

CMS Info Systems

11 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Q1 FY27 earnings conference call of CMS Info Systems Ltd., hosted by JM Financials. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Shalin Choksey from JM Financials. Thank you, and over to you, sir.

Shalin Choksey – JM Financials: Thank you, Maanav. Good afternoon, everyone. On behalf of JM Financial Institutional Securities, I welcome you all to the Q1 FY27 earnings call of CMS Info Systems Ltd. We have with us the management of the company, represented by Mr. Rajiv Kaul, Executive Vice Chairman and Chief Executive Officer; Mr. Pankaj Khandelwal, Chief Financial Officer; Mr. Anush Raghavan, Chief Business Officer; and Mr. Puneet Bhirani, Chief Operating Officer. With this, I will hand over the call to the management for their opening remarks, after which we can open the floor for questions and answers. Thank you, and over to you, Rajiv.

Rajiv Kaul – Executive Vice Chairman & CEO: Thank you. Thank you for joining our Q1 call. Let me take a few minutes to talk about the quarter and the year, and then hand it over to the team for more details.

The first thing we set out to do this year was to grow our services revenue run rate from 609 crores in Q4 to 650 crores. In Q1, we came in at 625 crores. This is modest growth over Q4, but it is 25 crores short of what we aimed for. The shortfall is entirely due to the worst cash supply squeeze this industry has seen in the last decade. Banks supplied about 70% of the currency that the industry indented for on a daily basis. This is a risk we had called out in our May call. This 25 crores revenue loss has an operating deleverage impact on the P&L.

We believe this should normalize by the end of Q2, so we are setting our full-year services revenue goal at 2,650–2,750 crores against the earlier guidance of 2,700–2,800 crores. Total revenue, including product revenue, is estimated accordingly at 2,750–2,850 crores. Against this, we are raising our EBITDA margin guidance to about 27% from the 25–26% we had guided in May.

In summary, we have trimmed the revenue number, affected by an external supply issue, but we have raised the guidance on a metric that reflects the quality of the business. This supply squeeze has been painful across the industry—for banks and their customers, as much as for ATM deployers and operators.

Our extensive industry representation, the Indian Banks' Association, or IBA, has constituted a committee to review the situation and evaluate repricing legacy PSU contracts. Anush, our Chief Business Officer, is going to cover this in more detail in his commentary.

A quarter like this does test how well a business can absorb a shock it did not fully see coming. In this environment, we delivered our highest-ever services revenue and expanded margins by 170 basis points, while carrying higher-than-normal wage and fuel inflation in the cost base. This is a result of the investments we have made over the last 2 years in higher technology spends, which drove productivity gains, and also towards a flexible workforce model.

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

Pricing discipline has also helped us stay away from lower-yield contracts. Our shift towards fixed-price contracts, while winning large private-sector bank contracts, has also helped. Now I would like Anush, our Chief Business Officer, to take you through more details on the business environment and the key wins. After him, Pankaj, our CFO, will take you through the financial highlights.

Anush Raghavan – Chief Business Officer: Thank you, Rajiv. Good day, everyone. Let me start by covering the currency supply situation, where it stands today, what we are doing about it, and the business highlights.

Starting with currency, we normally see some disruptions around election cycles. This year, with the 4 key state elections from February to April, currency movements typically came under much closer scrutiny through the Model Code of Conduct period. There are currency imbalances that strain the currency chest networks. This happens every cycle, and we plan for it in advance.

This year, however, saw a much larger and longer-lasting impact on a geographically larger part of the country. When fulfillment constantly falls short of the levels of cash that are indented, everyone tends to behave a little differently and start indenting differently, and this effectively creates a bullwhip effect.

This is not a demand problem. Currency in circulation is up 12% year-on-year, and on the retail side of the business, our own same-store volumes have held constant. The constraint imposed around currency supply affected distribution, and it was concentrated in Tier 1, Tier 2, and Tier 3 locations where our transaction {? VLA's ?} cater.

This has a direct impact on operating deleverage for us, on 12% of our revenue base. Under per-transaction contracts, an ATM that is not filled does not earn, and there is no way to offset the operating costs.

Across our own estate, ATMs that stayed well supplied saw transactions remain flat year-on-year. Those that saw currency supply lower, at about 70%, saw transactions fall by 27%. In effect, there is an almost one-to-one correlation between currency supply and the impact on transactions at the ATMs.

This has lowered our revenues by 18 crores in the {? VLA ?} business, and the impact on us on the cash logistics side from the work that we do for other MSPs is about 7 crores. As of today, currency fulfillment has recovered partially through Q2 to about 80% of indented volume, and in our plan, we now assume that this should improve gradually by the end of the quarter.

On the cost side, this year has seen very steep increases in state-level minimum wages, ranging from 6% to as much as 60% in certain key large states. Fuel costs are up 8% this year. This will necessitate a larger-than-average price increase.

