April 08, 2025

Securitrans India Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/ Short-term – Fund-based / Non-fund Based	60.00	60.00	[ICRA]AA+(Stable)/ [ICRA]A1+, reaffirmed
Unallocated Limits	20.00	20.00	[ICRA]AA+(Stable)/ [ICRA]A1+, reaffirmed
Total	**80.00**	**80.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings are based on a consolidated view of the rated entity Securitrans India Private Limited (SIPL) with its parent, CMS Info Systems Limited (CMS) because of the close operational, management and financial linkages between CMS and SIPL. Both CMS and SIPL operate in the cash management business, and share a common management and close financial ties.

The ratings action factors in CMS' leadership position in the cash management business and its diversified service offerings under its managed service segment, thus providing it with a competitive edge. CMS has established long-term relationships with its reputed clientele along with a wide geographical reach with a pan-India presence. The ratings also factor in the company's strong financial profile, supported by consistent revenue growth and healthy accrual generation, characterised by net debt-free status and strong liquidity position, which is expected to sustain, going forward. The company reported a healthy YoY revenue increase of 18.3% in FY2024, primarily led by growth in managed services. While CMS witnessed some moderation in margin during the year due to change in business mix, its overall margins remained stable at 26-27%. The growth momentum witnessed some moderation in 9M FY2025 with a YoY growth of 10%, owing to some delays in order execution in the managed services business. However, going forward, CMS is expected to witness a healthy growth, supported by a strong order book position, increased outsourcing of ATMs by banks to cater to semi-urban and rural areas and growth in organised retail. Besides, ICRA expects CMS to benefit to some extent from incremental business opportunities emanating from the recent industry level consolidation with operational/financial constraints faced by another key industry player.

CMS' receivable levels increased in H1 FY2025 partly due to delayed payments from one of its key clients. Nonetheless, by Q3 FY2025, its receivable levels have improved to some extent with further recovery expected in Q4 FY2025. Consequently, ICRA expects the company's receivable days in FY2025 to be largely in line with FY2024 levels.

ICRA also notes the regulated nature of the business as well as an increase in usage and acceptance of alternative payment methods like net banking, mobile wallets, unified payment interface (UPI), credit cards, etc, though the total currency in circulation and ATM withdrawals have remained stable over the last few years. The ratings also consider the vulnerability of the business to the risk of cash loss in transit due to theft, fraud, armed robbery, losses incurred due to disputed receivables etc. However, strong internal processes, adequate receivable provision and comprehensive insurance cover provide comfort. While acquisitions by CMS over the last few years have not been sizeable relative to its scale of operations, the extent of capital expenditure (capex) undertaken along with the size of any future acquisitions and financing adopted, would remain monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that CMS will maintain its strong credit profile and liquidity position, supported by healthy internal accrual generation and continued net debt negative status.

Key rating drivers and their description

Credit strengths

Leading player in cash management business — Incorporated in 2008, CMS is the leading player across all verticals of its cash management business. Along with its subsidiary (SIPL), the company manages ~1,46,000 business points as of December 2024 (1,33,000 as of December 2023) and has a ~42% market share.

Long-term relationships with key clients – The company's clientele comprises reputed and well-established players like SBI, HDFC Bank, Axis Bank, ICICI Bank, Citi Bank, Hitachi Payment Services Private Limited, Financial-Software and Systems Private Limited, etc. Over the years, the company has developed strong relationships with its clients, which aid in incremental business, supporting revenue growth.

Strong financial profile and liquidity position — The company continued to witness a healthy YoY revenue growth of 18.3% in FY2024, primarily driven by managed services business. However, its margin witnessed some moderation owing to higher employee cost but remained healthy at ~26.5% in FY2024. The growth momentum moderated to some extent in 9M FY2025 on account of delay in order execution, with the company posting a YoY revenue growth of 10% with the operating margin remaining stable at 25-26%. The consistent YoY growth witnessed by CMS led to heathy accrual generation, which in turn supports its strong liquidity profile. The company's strong financial risk profile is expected to be maintained, aided by steady revenue growth, healthy profitability, a strong capital structure with negative net debt status.

Sizeable order book provides revenue visibility in the near to medium term — The company reported a healthy order book of Rs. 1,700 crore in its manged services segment (as on December 31, 2024), with new orders of ~Rs. 700 crore till 9M FY2025. The orders are relatively long-term contracts as they consist of end-to-end managed solutions over a fixed period of 4-7 years, thus providing revenue visibility over the near-to-medium term. ICRA expects CMS to secure new orders, supported by the expected increase in penetration of ATMs in semi-urban and rural areas and increased outsourcing of ATMs by banks. Also, its software and technology business (under managed services) are likely to witness a steady scale-up, supported by healthy orders for remote monitoring and software implementation.

Credit challenges

Vulnerability to regulatory risks — The cash management services have been regulated by the Reserve Bank of India (RBI) with regular interventions and increase in compliance requirements, leading to a rise in costs for the ATM service provider. Though the industry expects the same to be passed on to the customers, the scale and profitability remain vulnerable to any unforeseen adverse regulatory changes.

Challenges from alternative payment methods — Following demonetisation, the usability and acceptability of alternative digital payment methods like UPI, debit cards, credit cards and mobile wallets etc. are on the rise, especially in metros and urban areas. The availability of affordable data services and large-scale penetration of smartphones are among the key growth drivers for digital transactions, further supported by various schemes and incentives by the Government. Though the currency in circulation and ATM withdrawal have remained stable over the past few years, increase in alternative payment methods continues to remain a threat and the cash management business may face challenges if there is any significant shift in the use of digital payment methods instead of cash.

