

# Report on Cash Logistic Services Industry in India

SIS Cash Services Limited

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*Priyanka Murarka*



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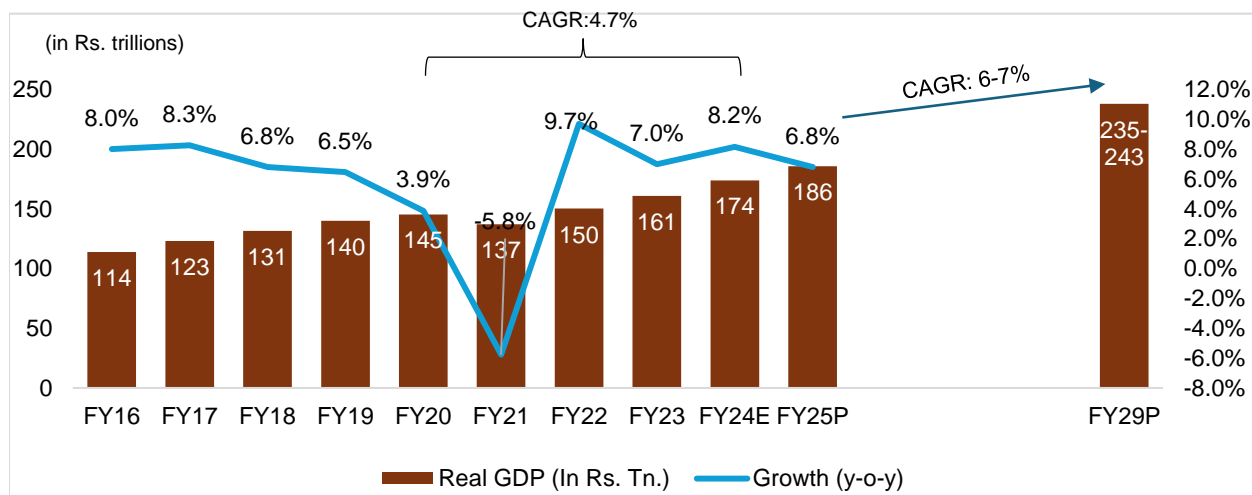
## Macroeconomic Scenario in India

### India expected to remain one of the fastest growing economies in the world

The Indian economy was amongst the fastest-growing in the world prior to onset of the Covid-19 pandemic. In the years leading up to the global health crisis which disrupted economic activities, the country's economic indicators posted gradual improvements owing to strong local consumption and lower reliance on global demand. Despite global geopolitical instability, India continues to maintain its position as one of the fastest-growing economies globally. In May 2024, the National Statistical Office (NSO) in its provisional estimate of national income estimated the real GDP to have grown at 8.2% year-on-year in Fiscal 2024, while in Q4 FY24, growth was much stronger at 7.8% than 5.9% factored in the second advance estimates in February 2024.

Going forward, CRISIL MI&A expects a moderation in GDP growth rate to 6.8% in Fiscal 2025, largely due to various factors like Government's focus on Fiscal consolidation, high interest rates and low Fiscal impulse, which is likely to lead to moderation in investments, which is a key factor for economic growth. Additionally, ongoing transfer of increased interest rates to retail borrowers and regulatory measures by the RBI to control risky lending could further affect credit support for consumption. Slower global growth and possible spikes in commodity price, especially crude oil may also contribute to moderation in economic growth of India. Overall, easing domestic inflation will be the main driver of the RBI's rate cuts from February 2025. That said, the cumulative reduction in the upcoming cutting cycle would be less than the 250-bps hike affected since May 2022 as domestic growth momentum is projected to remain healthy and global rate cut cycle will also be shallower. GDP grew 5.4% on-year in the second quarter of this Fiscal 2025, a sharp deceleration from the 6.7% in the first quarter of Fiscal 2025. This comes over high growth in the second quarter of Fiscal 2024, in which the economy had grown 8.1%. On the demand side, moderation in consumption and investment growth were a drag on GDP growth. From the supply side, manufacturing growth slowed sharply compared to the first quarter of Fiscal 2025, weighed down by weaker domestic demand and worsening export performance. Services in comparison maintained its momentum of over 7% growth. India's economy has shown significant signs of recovery from the COVID-19 crisis, achieving a robust GDP growth of around 4.7% CAGR between Fiscal 2020 & Fiscal 2024, underscoring the country's potential for long-term economic expansion. The increase in the country's gross domestic product and consumer price index provides support for the demand for cash, as continued economic growth and inflation drive reliance on cash.