With private-sector banks and our retail customers, the discussions are progressing well. As regards the public-sector banks, the industry and banks are engaging through IBA, which is the Indian Banks' Association. It has set up a committee to look into this and come up with pricing to handle these large statutory increases. We hope to have an update for you by the end of Q2.

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

On the market-share side, we have been able to retain the share gained over the last year. We are at 60% in ATM cash management and 38% in retail solutions.

On the contract wins, we won 500 crores of orders in Q1. The largest of these is the HDFC Bank mandate, which we announced in May: 6,000 ATMs over 5 years at a TCV of 400 crores. This effectively cements our market position, with large, long-term contract wins at all 3 of India's largest banks in the last 18 months.

Our technology and payments segment is seeing strong traction. Over the last year, we have invested significantly in creating a world-class Hawkeye enterprise product. On the back of a large win at a large PSU bank, the demanding AI use cases developed there were tested and deployed over a national network. This will be key for us in competing for a large pipeline of similar bids across banks in the next 2 years.

Similarly, other banks are also evaluating our Algo MVS software, which is the multivendor software for powering their ATM networks. This has been deployed at SBI and is planned to go live at ICICI in Q3.

With that, let me hand over to Pankaj, who will take you through the financial highlights.

Pankaj Khandelwal – Chief Financial Officer: Thank you, Anush. Total revenue for the quarter was 635 crores, with services revenue at an all-time high of 625 crores, up 9.3% year-on-year and 2.6% quarter-on-quarter. Rajiv and Anush have called out the currency supply impact on services revenue of 25 crores, out of which 18 crore rupees was in the managed services segment and 7 crore rupees was in the cash segment.

EBITDA came in at 173 crore, up 8.9% year-on-year and 6.8% sequentially, with the margin expanding by 170 basis points quarter-on-quarter to 27.2%.

Three key drivers led to the EBITDA margin expansion. First, automation and technology investment for route and process automation, which have structurally lowered our unit costs. Second, pricing focus and yield management. Third, increasing share of higher-margin technology and payments revenue growth in this space.

We are maintaining our increased spend on technology at 1.5% of revenue, so this margin expansion comes after fully carrying that investment.

At the EBIT level, managed services EBIT was impacted directly by an 18 crore rupees revenue drop in the {? BLA's ?} business. EBIT for Q1 was 32 crore rupees at a 10.3% margin versus 14.1% a year ago. If not for the 18 crore revenue impact, EBIT would have been 15%.

As and when supply normalizes and transactions return to their earlier trend, the increased revenue will have a positive impact. Depreciation is higher mainly due to higher CAPEX incurred in H2 towards Hawkeye and Algo product development, as well as incremental depreciation related to the Securitrans acquisition impacting Q1.

For reference, FY26 saw peak CAPEX of 350 crore as against our average CAPEX run rate of 200 crores. For FY27, we currently estimate CAPEX to be substantially lower, in the range of 100 crore

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

to 125 crore rupees.

Apart from that, synergy benefits from {? FSS ?} integration should start flowing in H2. Our tax rate this quarter is lower at 20.3% due to the deferred tax gain. Our Securitrans acquisition turned around operationally, which allowed us to recognize the deferred tax asset.

PAT for Q1 is 84 crore, down 10.6% year-on-year and 5.8% sequentially. PAT margin is 13.2%, down 170 basis points year-on-year but up 70 basis points quarter-on-quarter.

As you are aware, we completed the share buyback on June 19, 2026, for 49.39 lakh shares at 340 rupees per share, totaling 168 crore rupees. With this, I would like to hand over to Rajiv for closing remarks.

Rajiv Kaul – Executive Vice Chairman & CEO: Thank you, Pankaj. Over the last 18 months, we have signed large, long-term contracts with State Bank of India, ICICI Bank, and HDFC Bank. Execution for all of these is on track.

Mid-sized and some large banks are preparing for a product refresh after pausing this in FY26. We have won 2 of these mandates in Q1 for ATM recyclers to be executed by the year-end.

The technology and payments segment is growing ahead and is now a meaningful part of our revenue. All of this should help us deliver a good growth year in FY27.

Platform-wise, we expect the ATM management and retail and currency logistics platforms to grow between 11% and 14% as supply normalizes and our pricing efforts bear fruit. The technology and payments platform should grow between 35% and 40%. Combined, services revenue growth should be in the 15–19% range.

When it comes to profitability, we are expecting this to be stronger than what we told you in May. Last year, we invested about 350 crores of CAPEX against an average of 200 crores in prior years. This investment was for large project wins and also for product development for our Hawkeye and Algo MVS products.

The P&L now carries the full depreciation on these assets while the revenue from them is still building out, which is what you are...