Business vulnerable to cash loss risk – Given the large volumes of cash it handles, CMS is exposed to various operational risks/reconciliation gaps arising out of cash loss related to armed robbery, end-customer or third-party fraud, theft or embezzlement by personnel provided by third-party service providers, etc. However, enhanced security requirements as per the RBI guidelines, strong internal controls and processes, coupled with comprehensive insurance cover, provide comfort. The overall provisions/write-offs related to such risks have remained at 4-6% of the company's revenue, despite which it has continued to report healthy operating margins.

Environmental and social risks

Environmental considerations – CMS is a service provider for various financial institutions, hence it faces limited environmental risks. However, it deploys a large fleet of diesel vehicles through its cash management business, which makes managing its carbon footprint an important consideration. The company continuously takes steps to reduce its carbon footprint by decarbonisation of its vehicles and increasing the usage of CNG vehicles.

Social considerations – Potential reputational risks could arise from the mismanagement or improper use of its vehicles and secured facilities by employees or others. CMS has been an occasional target of pilferage by miscreants seeking to steal its cash or other valuables. However, its track record and reputation for prudent management and security controls provide support that any future episodes are likely to be handled safely and without incurring any reputational damage.

Liquidity position: Strong

The company's liquidity position is strong, aided by healthy internal accrual generation, cash and cash equivalents and liquid investments of Rs. 807 crore (including encumbered balance), and cushion available in the form of unutilised fund-based working capital limits of Rs. 126.0 crore as on January 31, 2025. Moreover, the company continues to remain debt free (excluding lease liabilities) that support its financial flexibility and liquidity profile.

Rating sensitivities

Positive factors – A rating upgrade for CMS is less likely in the medium term, given the scale of operations and concentration of its cash management business. However, the long-term rating could be upgraded if the company demonstrates a significant increase in its market share and revenue along with diversity of its business profile, while maintaining its operating margins, debt protection metrics and strong liquidity position.

Negative factors – Pressure on CMS' rating could arise if there is any material decline in its revenue and profitability. Any sizeable debt-funded capex or dividend payout that may adversely impact the credit profile and liquidity position could also lead to ratings downgrade. Specific credit metrics that could lead to a downgrade of CMS' ratings include Total Debt/OPBITDA (debt including lease liability) of more than 1.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of CMS. As of December 31, 2024, CMS had five wholly-owned subsidiaries, including SIPL and two foundation/trusts, whose details have been enlisted in Annexure II.

About the company

Incorporated in 1998, SIPL provides a range of services such as ATM management, cash in transit, and dedicated cash vans. The company became CMS's subsidiary in June 2011 when CMS acquired a 95% stake in SIPL. Subsequently in 2014, SIPL became a wholly-owned subsidiary of CMS.

CMS, headquartered in Mumbai, is one of India's leading business services platforms focusing on BFSI and retail segments. The company was incorporated in March 2008, by hiving off selected business segments of CMS Computers Limited. CMS was historically engaged in two broad businesses, namely, IT services and print solutions (includes services like financial card management, print and digital solutions, IT infrastructure support, trading of IT equipment, and IT training services), and cash and ATM management. In FY2015, the IT business, along with the print division of CMS were carved out and demerged into a new company, CMS IT Services Private Limited.

After the demerger, CMS has been involved in cash management and managed services. The cash management segment includes ATM cash management, retail cash management and cash in transit. The managed services include banking automation, brown label ATM, managed services, software solutions and remote monitoring technology solutions.

Key financial indicators (audited)

CMS (Consolidated)	FY2023	FY2024	9M FY2025*
Operating income	1914.7	2264.7	1805.5
PAT	297.2	347.1	274.9
OPBDIT/OI	28.2%	26.5%	25.7%
PAT/OI	15.5%	15.3%	15.2%
Total outside liabilities/Tangible net worth (times)	0.3	0.3	-
Total debt/OPBDIT (times)	0.4	0.3	-
Interest coverage (times)	27.5	37.0	34.1

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Apr 08, 2025	Date	Rating	Date	Rating	Date	Rating
Long term/ short term- Fund-Based/ Non-Fund based	Long term/ short term	60.00	**[ICRA]AA+ (Stable)/ [ICRA]A1+**	-	-	Jan 25, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-
Unallocated Limits	Long term/ short term	20.00	**[ICRA]AA+ (Stable)/ [ICRA]A1+**	-	-	Jan 25, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-
Fund-based – Working Capital facility	Long term/ short term	-	-	-	-	-	-	Mar 22, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
				-	-	-	-	Sep 26, 2022	[ICRA]AA (Positive)/ [ICRA]A1+
Non-Fund based – BG/LC	Long term/ short term	-	-	-	-	-	-	Mar 22, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
				-	-	-	-	Sep 26, 2022	[ICRA]AA (Positive)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/ short term- Fund-Based/ Non-Fund based	Simple
Unallocated Limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term/ short term- Fund-Based/ Non-Fund based	NA	NA	NA	60.00	[ICRA]AA+(Stable)/ [ICRA]A1+
NA	Unallocated Limits	NA	NA	NA	20.00	[ICRA]AA+(Stable)/ [ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Subsidiaries		
Securitrans India Private Limited	100%	Full Consolidation
CMS Securitas Limited	100%	Full Consolidation
CMS Marshall Limited (Subsidiary of CMS Securitas Limited)	100%	Full Consolidation
Quality Logistics Service Private Limited	100%	Full Consolidation
Hemabh Technology Private Limited	100%	Full Consolidation
Foundation/Trusts		
CMS Info Foundation (a non-profit organization incorporated under Section 8 of the Companies Act, 2013)	100%	Full Consolidation
CMS Securitas Employee Welfare Trust ('CMS Trust')	100%	Full Consolidation

Source: Q3 FY2025 results

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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