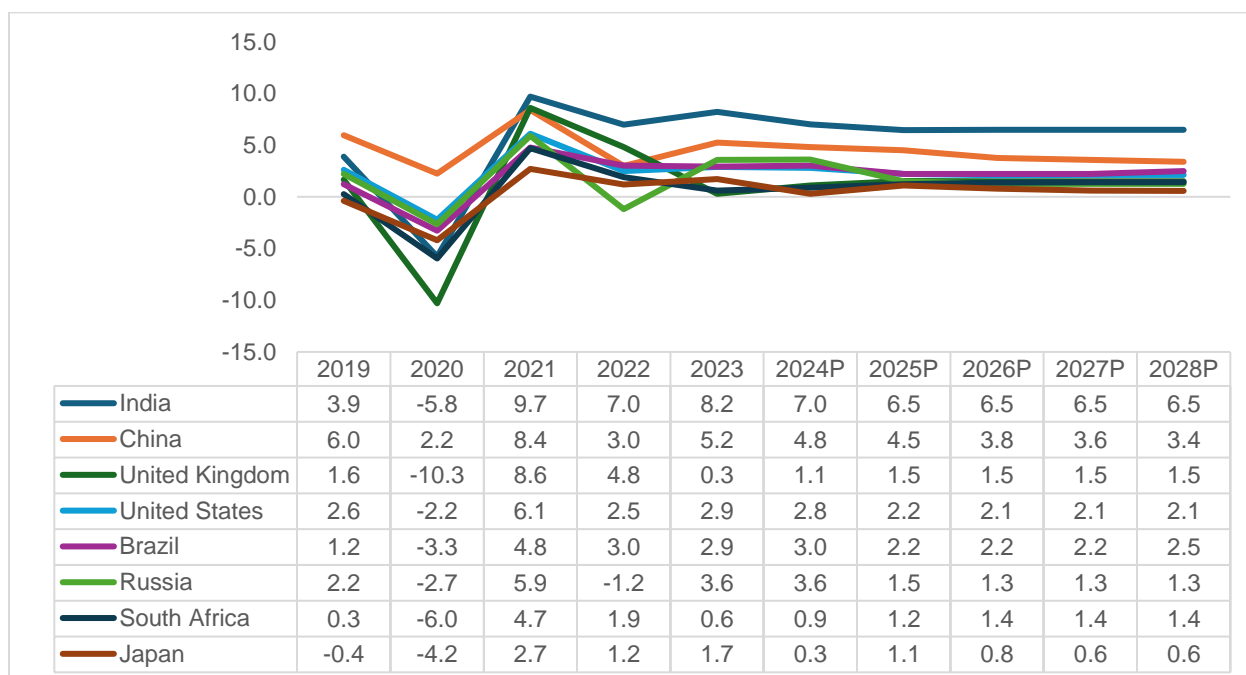
### India's economy expected to grow at 6.8% in Fiscal 2025



Note: E = Estimated, P = Projected; GDP growth till Fiscal 2023 is actuals. GDP estimates for Fiscal 2024 is based on NSO Estimates and projected GDP growth for Fiscal 2025 is based on CRISIL MI&A's estimates and that for Fiscals 2025-2029 is based on IMF's projections; Source: NSO, CRISIL MI&A, IMF (World Economic Outlook – October 2024)

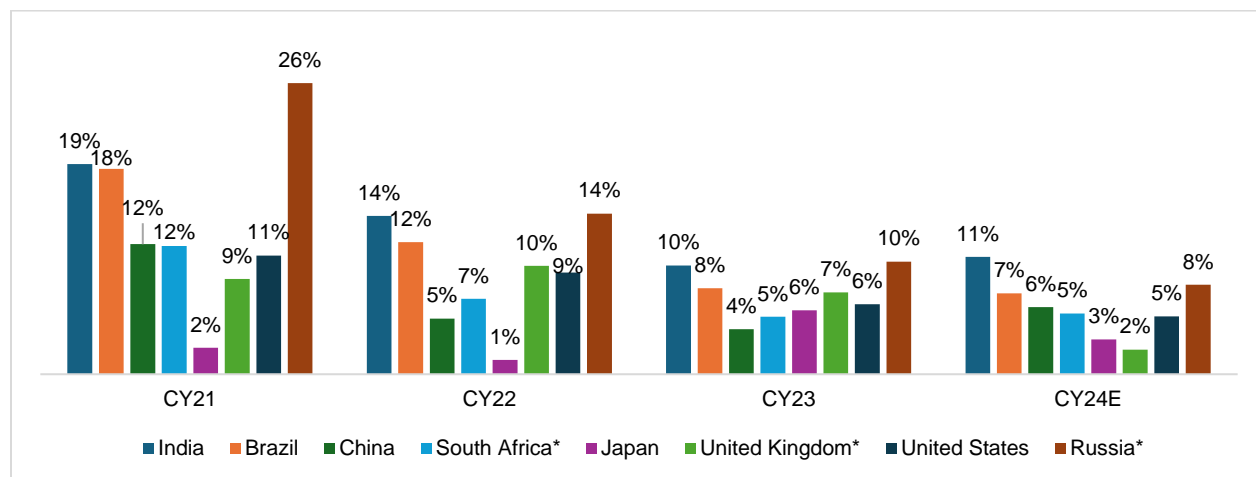
Over the past three Fiscals (Fiscals 2022-2024), the Indian economy has outperformed its global counterparts by witnessing a faster growth. In IMF's October 2024 update, it raised the GDP growth forecast for India, highlighting India's improved prospect for private consumption, particularly in rural areas. Going forward, IMF projects that the Indian economy will remain strong and would continue to be one of the fastest growing economies.

### India is the fastest-growing major economies (Real GDP growth, % year-on-year)



Note: All forecasts refer to IMF forecasts. GDP growth is based on constant prices, Data represented is for calendar years, Figures for CY 2024 & 2025 as per WEO - July 2024, P: Projected; Source: IMF (World Economic Outlook – October 2024), CRISIL MI&A