Management: This is reflected in the EBITDA line this quarter. CAPEX in FY27 will drop to {? 100–125 crores ?} in line with our long-term average. Depreciation should therefore normalize over FY27 and FY28.

Q1 EBITDA margins were strong at 27.2%. This is something I would reinforce. This is among the highest margins of any business-services company in India, where the norm is single digits. We aim to maintain these levels for the year, ahead of the 25–26% we had guided in May.

We have a track record of converting 55–70% of this EBITDA into operating cash flows, as we have done for the last 5 years. For those of you who know us well, we run this company for margin, cash, and returns. When assets stop earning, we will act on it, and if the currency supply and transaction levels do not improve, we will prune the persistently underperforming ATMs out of our BLA estate.

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

On our overall direction, we are executing on the basis we set out at the Analyst Day in September 2025 and also reinforced in my letter to shareholders in May. Technology and payments, which accounted for 7% of our services revenue in FY22, have grown to 16% in FY26, account for 18% in this quarter, and are expected to cross a 20% contribution by the end of Q4.

The Hawkeye enterprise product has now been proven in a very demanding national deployment at one of the largest banks in the country, and we are bidding with this experience into a strong pipeline. The competition is broadening and attractive markets will attract newer entrants, but we like our position because we own the full stack of hardware and software, we are operating at national scale, and our models are tuned on vision AI and cash-operations data accumulated over a decade, which a new entrant does not have and cannot build quickly.

We were early to machine learning, and we are now using AI inside our own operations. Cash forecasting and end-to-end vault automation went live for us last quarter, built by our own technology teams, and some of the productivity gains that you are seeing in this quarter's margins come from there.

It is also why I am pleased to welcome Will Pool to our board. Will has co-founded and leads Capria Ventures, with more than 60 investments in companies putting AI to work in the real economy. Before that, he built and scaled platform businesses at Microsoft. That is the judgment we want in the room to help scale this part of our business.

Overall, FY27 will be a good year, with strong double-digit growth rates in both revenue and profits, with margins hopefully outperforming revenue. Thank you, and we now look forward to your questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference, please limit your questions to only 2 per participant. Should you have a follow-up question, we request you to rejoin the queue. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We have our first question from the line of Praveen Kumar from Capital Advisors. Please go ahead.

Praveen Kumar – Capital Advisors: Thank you for the opportunity. I had a couple of questions. The first one was on the cash crunch, the cash supply crunch you spoke about. The question was: how much of it do you see as being transient versus being more structural in nature? For example, do you perceive it as a behavior change from banks and the RBI?

Related to that is also the question on the statistics you presented on partially supplied ATMs versus fully supplied ATMs and the dip in transactions. Is it possible that some of the causality runs the other way, meaning that the banks chose to supply less to ATMs where they saw lower potential? That is my first question.

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

My second question was on the fact that, broadly, over the last couple of years, there have been multiple exogenous shocks that have detracted from your achieving what you set out to do. My question was: what kind of changes have you made or are you currently making to your internal forecasting models to be able to give a better sense of what could happen? Those are my 2 questions. Thank you.

Anush: Hi, Praveen. Very interesting questions. Let me tackle the first part and some of the related aspects, because I think it is very interesting that you are examining this from all angles.

As far as the transient nature of this is concerned, right now I can comment on the currency supply situation. As you would appreciate, there are 2 parts to this issue. The first is how soon we think the currency situation will normalize, and the second is what the implications of that normalization will be for future ATM transaction levels.

As we speak, we have already seen that the worst of the dip is behind us. Around May–June, or April–May of Q1, the impact was such that only 70% of the money we were indenting was what we were receiving from the banks, which means there was almost a 30% dip in currency levels. That situation has improved. It has gone up from 70% to closer to 80–85% now.

In conversations with multiple industry stakeholders and the Banking Association, and through the engagement that our association has also had with the regulator, you will also be able to see this in the public data on currency in circulation. You will see that those levels are improving, which means there is a fresh infusion of currency coming in.

I think this was simply a situation where nobody has a perfect answer as to why it happened or what caused it, but we do know that, unfortunately, the implications have been quite severe for the industry as a whole.

With respect to the second part of your question on the supply of currency to ATMs with different transaction levels, I do not think there was any such—sorry to use the language—conspiracy theory of that nature. Banks give us currency in bulk against indents that we raise. At some point, from a forecasting perspective, we need to determine the best way to supply that currency to ATMs.

This disparity was widespread because there were geographical imbalances. When we compare and examine the differences, there are differences in the way we analyze the data statistically between different ATMs of different banks and ATMs across different geographies. To that extent, we have been able to reach the conclusion that this was more a supply issue affecting growth and not a demand-side problem.

With respect to the exogenous factors, I will hand over to Rajiv for that.

