their operations, as well as an integrated service offering. Their knowledge of the markets in which they operate and their regional requirements, enable them to provide their customers with better quality services that are customized to their needs. As of August 31, 2021, of the total number of ATM points their cash management business serviced, 22.40% were metro, 15.11% were semi-metro and 62.49% were semi-urban and rural, and in terms of geographic location, 23.51% were in the North of India, 26.54% were in the South, 17.61% were in the East and 32.34% were in the West. In addition, as of August 31, 2021, of the total number of retail pick-up points their cash management business serviced, 33.01% were metro, 16.66% were semi-metro and 50.33% were semi-urban and rural, and in terms of geographic location, 26% were in the North of India, 30.39% were in the South, 13% were in the East and 30.61% were in the West.

- ***Longstanding customer relationships leading to increased business opportunities***

The cash management services, managed services and other services that CMS provides to MSPs, banks and their other customers form a critical function in the businesses that they serve. CMS has built up that trust through their track record of providing efficient, cost-effective and quality-oriented services, while using risk management systems and processes. Their platform of services aims to provide their customers with the same level of quality, efficiency and consistency across India, regardless of location, while enabling them to benefit from the economies of scale of their network. In Fiscal Years 2019, 2020 and 2021, they generated at least ₹20 crore in revenues from 15, 16 and 16 customers, respectively. In addition:

- In their ATM cash management business, CMS has enjoyed relationships with 6 of their 12 largest MSP customers for more than 10 years and 4 additional customers for more than 5 years. Their contracts with these customers typically range from 1 to 5 years; and
  - In their retail cash management business, they have enjoyed relationships with their 9 largest customers for more than 10 years. Their contracts with these customers typically range from 1 to 5 years.
- ***Integrated business platform offering a broad range of services and products***

CMS has a track record of successfully incubating and building multiple new service lines, which has allowed them to offer their customers a broad range of services and products, as well as realize synergies within their business. In 2017, they acquired the business of a small Brown Label ATM services company (including its ATM outsourcing business contracts to increase their capacity to provide Brown Label ATM services to mid-sized banks and other customers and have successfully scaled up that business to providing Brown Label ATM services for 3,669 ATMs as of August 31, 2021. In addition, in 2019, they entered the multi-vendor software solutions segment and are now a leading player for multi-vendor software opportunities in India.

They also entered the remote monitoring segment in 2021 and have an order book for 14,920 ATM sites as of July 31, 2021 based on 2 contract wins of 9,520 and 5,400 ATMs, respectively. With their expanded service and product offering, they are present in all major market segments in the cash management and ATM managed services industry, which means they are able to offer integrated services to customers and provide them with 'one-stop' solutions, which also provides them with a competitive advantage for future projects. Their ability to do this is demonstrated by their track record of expanding the services they provide to their customers, such as SBI, to which they initially only provided ATM cash management services and now offer multiple solutions across the cash management value chain, including retail cash management, banking automation products, remote monitoring, brown label ATM services, managed services, multi-vendor software solutions and currency chest services. They are

also able to leverage their broad service and product offering to realize synergies and efficiencies within their own business, such as through combining deliveries and service visits across the different products and services they offer. Their integrated business platform is also supported by customised technology and process controls, which enables them to tailor their cash management and managed services solutions to their customers, while generating cross-selling opportunities and driving synergies and efficiencies across their business.

- ***Systems and processes to manage and scale an operationally complex business***

In this industry, as market share and sales volumes increase, operating resources can often be deployed more efficiently and margins can be improved. In order to maximize the scalability of their operations, they leverage customised systems and processes that are designed around internally developed applications tailored to cater to the specific requirements of the Indian banking sector and their other customers.

They have implemented technology platforms, such as **CMS Connect**, which facilitates critical processes in ATM operations, and **CMS ALGO**, their fully automated, mobility based, ATM security application, which reduce the time spent on pre- and post-route activities and during first line ATM maintenance calls and replenishments, respectively. They have also developed and implemented **AGILE**, which is a risk management solution that tracks, reconciles and resolves reconciliation issues between them and their customers.

Their systems and processes are present at all levels of their business, including through:

- Enabling the field mobility of their workforce through mobile applications;
- Facilitating real-time reporting and monitoring by their branches through web enabled applications;
- Identifying available capacities in their network and synergies across their businesses to continue to increase their productivity through route optimization for over 3,300 routes that they planned and structured in Fiscal Year 2021; and
- Facilitating coordination of disaster recovery and data centres by corporate management.

- ***Track record of strong productivity and operational excellence***

As their business has grown, they have actively sought to increase their profitability and the efficiency with which they deploy their resources by: (i) increasing the density of stops in the routes of their cash vans; (ii) leveraging the fixed costs of their cash processing infrastructure; and (iii) introducing other efficiencies, such as by standardizing and automating processes.