**India’s nominal GDP position is strengthening compared to other major economies (GDP growth, % year-on-year)**

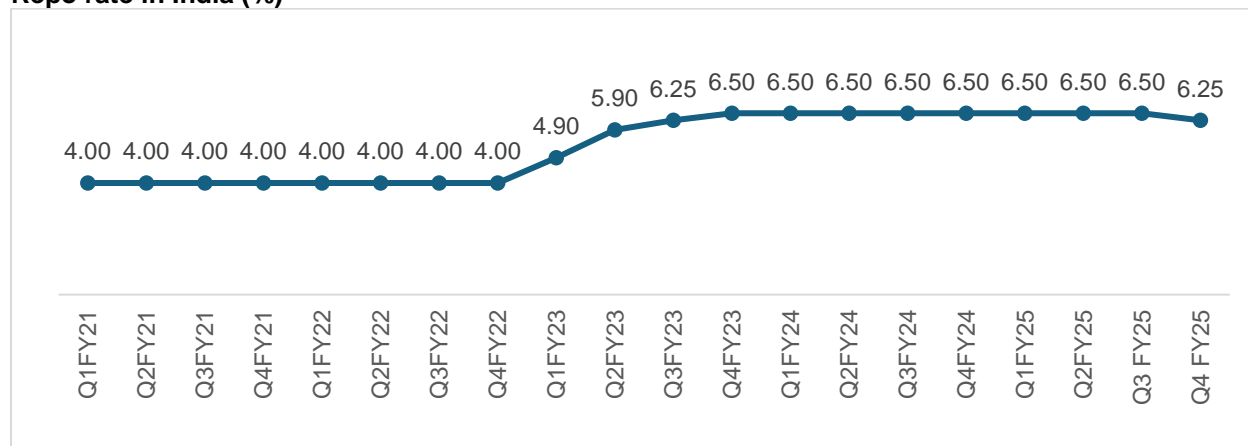


Note: All forecasts refer to IMF forecasts. GDP growth is based on current prices in national currency for each country.  
\* Estimated GDP growth for FY23, E - Estimated; Source: IMF (World Economic Outlook – October 2024), CRISIL MI&A

**RBI cuts Repo rate by 25 bps while maintaining neutral stance**

The Reserve Bank of India's (RBI) MPC in its February 2025 meeting unanimously voted to cut the policy rates by 25 basis points. Easing inflation and a slowing economy prompted the central bank to cut rates. However, the MPC maintained neutral stance, which gives it flexibility to remain data- dependent and respond to any global shock. Crisil Intelligence expects the MPC to cut rates by 75-100 basis points next fiscal. US tariff hikes, moderating US federal reserve rate cuts and weather-related risks will have bearing on the rate cutting cycle.

**Repo rate in India (%)**



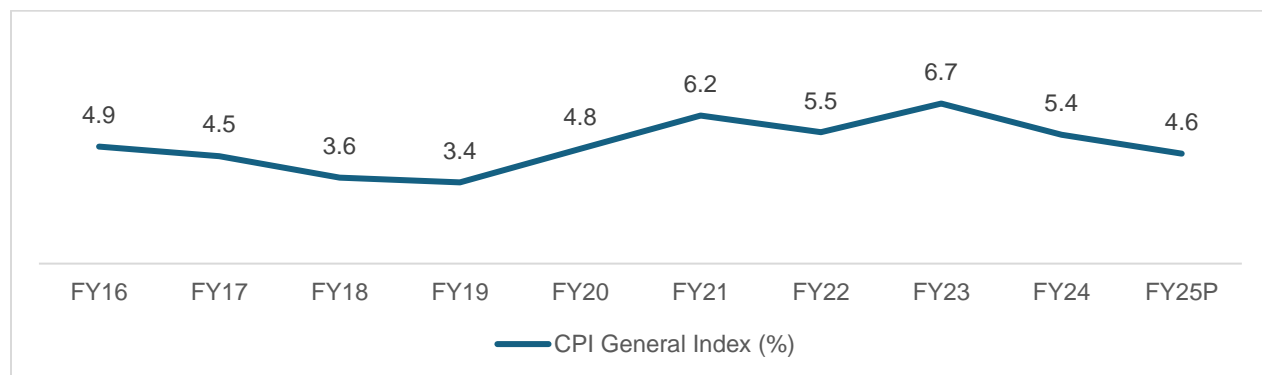
Source: RBI, CRISIL MI&A

**Consumer Price Index (“CPI”) inflation to average at 4.6% in FY25**

Consumer price index (CPI) inflation eased to 5.5% in November from a 14-month high of 6.2% in October due to corrections in vegetable inflation and a dip in foodgrain inflation. Even so, Food inflation remained

high at 9% in November, driven by rigidity in vegetable inflation and elevation in edible oils inflation. Core inflation reduced to 3.7% from 3.8% due to a decline in precious metals inflation. CRISIL MI&A expects CPI inflation to continue to soften in FY25 to 4.6% from 5.4% in FY24. It is expected that cooling domestic demand, normal monsoon along with a high base for food inflation should help moderate inflation in the remaining months of FY25. A non-inflationary budget that focusses on asset-creation rather than direct cash support also bodes well for core inflation. However, an unusual weather event and geopolitical uncertainty, if at all, could reverse the easing. Recent developments in the Red Sea and a fading low base effect for commodity prices could put some upside pressure on core inflation and would need monitoring.

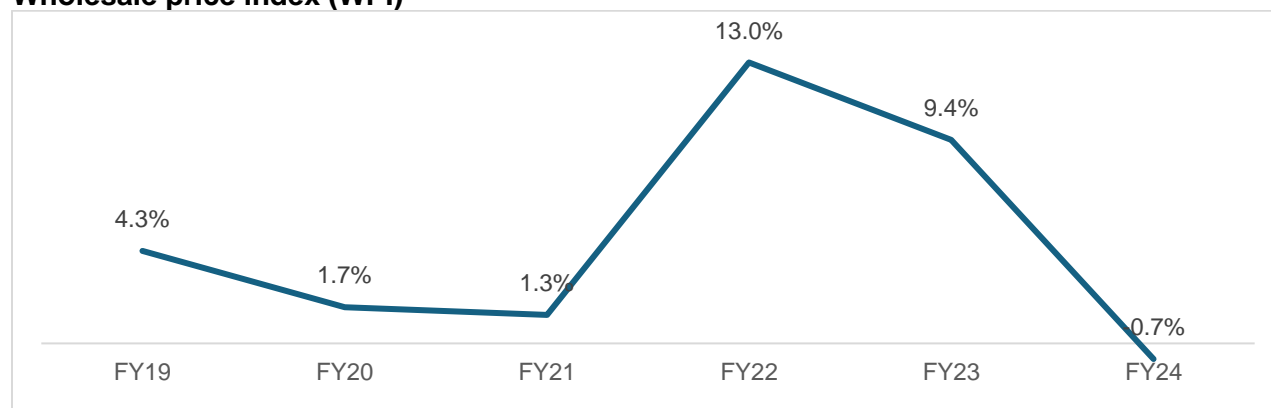
**CPI inflation expected to moderate to 4.6% in Fiscal 2025**