Rajiv: To add to Anush's comments on this, I think the press has covered this in fair detail, so I would refer to that. There is a supply issue that has had a cascading effect, which was not anticipated between the currency-issuing bank and the various banks fulfilling the currency needs of the country.

As a shortfall consistently builds, it creates more pressure in the system because indent levels simply keep going up. What happens to demand, we will have to see. That will play out, and we will

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

get to know by the end of Q2. It would be futile for us to try to estimate that right now. We will track the trends and report them as soon as they become visible to us.

Going back to your other question on forecasting and how we improve the quality of forecasting, that is fair criticism. As I reflect, and as we reflect on this, just to put it in context, I think FY22, FY23, and FY24 were 3 years in which we met or exceeded all forecasts and delivered high growth. In FY25 and FY26, I think we fell short.

When we look at the forecasts, this is the team trying to set good goals based on what we think our potential to perform in the market is. We do not set the highest number, but we do set a number that we think is a realistic but stretch target. That is the culture. I do not want to set targets that are very safe and guide towards them. We will put our best foot forward.

There have been some shocks. Some of them have played out differently than we anticipated, as the AGS impact was both positive and negative, as we have seen over the last 1-1.5 years.

I do think that we are making the right investments to manage the quality of the business. If you think of EBITDA margins, I think we have done better. I hope we can maintain that. We are also looking at our forecasting and asking how we can get back to a trend line.

The year has just started. This is Q1. If you look at last year, as soon as we felt there was going to be a dip, we were early to call it out. In Q1, we have seen a little dip, and we have called it out. We will still put our best foot forward and hope that, over the next 9 months, we are able to cross the growth numbers we are indicating right now.

Praveen Kumar – Capital Advisors: Understood. Thank you for that response.

Operator: Thank you. A reminder to all participants: please restrict yourself to only 2 questions per participant. Should you have a follow-up question, we request you to rejoin the queue. The next question is from the line of Umang Shah from Bank Nifty Advisors. Please go ahead.

Umang Shah – Bank Nifty Advisors: Hi, sir. Thank you for taking my question. My first question was: in Q1, how much of our revenue would be coming from the SSSB acquisition?

Anush: Hi, Umang. Anush here. I think we spoke about the SSSB deal last time, more in terms of the overall revenue and effective valuation. As we speak right now, the contracts are in the process of being novated. In Q1, I think it will be roughly close to a 20 crore accrual from SSSB.

Umang Shah – Bank Nifty Advisors: Understood. And, sir, any thoughts on the government introducing or planning to pave the way for the introduction of MDR on UPI transactions? Any sense of how it will help increase cash transactions?

Anush: I think that is the flavor of the season right now. We have spoken to some of our direct customers to try to get a sense of how they are thinking about it. What they tell us pretty much resonates with our own thinking, but the fact is that it is a little difficult to anticipate without knowing the specific details of how exactly they will introduce it.

CMS Info Systems

11 August 2026

We have been hearing in different media reports that it will be anywhere in the range of 30 to 50 pips. What I can try to tell you is that there are 2 aspects we are trying to keep in mind.

First, we go back and look at the fundamental vision we have for CMS and what we have set for ourselves when we look at it from a cash perspective. Our goal has always been to invest in technology and process efficiency to keep the cost of cash as low as possible and to make the transaction as frictionless as possible. Ultimately, in the long run, that is what will help keep cash relevant compared with any other payment-system options.

Second, the fintech and payments world has much greater competitive intensity and many more players. We will have to see how the MDR situation develops between what has been announced and what eventually gets effectively implemented and passed on to merchants.

Right now, when you take the cost of a cash transaction to a merchant, it will be anywhere between 10 and 20 pips. To all of our current and potential customers, what we have presented is that this is what a cash transaction costs you versus UPI, which historically was perhaps free. We will have to see where the cost lands.

Umang Shah – Bank Nifty Advisors: Understood. Thanks. One clarification on your comment: you mentioned that this shortage has affected 12% of your revenue base. Are you referring to ATM logistics when you say 12% of the revenue base?

Anush: No, this is the 12% of our revenue that comes from what we call the brown-label estate, the transaction-linked ATM revenues.

Umang Shah – Bank Nifty Advisors: Understood. All right, thank you so much.

Operator: Thank you. We have our next question from the line of Krushi Parekh from Bajaj Rock. Please go ahead.

Krushii Parekh – Bajaj Rock: Hi, team. One of my questions is that we mentioned in the presentation that our touch points are currently somewhere around 155,000. What is the growth trajectory when it comes to these touch points? The data I have shows that last quarter—or last June—we had somewhere around 153,000. First of all, including acquisitions and excluding acquisitions, what kind of growth are we witnessing in our touch points?

Anush: Krushi, we keep updating this number on a quarterly basis. Right now, we are at about {? 170,000 ?} ATMs and 65,000 retail touch points.

