

Securitrans India Private Limited

December 31, 2018

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based - Working Capital Facilities	40.00	40.00	[ICRA]AA(SO) (Stable)/[ICRA]A1+(SO); Reaffirmed
Non-fund Based-Working Capital Facilities	40.00	40.00	[ICRA]AA(SO) (Stable)/[ICRA]A1+(SO); Reaffirmed
Total	80.00	80.00	

*Instrument details are provided in Annexure-1

Rationale

The reaffirmation of the ratings takes into account the unconditional and irrevocable corporate guarantee by the parent company, CMS Info Systems Limited ([ICRA]AA(Stable)/[ICRA]A1+) for the Rs. 80 crore bank facilities of Securitrans India Private Limited (SIPL) and an undertaking from the guarantor to ensure that the debt obligations are serviced on or prior to the due date, irrespective of the invocation of the guarantee by the beneficiary.

Outlook: Stable

ICRA believes Securitrans India Private Limited would continue to benefit from the strong parentage of CMS Info Systems Limited. The outlook may be revised if there is a change in outlook of the guarantor, CMS Info Systems Limited.

Key rating drivers

The ratings are principally based on the strength of the unconditional and irrevocable corporate guarantee extended by the parent company, i.e. CMS Info Systems Limited (CMS) and an undertaking provided by CMS that it would ensure that the related debt obligations are serviced on or prior to the due date, for the entire bank facilities of SIPL. The ratings address the servicing of the bank lines to happen as per the terms of the underlying sanction letter and the guarantee arrangement and assume that the guarantee will be duly invoked, as per the terms of the underlying sanction letter and guarantee agreements, in case there is a default in payment by the borrower.

Liquidity Position:

CMS has a healthy liquidity profile with sizeable cash balances of Rs. 74 crore as September 30, 2018. The company has been generating healthy cash flows with free cash flows in excess of Rs. 100 crore for FY2018. CMS has no long-term debt repayment obligations. Further, CMS has adequate cushion available in the form of unutilised fund-based working capital limits.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Approach for rating debt instruments backed by third-party explicit support
Parent/Group Support	The assigned ratings are based on unconditional, irrevocable corporate guarantee extended by SIPL's parent company – CMS Info Systems Limited.
Consolidation / Standalone	The ratings are based on the standalone financial profile of the company.

About the company:

Incorporated in 1998, Securitrans India Private Limited (SIPL) provides a range of services such as ATM management, cash-in-transit, and dedicated cash vans etc. The company became a subsidiary of CMS Info Systems Limited (CMS) in June 2011 when CMS acquired a 95% stake in SIPL. Subsequently in 2014, SIPL became a wholly-owned subsidiary of CMS. SIPL has a network of 120 branch offices, service delivery in 900 locations and a team of 7,000 employees spread across the country. The company has a strong presence in the northern region of the country. SIPL's clientele includes HDFC Bank, Citi Bank, AXIS Bank, Kotak Mahindra Bank, UBI, Canara Bank and ICICI Bank.

Key financial indicators – SIPL (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	224.3	239.0
PAT (Rs. crore)	3.4	3.2
OPBDIT/OI (%)	8.5%	10.4%
RoCE (%)	9.7%	12.4%
Total Debt/TNW (times)	1.7	1.8
Total Debt/OPBDIT (times)	3.6	3.3
Interest coverage (times)	2.4	2.7

About the guarantor:

CMS Info Systems Limited (CMS), headquartered in Mumbai, provides cash management services. The company was incorporated in March 2008, by hiving off selected business segments of CMS Computers Limited. CMS was historically engaged in two broad lines of businesses, namely, IT Services and Print Solutions (which includes services like Financial Card Management, Print & Digital Solutions and IT Infrastructure support, Trading of IT equipment(s) & IT Training Services) and Cash & ATM management. During FY 2015, the IT business along with print division of CMS was carved out and demerged into a new company, namely, CMS IT Services Private Limited. Post the demerger, CMS is engaged in ATM and cash management, ATM installation and maintenance services and card personalization services. Sion Investment Holdings Pte. Limited, an affiliate of Baring Private Equity Asia holds 100% stake in the company which it acquired from the Blackstone Group (56.2%), erstwhile promoters (32%), CMS Computers (6.7%) and employees (5.1%) in August 2015.

For the detailed rating rationale on CMS Info Systems Limited, please refer to this [link](#).

Key financial indicators - CMS (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	1,007.4	977.7
PAT (Rs. crore)	78.7	80.2
OPBDIT/OI (%)	15.5%	15.1%
RoCE (%)	21.9%	19.6%
Total Debt/TNW (times)	0.0	0.0
Total Debt/OPBDIT (times)	0.1	0.0
Interest coverage (times)	19.7	105.2

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

		Current Rating (FY2019)			Chronology of Rating History for the Past 3 Years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016	
				Dec 2018	Jan 2018	Oct 2016	Aug 2015	
1	Fund based – CC/WCDL	40.00	-	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)	
2	Non-fund based – BG/LC	40.00	-	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)	

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit/ WCDL	NA	NA	NA	40.00	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)
NA	Letter of Credit & Bank Guarantee	NA	NA	NA	40.00	[ICRA]AA(SO) (Stable)/ [ICRA]A1+(SO)

Source: Securitrans India Pvt. Ltd.

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About ICRA Limited:

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