Note: P – Projected, Source: CRISIL MI&A

The Wholesale Price Index (WPI) in India has demonstrated significant fluctuations over recent years, reflecting diverse economic conditions and challenges. After a period of moderate inflation, there was a sharp spike in Fiscal 2022, influenced primarily by supply-side disruptions and surging input costs, particularly during the pandemic and its aftermath. This trend highlighted the vulnerability of production costs to global commodity price volatility. However, as corrective measures, easing supply constraints, and a stabilization of commodity prices took effect, the WPI saw a considerable decline in Fiscal 2024. The recent shift into deflationary territory underscores the combined impact of subdued demand and lower raw material costs, signalling a normalization of price pressures in the broader economy. WPI eased to 1.9% in November from 2.4% in October, driven by softer food inflation.

## Wholesale price index (WPI)



Source: CRISIL MI&A

## Macroeconomic outlook for Fiscal 2025

Macro variables	FY24	FY25P	Rationale for outlook
Real GDP (y-o-y)	8.2%#	6.8%	Slowing global growth is likely to weaken India's exports, while peak impact of past rate hikes and lower Fiscal impulse could temper domestic demand. Despite the lower forecast in FY25P as compared to FY24, India continues to grow at the highest rate among major economies propelled by budgetary support to capital expenditure and strong rural demand to support growth.
Consumer price index (CPI) inflation (y-o-y)	5.4%	4.6%	CRISIL MI&A expects inflation to soften in the upcoming months led by food inflation, however rigidity in vegetable and edible oil prices keep the upside pressure high. In Fiscal 2025, we expect retail inflation to average 4.6% with some upside bias to the forecast and expect a policy rate cut in February 2025.
10-year Government security yield (Fiscal end)	7.1%	6.8%	CRISIL MI&A expect the yield to decrease in Fiscal 2025 driven by rate cuts and Fiscal consolidation. This, coupled with lower inflation, is likely to moderate yields in FY25. India's inclusion in the JP Morgan Emerging Market Bond Index is favourable for capital flows into government debt. Bloomberg will include them in its Emerging Markets Local Currency Index from January 2025 while FTSE Russell's Emerging Markets Government Bond Index will do so from September 2025.
Fiscal Deficit (% of GDP) *	5.6%	4.9%	Persistent efforts in Fiscal consolidation aided by moderation in revenue spend and robust tax collections to bring down the deficit will lead to lower government market borrowings.
CAD (current account balance/GDP) (%)	-0.7%	-1.0%	Softer crude oil prices and moderation in domestic growth will keep the trade deficit in check despite tepid exports of goods. Alongside, robust services trade surplus and healthy remittances will keep the current account deficit (CAD) in check
Rs/\$ (March average)	83.0	84.0	Narrower CAD and healthy foreign portfolio flow into debt amid a favourable domestic macro environment will support the rupee

Note: P – Projected, # As per NSO provisional estimates, \*FY24 and FY25 numbers are government's revised and budget estimates;

Source: Reserve Bank of India (RBI), National Statistical Office (NSO), CRISIL MI&A

## Positive government measures to aid economic growth for India

- **Focus on infrastructure:** The Union Budget of 2024-25 announced a 17.1% rise in capital expenditure in Fiscal 2025 at Rs.11.1 lakh crore from Rs. 9.5 lakh crore in Fiscal 2024, with infrastructure sectors continued to get the highest allocation (24.5% of total budgetary capex). In a year where the Indian economy is expected to see a cyclical slowdown owing to global slowdown and impact of interest rates and tightening financial conditions on domestic demand, higher capex would support growth in the economy.
- **MSMEs:** MSMEs have received special focus, with initiatives such as the new credit guarantee scheme, offering coverage of up to Rs 100 crore per applicant, increases in the limit for the Tarun category under Mudra loans from Rs 10 lakhs to Rs 20 lakhs. The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGMSE) was launched to make available collateral-free credit to the micro and small enterprise sector. Both the existing and the new enterprises are eligible to be covered under the scheme. The Ministry of Micro, Small and Medium Enterprises and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for MSMEs. Moreover, Public Banks have taken steps to develop an in-house technology-based underwriting model to assess MSMEs, which will improve credit facilities for these enterprises.
- **Rural areas:** Budgetary support towards rural areas through higher allocation under PM Awas Yojana (PMAY) – Rural (up 70.3% on year) and PM Gram Sadak Yojana (up 11.8% on year), aggregate allocation on major rural schemes like Pradhan Mantri Kisan Samman Nidhi (PM KISAN), Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), PM Gram Sadak Yojana, PM Awas Yojana- Rural to Rs. 2.2 lakh crore, a 12.6% on year increase will support rural employment, income and consumption.

## Key structural reforms: Long-term positives for the Indian economy

- The GST regime has been stabilizing fast and is expected to bring more transparency and formalization, eventually leading to higher economic growth. The number of GST returns filed saw a ~32% jump from FY19 (~169 million) to FY24 (~223 million), with 98.97% (GSTR-1) of filings completed as of December 31, 2024. GST revenue collection for the Fiscal year 2025 (till Nov 2024) stood at Rs. 13 trillion as compared to Rs. 18.0 trillion for Fiscal 2024. PMAY was introduced in 2015 to provide affordable housing for all by the end of 2022. The timelines were revised to Fiscals 2024 and 2025 for PMAY-Gramin and PMAY-Urban respectively due to delays in completion. Execution under the scheme has been encouraging with ~2.60 crores houses being completed as of May 2024, out of the targeted 2.95 crore houses. In the Union Budget of Fiscal 2025, the government increased the target by 3 crore houses (2 crore for rural & 1 crore for urban) bodes well for those who could not avail themselves of the benefits of the scheme till date. It will also facilitate accommodation for a growing number of families,

particularly in rural areas. Also, the planned allocation of Rs 2.2 lakh crore for PMAY–Urban over the next five Fiscals is likely to revive interest in affordable housing, which has lately seen a decline in construction activity, with developers increasingly shifting focus towards the premium and luxury segments in metros, Tier-1 and Tier-2 cities, etc.