Let me tell you about the last 12 months. Last quarter, we told you that, based on 4% sequential growth in the cash business, we used that opportunity to do a little spring-cleaning, specifically in our retail business. This involved trying to weed out some of the lower-yield, long-tail businesses, which has induced some churn.

The second point is that when you look at this not through the lens of sheer touch points but through the lens of the overall platform business, which we introduced in our September annual call, we said that, for the ATM business, it is no longer about discrete revenues lying in managed-service contracts versus ATM cash-management contracts. A lot of the business that we are incrementally

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

winning consists of integrated, end-to-end contracts.

Management: These are contracts where a customer does not distinguish between managed services and cash management. As we speak, more than 50% of our overall ATM touch points are today from those end-to-end integrated ATM contracts.

Rajiv mentioned in the opening part of his commentary that, overall, across both ATM and retail, we expect to grow between 10% and 13% on both those platforms, and closer to 30% in payments and fintech.

Krushik Parekh – Bajal Rock: My second question is related to Hawkeye. We are talking about a TAM of 3,000 crores for BFSI and 5,000 crores for non-BFSI. First of all, how are we estimating this TAM for ourselves? Is it an existing market that we are looking to replace with Hawkeye? Is it based on some kind of internal study, or is it an extrapolation of the current market based on the existing number of retail stores, ATMs, and so on?

Management: On BFSI, it is much easier because we have been much more proximate to that segment, and that is exactly the customer set where we started incubating Hawkeye 4 years ago. It is also the segment where we have had the fastest historical growth rate, simply because of our presence either in the customer accounts or as part of the broader ATM ecosystem.

In those cases, when we look at it, there are roughly close to 400,000 ATMs and bank branches in the country today. Of these, the current outsourced market is anywhere between 100,000 and 120,000. Our estimate of the opportunity size is really saying that, over some time frame in the next 5–7 years, we anticipate that the locations not covered under the Hawkeye model—which uses AI-based remote monitoring and visual surveillance—will increasingly be outsourced by the banks.

Right now, we see a very healthy pipeline of banks wanting to start implementing this, either by having us help set up a command center for them or by helping them with branch surveillance. The RFP pipeline is quite healthy for the next 18–24 months.

On non-BFSI, when we talk about those opportunities, it still goes back to the sets of businesses where we have had a use case or have conducted certain pilots or POCs. These could be gold-loan branches, dark stores, and warehouses.

In a way, the opportunity is qualified by the industries we are familiar with. Beyond this, there could be a much larger use case, but we do not know because we have not undertaken some of those activities. Incrementally, however, many people have been speaking to us.

For example, this could involve border fencing. It could also involve monitoring and supervising how examinations are conducted and identifying potential discrepancies in them. There is a world of opportunity there. We just need to pick and choose where we are best positioned, where we have the video libraries that have been created and have a high degree of accuracy, and where we are confident in backing ourselves.

Krushik Parekh – Bajal Rock: Just one thing: what was the currency handled this quarter and in the corresponding quarter of June last year?

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

Management: We will pull out the data and come back to you at the end of this call. Is that okay?

Krushii Parekh – Bajal Rock: Sure. Thank you.

Operator: Thank you. A reminder to all participants: please restrict yourself to only 2 questions per participant. Should you have a follow-up question, we request you to rejoin the queue. The next question is from the line of Ankit Kanodia from Zeniveesh. Please go ahead.

Ankit Kanodia – Zeniveesh: Thank you for taking the question. I have one simple question. One of our competitors, though probably much smaller than us, has applied for a payment aggregator license. Do we have anything along these lines? Are we keeping that as an option, or have we looked at it in the past? Any color on that would be very helpful. Thank you. That is my only question.

Management: As of now, we do not have any plans to be in the merchant-acquiring space. We find that space to be very competitive and very difficult to make money in.

In the past, we have looked at companies that have licenses, including a PA license, but it is not something that has attracted our focus and attention right now. I think market leadership there is clearly established, and it is not a space that we think makes competitive sense.

Ankit Kanodia – Zeniveesh: Thank you so much. That is all from my side.

Operator: Thank you. We have our next question from the line of Kush Shah from Duro Capital. Please go ahead.

Kush Shah – Duro Capital: Hi. Congratulations on the good set of numbers. My question is related to the future outlook for polymer, as there has been news from the government that new polymer sheets for cash have been rolled out. I want to understand the future outlook for polymer, given your view as a cash-logistics business.

Management: From what we have read publicly, I believe polymer notes are currently being planned for the lower denominations, which are the 10s, 20s, and 50s, and may possibly extend to 100s, but typically the 10s, 20s, and 50s.