As a result of these efforts, they have realized important gains in critical metrics, including:

- **Productivity:** They have increased their productivity by leveraging the network to realize economies of scale, improving the processes and planning and increasing the density of stops in the routes of their cash vans. They also encourage and plan overnight vaulting and early withdrawals with their customers, which helps them to maximize the time they have for their operations at customer locations.
- **ATM uptime:** The efficiencies and controls they introduced helped them to further reduce ATM downtime or “cash-outs”, when cash is not available at an ATM, and improve ATM uptime. In Fiscal Year 2021 and during the 5 months ended August 31, 2021, they received an average of 9,276 and 9,020 ATM first line maintenance calls per day, respectively.
- **Reporting and settlement:** They have been able to make improvements in their reconciliation process for their ATM cash management business. They received 110,241 reconciliation-related queries in August 2021, and had average success rates of 99.16% for daily reporting of operations performance to clients.

As of August 31, 2021, they also had an audit team of approximately 133 internal auditors that performed internal audits of all of their ATMs, vaults and branches in Fiscal Year 2021 and during the 5 months ended August 31, 2021.

- ***Experienced and highly qualified management team that have successfully grown the business***

Company’s senior management team comprises a diverse group of highly experienced and qualified professionals, who have in-depth industry knowledge and expertise, as well as several years of experience at the company. Many of their senior management team have also held senior positions at leading multinational companies in their industry and other reputable institutions. They are also supported by Baring Private Equity Asia (Sion Investment Holdings Pte. Ltd, the Company’s current Promoter, is an affiliate of Baring Private Equity Asia), which has expertise and business know-how that it has drawn on to support the company and grow the company’s business and improve its operations. Many of the members of their management teams have worked in their assigned regions for many years and come from diverse backgrounds, such as from financial services or IT services industry, enabling them to contribute directly.

## KEY BUSINESS STRATEGIES

- **Leverage the scale and integrated offerings to grow the business**

Company's platform offers their customers a single point of reference across India for their operations, and their integrated offerings and knowledge of the markets and regional requirements in which they operate enables them to provide customers with better quality services that are customized to their needs and offer them a 'one stop' solution for a variety of their outsourcing needs. This is an advantage not only when they are providing a new service in a different location to an existing customer but also when they are taking on a new customer that requires a broad range of services across a number of different locations, and they plan to capitalize on this advantage. This is reflected in their track record of winning large and complex customer contracts, such as their recent remote monitoring contract with SBI in 2021 covering 9,520 ATMs in India and their implementation of multi-vendor software for SBI covering 46,377 ATMs across 8 OEMs and 12 ATM models with over 50 device configurations as of end August 2021.

- **Grow through selective value accretive strategic acquisitions**

The company has a track record of successfully completing business acquisitions and optimizing acquired businesses. In 2011 they acquired **SIPL** for the amount of ₹119.93 crore, consolidating their position as the leading cash management services company in India. Since that acquisition, they have successfully improved the SIPL business through aggressive cost controls, including by restructuring operations and route reductions. In 2017, they also took over the business of a mid-sized cash management company for the amount of ₹1.67 crore, which helped increase the number of ATMs for which they provide cash management services. In 2018, they also strengthened their retail cash management business by acquiring the retail cash management business of a cash management company in India for the amount of ₹36.10 crore, and in 2020, they acquired **Logicash** for the amount of ₹11.24 crore, to further grow their ATM cash management business.

In 2017, they acquired the business of a small Brown Label ATM services company (including its ATM outsourcing business contracts for 195 ATMs) for the amount of ₹6.56 crore to increase their capacity to provide Brown Label ATM services to mid-sized banks and other customers and have successfully scaled up that business to providing Brown Label ATM services for 3,669 ATMs as of August 31, 2021. In addition, in 2019, they entered the multi-vendor software solutions segment and are now a leading player for multi-vendor software opportunities in India.

Certain **strategic and scale benefits of the respective acquisitions** have been detailed below:

**SIPL:** The acquisition of SIPL, in 2011, helped the company to consolidate its position, as one of the leading cash management services companies in India. The contribution of SIPL to total income based on audited financial, was ₹189.71 crore in Fiscal 2021 as compared to ₹102.17 crore in Fiscal 2011. The contribution, of SIPL, to profit before tax based on audited financials, was ₹24.67 crore in Fiscal 2021 as compared to ₹14.46 crore in Fiscal 2011.

**Brown-Label ATM Company:** The business transfer from a Brown-Label ATM company, in 2016, helped the company to increase its capacity, to provide Brown Label ATM services to mid-sized banks and other customers. The number of Brown-label ATMs of the company has increased from nil in Fiscal 2016 to 3,120 in Fiscal 2021. As of August 31, 2021, the number of Brown-label ATMs of the Company was 3,669.