- The government has also launched the Jan Dhan-Aadhaar-Mobile (JAM) trinity which aims to link Jan Dhan accounts, mobile numbers and Aadhar cards of all Indian nationals to transfer cash benefits directly to the bank account of the intended beneficiary and avoid leakage of government subsidies.
- The government introduced the Emergency Credit Line Guarantee Scheme (ECLGS) in May 2020, as a part of the government's COVID-19 financial relief package. Under this scheme, financial institutions provide emergency credit facilities to MSMEs that have suffered due to the pandemic. The scheme aimed at aiding MSMEs to meet their working capital and operational expenditure needs. Banks and NBFCs are directed to offer up to 20% of entire outstanding credit to MSMEs. ECLGS provided for collateral free loans to existing eligible borrowers with a 100% guarantee in respect of the eligible amount as per the Scheme guidelines. As per the State Bank of India's research report in January 2023 on ECLGS, almost 1.46 million MSME accounts, of which about 93.8% of the accounts were in Micro & Small Enterprises (MSE) categories, were saved.
- **Renewable Energy:** India stands at 4<sup>th</sup> position globally in renewable energy installed capacity as per Ministry of New and Renewable Energy and REN21 Renewables 2024 Global Status Report. The government has taken several initiatives to promote renewable energy and therefore, the installed Renewable energy capacity (including large hydro) has increased from 76.37 GW in March 2014 to 190.57 GW in March 2024, and total Solar Power Capacity in the country has increased from 2.63 GW in March 2014 to 81.81 GW in March 2024.
- **Waste Treatment:** After the milestones achieved through the 'Swachh Bharat Abhiyan', the Prime Minister's Science, Technology and Innovation Advisory Council (PM-STIAC), aims to establish a 'Waste to Wealth Authority' that will employ latest technologies across states to address the problem of waste generation and create socio-economic solutions for the nation by addressing the issues of waste disposal, deteriorating air quality and increasing pollution of water bodies.
- **Transport:** In 2021, the government launched the PM Gatishakti National Master Plan (NMP) with a focus on major transport sectors to enhance multimodal connectivity infrastructure in various economic zones. It aims to bring together the infrastructure schemes such as Bharatmala, Sagarmala, UDAN etc. under a digital platform. As per the India Investment Grid (IIG) database in Feb 2024, there are currently 15,580 projects worth \$ 2,388.93 billion at various stages of development.
- **Roads:** The Bharatmala Pariyojana is progressing with Phase I focusing on developing 34,800 km of National Highways. It emphasizes corridor-based development and is set to conclude by 2027-2028, covering 31 States/UTs and over 550 districts. Additionally, the government targets building 22 new greenfield expressways, signalling significant advancements in India's transportation infrastructure.

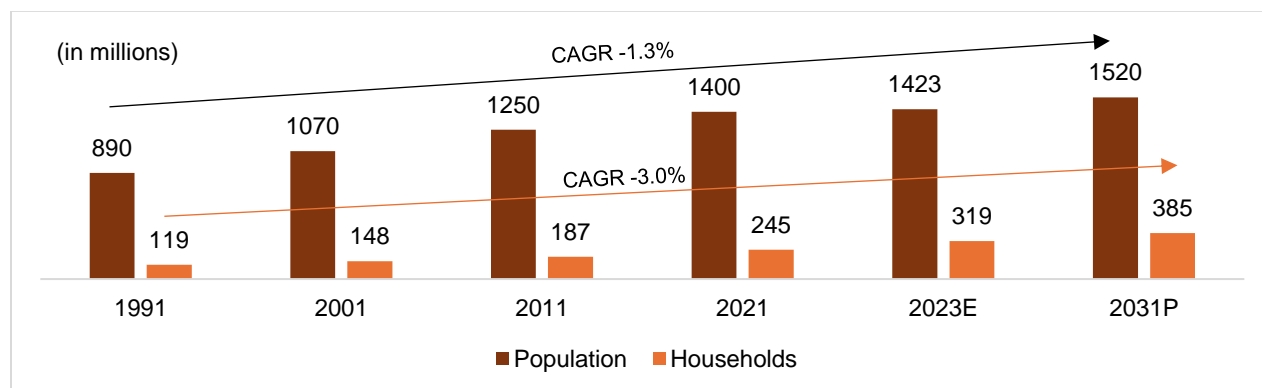
- Railways:** India's railway sector is undertaking ambitious projects such as the Mumbai-Ahmedabad Speed Rail Corridor, the world's highest pier bridge under construction, and the Chenab bridge in Jammu & Kashmir - the world's highest railway bridge. With a total Broad-Gauge network of 61,508 km electrified as of December 2023, the sector has also introduced 35 indigenously designed Vande Bharat Express trains, with six more set to launch soon.

## India's long term structural growth drivers

### India has the world's largest population

As per Census 2011, India's population was ~1.3 billion and comprised nearly 187 million households. The population, which grew at nearly 1.5% CAGR between 2001 and 2011, is expected by CRISIL MI&A to have increased at 1.1% CAGR between 2011 and 2021 and reached 1.4 billion. The population is expected to reach 1.5 billion by 2031 at 1.0% CAGR between 2011 and 2031, and the number of households are expected to reach ~385 million over the same period at 3.7% CAGR between 2011 and 2031.