Generally, the industry's experience, when I look at the life of a currency note, is that—and this is somewhat dated information—the last time I read an RBI statistic, it said the life of an Indian currency note is about 11 months on average. This means the 100s, 200s, and 500s possibly last a little longer because the frequency of handling is somewhat lower than for the lower denominations, which are withdrawn from circulation much sooner.

Polymer is a great innovation to help extend the lifespan of a currency note. It has also been seen internationally that polymer notes tend to have a lower lifecycle cost of currency printing and handling. If India is currently incurring roughly 5,000 crores in currency printing annually, polymer may have a slightly higher upfront cost, but over a longer period it should reduce the cost.

For us, I think the implications are much smaller because ATMs are still not configured to handle some of the lower denominations. They still handle 100s, 200s, and 500s. However, in terms of

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

some of the work we do for our CIT work and currency-chest work, there may be some incremental opportunities, especially by helping with the transaction and processing vaults that we operate.

Kush Shah – Duro Capital: Perhaps it would take around 3–5 years, I guess. Would it take 3–5 years or more than 5 years?

Management: I cannot help you on that, Kush, because that is more a matter for the regulators to decide in terms of the time frame. However, this has been under discussion for a while. It simply seems to be picking up momentum now.

Kush Shah – Duro Capital: Okay. Thank you so much. That is all from my side.

Operator: Thank you. We have our next question from the line of Manav Batra from Deswal Advisory. Please go ahead.

Manav Batra – Deswal Advisory: Am I audible?

Management: Yes, please go ahead with your questions.

Manav Batra – Deswal Advisory: Thanks for taking my question. I saw one question around CAPEX. FY26 CAPEX was around 350 crores, and the guidance for FY27 is around 100–125 crores. Does that mean the CAPEX already incurred in 2026 is sufficient for FY27, or are you becoming more selective about incremental deployment?

Management: FY26 CAPEX was mainly for the execution of orders worth around 200 crore rupees that we had won. This year, as we have explained earlier, we are not going for the transaction-based BLATM model. We are focusing more on the Hawkeye and Algo platforms, which is where we are looking to invest. That is the reason the CAPEX investment has reduced to 100–125 crore rupees.

Manav Batra – Deswal Advisory: Understood, sir. Thank you for taking my questions.

Operator: Thank you. We have our next question from the line of Priyam Shrivastava from My Capital. Please go ahead.

Priyam Shrivastava – My Capital: Thank you for the opportunity. I understand there are 1 lakh bank ATMs for which cash logistics have not yet been outsourced. What would you expect the pace of outsourcing for those ATMs to be? Are there any ongoing tenders or advanced negotiations for outsourcing deals?

Management: Could you repeat the last part of your question? It was not very clear. Ongoing tenders?

Priyam Shrivastava – My Capital: I wanted to ask if there are any ongoing tenders or advanced negotiations for these outsourcing deals.

Management: If there were, I do not think I would be able to discuss them, given that there is ultimately a competitive element to them.

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

In all seriousness, if you look at the longer-term trend of the outsourced market, going back 10 years, I think it was closer to about 20%. Right now, I think it is closer to 60-65%.

Generally, the theory is that the 100,000 ATMs would be primarily split into 2 cohorts. There would be the public-sector banks, where the on-site ATMs co-located with the bank branches are serviced by the banks themselves. Then there would be the white-label ATM companies, which typically fulfill a large proportion of their ATMs through what we call the franchise model, where they are effectively managed in a much more decentralized manner.

I think the public-sector bank number would be closer to 75,000-80,000 ATMs that are managed by the banks themselves. With each RFP cycle, a larger percentage of these continues to be outsourced. That is a trend we have been seeing, and we will continue to see it.

Coming to the second part of your question regarding the industry RFP pipeline, there are 2 things I would call out. First, FY26 was mostly a period when RFPs had paused. In FY27, we started seeing banks return to the refresh cycle.

In Q1, we won 2 of those RFPs for the replacement and growth of about 1,000 recyclers for banks. Between Q2 and Q4, we continue to see a fairly healthy RFP pipeline on the recycler side.

The other area where we are quite excited, looking at the RFP pipeline, is particularly in the payments and technology parts of our business. Across both Hawkeye enterprise solutions, which is what we sell into bank branches, and Algo MVS, both seem to be seeing a fair degree of activity.

Priyam Shrivastava – My Capital: Okay, got it. Thank you.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one on your touchtone phone. We have our next question from the line of Praveen Kumar from Equitas Capital Advisors. Please go ahead.

Praveen Kumar – Equitas Capital Advisors: Thanks again for the opportunity. My question was on EBIT margins. While EBITDA margins are better year-on-year and sequentially, due to the higher depreciation, EBIT margins are somewhat lower. I would like to get a sense of where you see the benefits of the investment coming through and improving EBIT margins, hopefully back to the FY25 levels.