**Mid-sized Cash Management Company:** The business transfer of a mid-sized cash management company, in 2017, as well as other means, helped the company to increase the number of ATMs under cash management services from 53,006 as of Fiscal 2017 to 66,431 by August 31, 2021.

**Retail Cash Management Company:** The number of Retail cash management pick-up points, gained as part of the acquisition of the retail cash management business, of a cash management company in India, was 4,526. The business transfer of a retail cash management company, in 2018, as well as other means, helped the company to increase the number of Retail pick-up points from 37,258 as of Fiscal 2018 to 42,715 by August 31, 2021.

**Logicash:** Number of ATMs under cash management acquired from the mid-sized cash management company was 5,340. The business transfer of Logicash, in 2020, as well as other means, helped the company to increase the number of ATMs under cash management services from 58,458 as of March 2020 to 66,431 by August 31, 2021.

- **Capitalize on the growing cash cycle to expand the operations**

The company currently provides a wide range of services across each stage of the entire cash cycle in India and assist customers to meet their outsourcing needs and increase the speed with which they handle cash by automating and

decreasing duplication in the processing and turnaround of cash. This trend is also being driven in part by the current base of ATM and cash management assets of banks coming up for renewal and replacement over the next 3 years, given the average life spans of ATMs and since a large portion of ATMs in Indian were installed in 2013 and 2014. Many banks are outsourcing their ATM servicing requirements on an end-to-end basis, and since they are present across the entire ATM and cash management value chain, they can offer their customers integrated service and product offering to meet their needs.

- **Drive operational efficiencies and increase profitability**

- **Increasing share of integrated services:** As the industry continue to consolidate due to increased regulatory operating standards with respect to the handing of cash and trends in customer preference, CMS plans to leverage their scale and reach, together with their integrated offerings, to continue to grow their business and increase market share. The benefits of doing this include being able to offer their customers lower pricing, more reliable service through a single point of accountability, improved advance planning of routes, faster reconciliation and improved days sales outstanding.
- **Improving productivity:** They plan to continue to increase their productivity by leveraging their network to realize economies of scale, improving the processes and planning and increasing the density of stops in the routes of their cash vans; and improving banking cash services through over-night vaulting and early withdrawals; as well as implementing cassette swaps where possible to reduce the timing of cash replenishments and using technology solutions, such as automated on-time combination (OTC) generation and CMS Connect.
- **Risk cost reduction:** The Company manages their risk cost through reconciliation and comprehensive auditing procedures, which reduce discrepancies and additional costs associated with their operations. They intend to continue to invest in and leverage their technological platforms, such as **CMS AGILE**.

- **Expand into business areas that create synergies with the current business**

CMS has an established track record of incubating new businesses and scaling up their business in business areas. In 2013, they entered into a strategic arrangement with Hyosung TNS Inc., through which they offers a full suite of bank automation products and have base of over 37,000 installed products, supported by a network of over 500 engineers across India, as of August 31, 2021, to provide banking automation product sales and service and maintenance services. Many public and private banks in India are expected to update and expand their ATM networks, and they intend to build on this arrangement in the future and compete aggressively to win a larger share in the ATM update and expansion cycle. In 2017, they began to grow their managed services business by acquiring a Brown Label ATM services company and as of August 31, 2021, manage 3,669 Brown Label ATMs. They also expanded into multi-vendor software solutions in 2019 and have deployed it across 46,377 ATMs as of August 31, 2021. Further, they entered into the remote monitoring business in 2021 and have an order book of 14,920 sites as of August 31, 2021.

They have developed, commercialized and implemented multi-vendor software solutions for SBI and intend to continue targeting other large public sector banks in India in this sector. They have also identified and are in the process of expanding 3 other new business areas, which include remote monitoring outside of the ATM and banking sectors, end-to-end currency management and financial services distribution:

- **Remote monitoring (outside the ATM and banking sectors):** They intend to leverage their remote monitoring technology to differentiate their product offering and target sectors beyond only the ATM and banking sectors.
- **End-to-end currency management:** This services for banks include cash processing at currency chests for counting, sorting, checking note fitness, packaging, among other services; end-to-end management of currency chest for banks and NBFCs, including providing manpower and transport at various locations; and services for white-label currency chests.
- **Financial services distribution:** This includes corporate business correspondent ("**CBC**") services, in which they provide banking-related services.
- **Payment Solutions:** To develop and commercialize a wide-array of differentiated payments solutions, including bill payments, POS networks, digital payments and other merchant payment solutions, and micro-ATM offerings.