### India's population growth trajectory and number of households

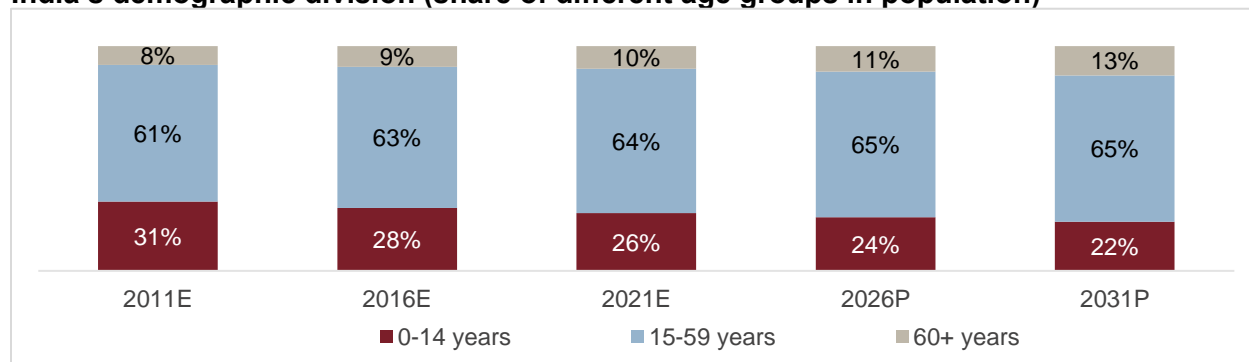


Note: As at the end of each Fiscal. P: Projected, Source: United Nations Department of Economic and Social Affairs, (<https://population.un.org/wpp/>), Census India, CRISIL MI&A

### Favorable demographics

In 2021, it is estimated that India had a large share of working population (15-59 years) i.e. 64% in line with major developed and developing countries along with ~90% of Indians below 60 years of age. CRISIL MI&A expects that the large share of working population, coupled with rapid urbanisation and rising affluence, will propel growth in the economy.

**India's demographic division (share of different age groups in population)**

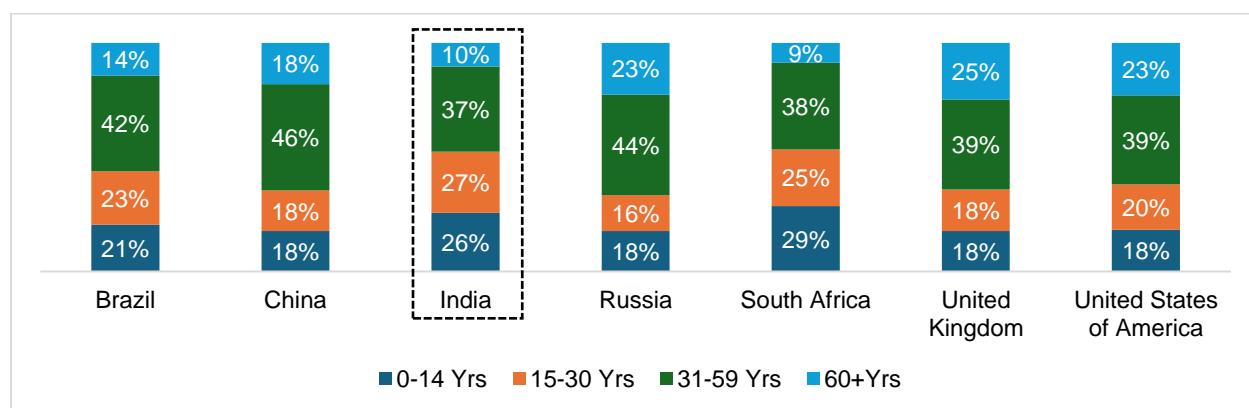


Note: P – Projected, E – Estimates

Source: Census of India 2011, Ministry of Health and Family Welfare, CRISIL MI&A

India has one of the world's largest youth populations, with a median age of 28 years. About 27% of India's population lies in the age group of 15-30 years which is highest among major economies. This young population provides India with a unique opportunity to accelerate economic development by boosting labor-intensive industries, fostering digital innovation, and meeting the rising global demand for skilled professionals.

**India has the highest share of young population (15-30 years) among the major economies (2021)**



Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)

**Despite rising urbanization majority of Indian population lives in semi-urban/rural (SURU) India**

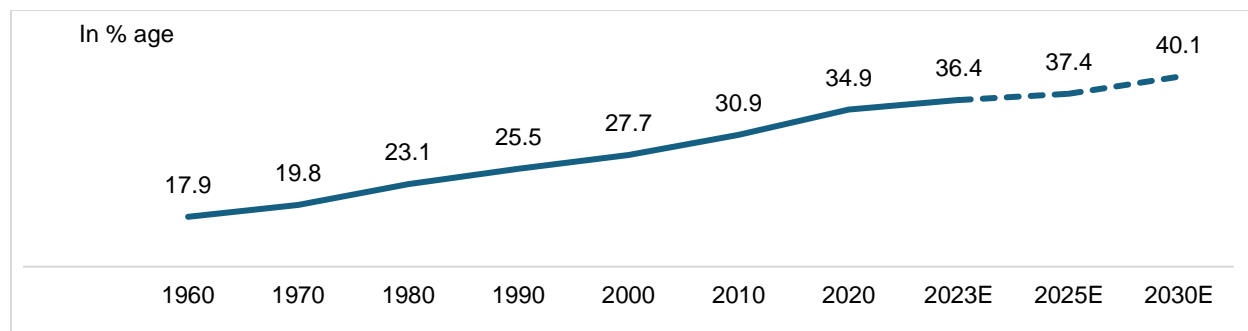
While urbanization is a key driver of India's economic growth, the reality is that a significant majority of the population still resides in rural and semi-urban areas. These regions form the backbone of the country's economy and present distinct challenges and opportunities for cash management strategies. Rural areas, characterized by lower financial and digital literacy, limited banking penetration, and a heavy reliance on cash, require a focused and customized approach to ensure financial inclusion and economic participation. Despite steady urban growth, with the urban population projected to increase from 36.4% in 2023 to 40.1% by 2030 (World Urbanization Prospects, 2018), rural India remains home to more than half of the population.