Management: This quarter, depreciation was higher due to the {? FS acquisition ?} and the higher CAPEX we incurred in Q4, mainly in Hawkeye and Algo product development. Regarding the {? FS ?}, we believe that the {? FS ?} integration and the synergy benefits will start from H2 onwards.

For Hawkeye and Algo product development, we have incurred costs, and there is a significant pipeline. Rajiv has clearly mentioned that we are expecting a higher degree of growth in that segment, which will give us better results. The benefits will come in H2 or the coming year.

Management: To further answer, depreciation as a ratio should trend back to a better level in FY28. In H2, you should start seeing a lower percentage, with further improvement in FY28.

CMS Info Systems

11 August 2026

The way you should think about it is that there is an acquisition-linked cost where the returns will hopefully come in H2 itself. That was the track record we had when we acquired Securitrans.

As for Hawkeye, we have a couple of large bid pipelines right now. Depending on the bidding process and whether we win them, I think that will help support good revenue, where the development cost has already been largely incurred.

Praveen Kumar – Equitas Capital Advisors: Understood. My next question was broadly on capital allocation. I would like to get a sense of how you are thinking about capital allocation at this point in time.

I understand that you have referred to spending more on technology and making technology investments from here on. However, given that you already completed a buyback a few months ago and the stock, if anything, is somewhat cheaper compared with then, I understand that you cannot do another buyback for some time. I wanted to get your broad thoughts on how you are looking at capital allocation right now.

Management: At the board, we discussed our capital-allocation plans and our thinking, and the buyback was a result of that in the last quarter. Buybacks at that time were done at some premium to market prices.

Where we stand right now, I think we have roughly 400 crores of cash on the books. Looking at our cash-flow-generating capacity at the end of the year, I would say that we will always keep a buffer with us to invest in inorganic opportunities.

We have been working on inorganic opportunities to diversify the business and also move further into technology and payments. That is an area of serious interest. It is something we have maintained. There are opportunities there, but the pricing and the value are what we continue to focus on.

Anything that is surplus, other than what we realistically think we need over the next 1-1.5 years, would always be returned through a mix of dividends and, if needed, a buyback at that point in time.

I would refer to the letter I wrote 2-3 months ago. That is the principle we will follow. I do not think there will be a dramatic change every quarter in the way we think. We will look at it only towards the end of the year.

Praveen Kumar – Equitas Capital Advisors: Understood. Thank you.

Operator: Thank you. We have our next question from the line of Amit, an individual investor. Please go ahead.

Amit – Individual Investor: Am I audible?

Management: Yes, Amit. Please proceed with your question.

Amit – Individual Investor: I have a data-related question. What was the CAPEX for Q1 net of CWIP? Also, historically, we have talked about CAPEX as a block covering 2-3 years. What is the CAPEX plan for the FY27-FY29 block? How much of this is estimated to be towards growth?

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

Management: Last year, we incurred CAPEX of {? 350 crore rupees ?}. The CAPEX in the year before that was much lower, which is the reason it was 350 crore rupees. We have explained that we expect CAPEX of around 200 crore rupees on a year-on-year basis, if you look at the last 4–5 years.

This year, we have given guidance of around 100–125 crore rupees, mainly in our technology business. Right now, there are many opportunities, especially on the technology and Algo MVS side. Based on the visibility we currently have, we have given the estimate accordingly.

If those opportunities materialize, CAPEX may increase, but based on what we see right now, it should not cross more than 200 crore rupees.

Amit – Individual Investor: Thank you. That is quite helpful.

Operator: Thank you. We have our next question from the line of Shivram Prasad, an individual investor. Please go ahead.

Shivram Prasad – Individual Investor: I am here. [inaudible]

Operator: Shivram, are you there? Shivram, are you there? [inaudible background dialogue] You had left before pressing it.

We have the next question from the line of Dhruv, an individual investor. Please go ahead.

Dhruv – Individual Investor: Thank you. My question was along the lines of capital allocation. One of the things that concerned me as an individual investor is that, despite the company doing well and producing strong cash flows, I think the stock is trading at extremely low multiples, with forward multiples of almost 10–12x on a P/E basis.

I was wondering how management is thinking about rewarding shareholders, especially given that there was a buyback recently and the stock reaction and market reaction to it are still not very positive. I wanted to understand whether there are any further thoughts on that.

Anush: I think it is a tricky question for management to answer. We will obviously focus on what we can do, which is run a good-quality business and deliver growth in line with it. Over time, markets should hopefully normalize.

Thank you for your patience in holding the stock. I do not think you should view the buyback as a reward. You should think of it simply as a way to return capital that we do not need, either through a dividend or a buyback, when we felt that the stock was very cheap and therefore it made sense to invest in our own stock.

If we are able to execute on our journey and the business continues to grow, we hope the stock price will reflect a fair multiple in the coming year.