- **Enhancing the organizational capabilities**

The company committed to continuing to develop processes and systems that support their workforce and their current scale of operations, but which are also sufficiently powerful, flexible and scalable to continue to support their business and operations as they grow. Where they can realize further efficiencies within their business, they plan to continue to develop additional bespoke, internally developed, applications that improve their service response levels and accuracy of information reporting, such as their bespoke Customer Relationship Management portal, developed in conjunction with an IT vendor, which allows them to “ticket” and monitor, through to resolution, issues that arise on a “by customer” basis in connection with maintenance service calls. Through their regional and zonal organizations structure, they plan to continue to decentralize decision-making and profitability responsibilities in order to strive towards “autonomy with accountability”, through which they empower their field organization, while still ensuring robust business performance through active head office supervision using customized dashboards and similar technologies.

## INDUSTRY OVERVIEW

### The value chain of the ATM market in India in Fiscal Year 2021:

Cash Management	ATM Managed Services	Automation Solutions	Software and Technology
<b>Description</b>			
Involves all cash management services across segments: <b>ATM:</b> Cash replenishment for ATMs and first line maintenance services – Retail cash management (“RCM”): Cash pick-up and treasury solution for retailers <b>DCV:</b> Operating cash vans for banks for inter-branch cash movement	Involves all services related to end-to-end management of ATMs including product deployment, annual maintenance contracts (“AMC”) and brown label ATMs (“BLAs”)	Involves sales and deployment of automation product (ATMs, kiosks, passbook printers etc.)	Involves development, customization and deployment of software Also includes endpoint security solutions and Remote monitoring
<b>Key Players</b>			
<b>ATM:</b> CMS, WSG, SIS, Brinks, Securevalue and AGS  <b>RCM:</b> CMS, Radiant, Securevalue, WSG and Brinks  <b>DCV:</b> CMS, SIS and Checkmate	<b>CMS</b> , Hitachi, FIS, NCR, FSS, Euronet and Diebold Nixdorf	<b>CMS</b> , NCR, Hitachi, OKI	<b>Software:</b> CMS, NCR and KAL  <b>Remote monitoring:</b> CMS, Securen and Ivis

### The competitive landscape of the cash management industry in India as of July 31, 2021

Service provider	Number of employees	ATM cash management	Retail touch points	RCV (No. of vaults)	DCV (No. of vans)
<b>CMS</b>	<b>20,000</b>	<b>63,000</b>	<b>40,000</b>	<b>400</b>	<b>900</b>
Securevalue	8,716	47,569	DNA	45	DNA
WSG	8,000+	18,000	12,000	60+	NA
SIS	DNA	14,000	5,000	59	1,000
Brinks	7,000	<5,000	DNA	DNA	NA
Radiant	9,300	NA	42,420	DNA	DNA

DNA= Data not Available

### Competitive landscape for ATM managed services

Company	ATM supply	Kiosks	Installation	AMC/SLM	MS	BLA	Remote monitoring	MVS	OTC	End Pt. security
AGS	Mainly CDS	-	✓	✓	✓	✓	✓	-	✓	✓
<b>CMS</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FIS	-	-			✓	✓	-	-	-	-
FSS	-	-			✓	✓	-	-	-	-
Hitachi	Only CRs	-	Only CRs	Only CRs	✓	✓	Not in-house	-	-	✓
NCR	Mainly CDS	-	✓	✓	✓	-	Not in-house	✓	-	✓
OkI	Only CRs	-	✓	Only CRs	-	-	-	-	-	-

**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31<sup>ST</sup> MARCH 2021)**

Name of the Company	Consolidated/ Standalone	Total Income for FY 2021 (₹ Cr)	Face Value	EPS (Basic)	NAV	P/E~	RoNW (%)
<b>CMS Info Systems Ltd</b>	<b>Consolidated</b>	<b>1,321.92</b>	<b>10</b>	<b>11.39</b>	<b>66.52</b>	<b>[ • ]</b>	<b>17.12%</b>
<b>Listed Peers</b>							
SIS Ltd	Consolidated	9,605.10	5	24.85	123.45	18.83	20.06%
<b>Unlisted Peers</b>							
AGS Transact Technologies Ltd	Consolidated	1,797.15	10	4.62	47.11	NA	10.29%
Radiant Cash Management Services Ltd	Consolidated	224.16	1	3.20	12.55	NA	25.52%

Source: RHP; P/E Ratio has been computed based on the closing market price of equity shares on BSE on December 10, 2021.

**AXIS CAPITAL LIMITED**

Axis House, 1<sup>st</sup> Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.

Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

www.axiscapital.co.in

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CMS Info Systems Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed the RHP with the RoC and thereafter with SEBI and the Stock Exchanges. The RHP is available on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in), on the websites of the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) as well as on the websites of the BRLMs, Axis Capital Limited at [www.axiscapital.co.in](http://www.axiscapital.co.in). Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

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