These areas are marked by unique socio-economic conditions, including an informal economy where cash transactions dominate. The limited uptake of digital financial tools, coupled with infrastructural gaps, further emphasizes the need to prioritize rural-focused strategies.

- **Enhancing Financial Literacy:** Targeted campaigns to educate rural population on the benefits of financial services and transitioning to formal banking systems.
- **Improving Accessibility:** Strengthening banking and payment infrastructure, such as setting up new bank branches, micro-ATMs, and mobile banking units, to bridge physical and digital gaps.
- **Adapting to Cash-Centric Behavior:** While promoting digital payments is relevant, providing solutions that integrate cash usage with formal banking channels will ensure the freedom of choice for citizens.

The urban population provides significant opportunities for cash logistics companies as well. Rapid urbanization leads to increased demand for banking services, ATMs, and retail outlets, all of which rely on efficient cash management systems. With higher population density, urban areas see greater cash circulation, requiring frequent cash transportation, replenishment, and secure handling. Additionally, the rise of e-commerce and organized retail in cities further amplifies the need for cash-in-transit and cash processing services.

### Urban population as a percentage of total population (in %)



Note: E- Estimated, P – Projected, Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)

### Increasing per capita GDP

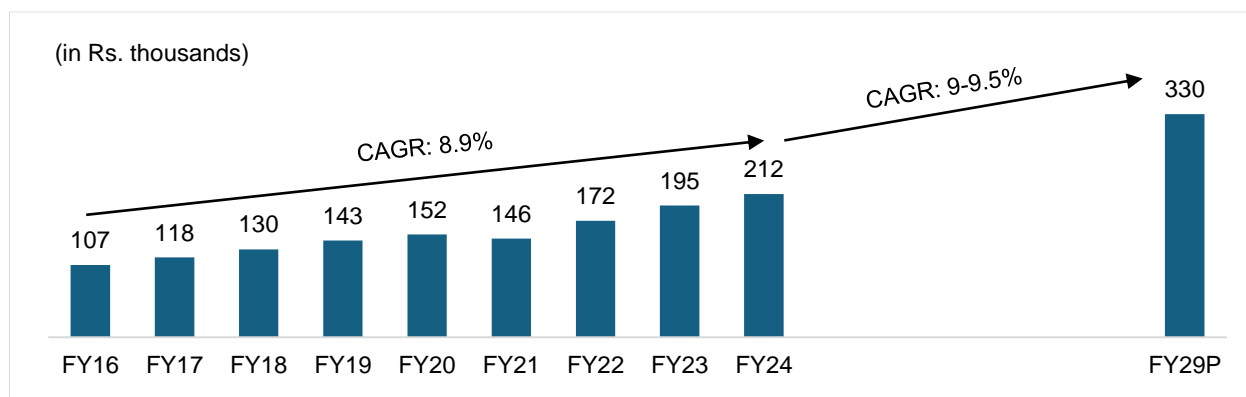
India's per capita net national income at constant price expanded 7.4% in Fiscal 2024, reflecting robust economic growth and the government's continued endeavour to make the country an upper middle-income economy. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 5-6% CAGR in real terms from Fiscal 2025 to Fiscal 2027.

Per capita NNI	FY2024 (Rs. '000)		Growth of Real GDP Per Capita at constant prices (%)										
	Current prices	Constant prices	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
	184	107	4.6	6.2	6.7	6.9	5.5	5.2	2.5	-8.9	7.6	5.7	7.4

Note: Per capita NNI as per Provisional Estimates of Annual GDP, 2023-24

Source: Ministry of Statistics and Program Implementation (MoSPI), International Monetary Fund (IMF), CRISIL MI&A

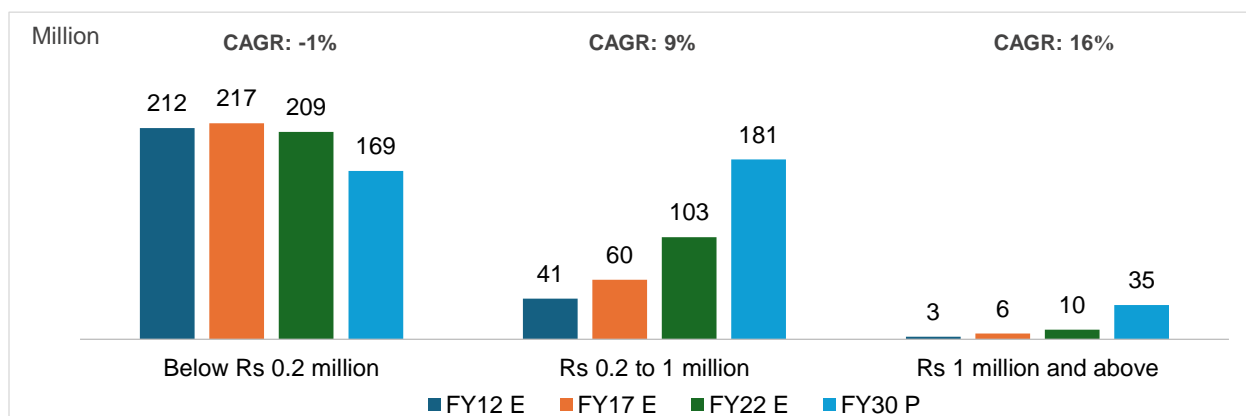
### Trend in nominal GDP per capita at current prices



Note: P - Projected. FY24 estimates are based on provisional estimates by MoSPI; FY29 projections are based on IMF – World Economic Outlook (April 2024 update), Source: MoSPI, IMF, CRISIL MI&A

### Middle India households to witness high growth over Fiscals 2012-2030 (in millions)

The proportion of “Middle India” (defined as households with annual income of Rs 0.2-1.0 million) has been on the rise over the past decade and is expected to continue increasing with rising GDP and household incomes. CRISIL MI&A estimates there were 41 million middle-income households in India in Fiscal 2012 and by Fiscal 2030, expects it to increase to 181 million households by Fiscal 2030.