Dhruv – Individual Investor: Got it. Thank you.

Operator: Thank you. We have our next question from the line of Komal Shah from Banyan Tree Advisors. Please go ahead.

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

Komal Shah – Banyan Tree Advisors: Thank you for the opportunity again. We are guiding for strong double-digit growth. I understand that Hawkeye and Algo MVS will account for a larger share of the growth. Would we also see similar growth in the brown-label ATM product business?

Anush: Hi, Komal. From a business perspective, I think our capital allocation is fairly clear in terms of where we want to focus and where we would not want to invest incremental capital.

The transaction-based BLATM business is clearly one area where we would not invest. We have been very vocal about this in the past, and we continue to maintain the same position going forward. This is not an area where we would look at investing our capital at all.

If there are interesting opportunities around fixed-fee outsourcing and working with high-quality banks, we will look at them. However, from a business and growth perspective, we will be very selective and try to direct an outsized proportion of our investment towards technology and payments.

Komal Shah – Banyan Tree Advisors: Understood. My second question is whether we also see consolidation happening in the managed-services space, with CMS Info Systems Ltd. acquiring FSS. With this consolidation also taking place, do you see more public-sector banks looking to outsource their ATMs to players like us?

Anush: Within managed services, there are multiple types of orders and deals that come up. We have said this before, and we will see a big shift in newer contracts towards either fixed-fee models, because I do not think the industry will be bidding for transaction models anymore.

When contracts move to fixed fees, they will be integrated contracts covering everything from supply to the management of managed services and cash management. We are one of the 2 players that have these services in-house.

Will that result in a higher win rate? Logically, yes, but again, we do not know how other participants will compete on pricing. The fact that we have had a fairly decent track record in the last 12-18 months in terms of wins reflects the nature and quality of the services we offer, as well as our pricing.

Over time, do we see fewer companies doing the majority of the work? I do think so, but we will have to see how these RFPs come through and what the win rate is.

Komal Shah – Banyan Tree Advisors: Got it. As a final clarification, you mentioned that private-sector renegotiation is targeted for completion by Q2. For public-sector banks, you mentioned that IBA is constituting a committee. Do you have any idea by when the rates can be transitioned or when we can receive the rate increases?

Anush: From our side, the ideal goal is to have it happen as soon as possible. However, given the nuances of managing a complex set of customers with multiple legacy contracts and RFPs that are fairly binding on them, we are being mindful of that and still hoping to close it as soon as possible.

When we come back to you, we hope that by the end of Q2 we will have a more positive update.

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

Komal Shah – Banyan Tree Advisors: Understood. Thank you so much. All the best.

Operator: Thank you. We have a follow-up question from the line of Rishi Parekh from Buzzclock. Please go ahead.

Rishi Parekh – Buzzclock: If you can, please give us a sense of when most of the contracts are coming up for renewal over the next 2–3 years, whereby we may look for an upgradation cycle and perhaps integrate our managed services along with those contracts. That is the first question.

Anush: For the contracts that CMS Info Systems Ltd. directly services as a managed-services partner, I think those are fairly long-term contracts. Given that this is a business that has scaled up only in the last 2–3 years, I think we are some time away from having a cliff in terms of the renewal cycle.

As far as some of the other banks are concerned, I think their contracts are more spread out and come up as different opportunities throughout the year.

Again, our goal is simple: to be one of the largest market participants, with the ability to deliver end-to-end integrated services of a very high quality. We continue to rely on the fact that our incremental wins should be higher than our current market share, leading to continued growth in our share of this business.

Rishi Parekh – Buzzclock: Secondly, in terms of gaining share in the retail sector, especially through our direct efforts, how are we doing there right now? What are we looking to do in the near future, over the next year? I specifically remember that we were looking to gain share and that an aggressive approach was our strategy to gain volumes in this area.

Anush: There is no change in the strategy or approach, Rishi. We continue to be very focused on that. If I look at our current number of logos, it would be around 170–175 logos that we are working with.

Every quarter and every month, we continue to chip away and keep adding to the set of customers we work with. I think the solution and offering we have there is fairly compelling and quite solid.

Having said that, there is also a constant effort to improve overall yield and realization. As we keep widening the base of the pyramid, we will tend to pick up a mix of businesses. It takes a while—6 months, 1 year, or perhaps longer—to evaluate what really fits into our core thesis and what does not.

We continue to be very focused and very aggressive on that.

Rishi Parekh – Buzzclock: Thank you, Anush.

Operator: Thank you. Ladies and gentlemen, thank you for joining the call. That was the last question of the day. On behalf of JM Financial, this concludes the conference. Thank you for joining us, and you may now disconnect your lines.

Report is AI-generated and may contain inaccuracies.

CMS Info Systems

11 August 2026

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.