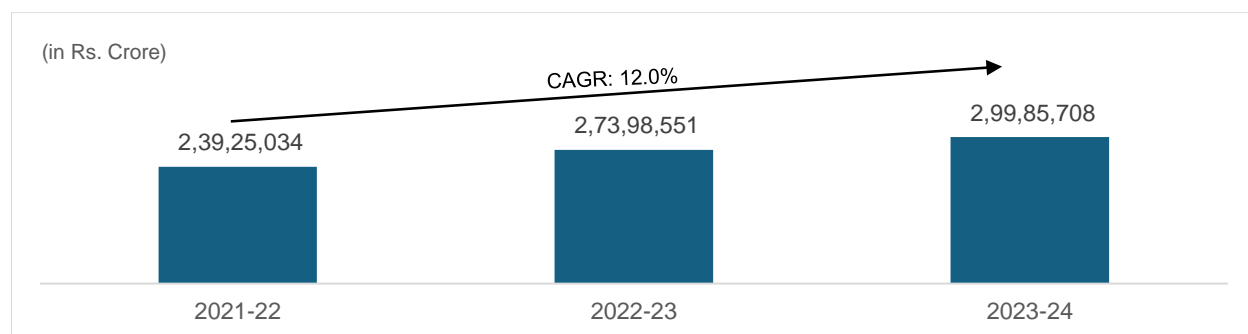
Note: E: Estimated, P: Projected; Source: CRISIL MI&A

## Rising Middle India population to help sustain economic growth

CRISIL MI&A believes that improvement in literacy levels, increasing access to information and awareness, increase in the availability of necessities and improvement in infrastructure have increased the aspirations of Middle India, which is likely to translate into increase in discretionary spends and cash in circulation (CIC) in turn.

## Rising disposable income to support growth of CIC

The gross national disposable income of the country has been on an upward trend and has increased from Rs. 2,39,25,034 crores in Fiscal 2022 to Rs. 2,99,85,708 crores in Fiscal 2024, growing at a CAGR of around 12%. This growth in disposable income is driving changes in consumer spending patterns and enhancing overall purchasing power.



*Note: Data for Gross National Disposable Income at current prices, 2022-23 is First Revised Estimates, 2023-24 is Provisional estimates; Source: MoSPI, CRISIL MI&A*

The increase in disposable income over recent years reflects overall economic growth and improved living standards across various sectors. Higher income levels have resulted in greater purchasing power, enabling individuals to access more and/or better goods and services, including education, healthcare, and technology. This upward trend also highlights the success of policy reforms, infrastructure development, and financial inclusion efforts that have contributed to employment generation and wealth distribution. As disposable income continues to rise, it is expected to drive sustained economic momentum and the growth in business across various sectors which will eventually help the cash logistics companies to provide different cash services. Some of the key reasons where rising disposable income will create a positive impact on cash logistics companies are listed below:

- 1. Increased Demand for Cash Logistics Services:** With an increase in disposable income and the consequent increase in CIC, banks and businesses may increasingly adopt cash logistics services to handle growing transactions effectively. This creates a demand for cash logistics services, such as cash handling, transportation, and storage.
- 2. Growth of Retail and E-commerce:** Rising disposable income leads to increased consumer spending, which in turn fuels the growth of retail and e-commerce industries. Even as disposable incomes rise,

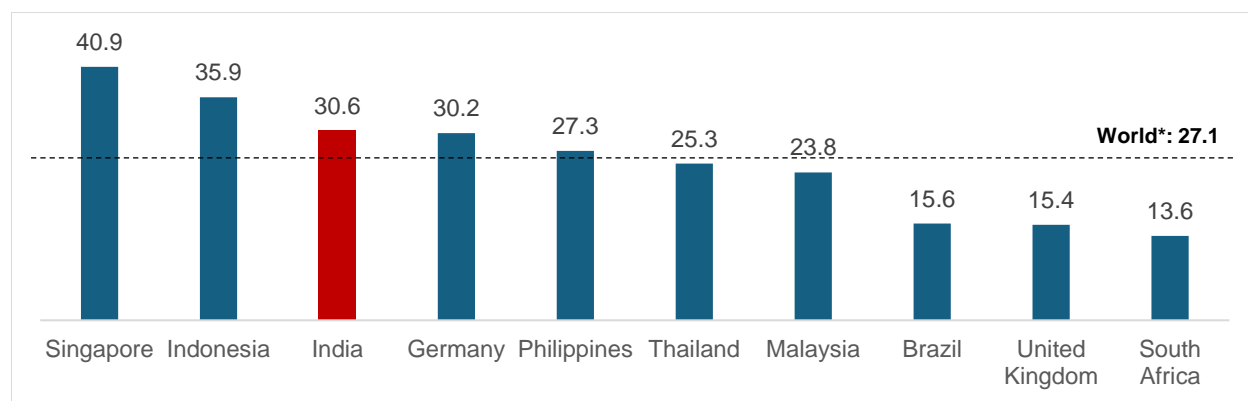
the preference for cash payments is expected to persist, driven by cultural habits and the continued reliance on cash transactions. The shift towards cash services outsourcing, coupled with the continuing growth of the organized retail sector, is catalysing a growing demand for cash logistics services. Cash logistics companies can benefit from this growth by providing cash services to retailers and e-commerce companies, such as cash collection, reconciliation, and deposit services.

**Expansion of Financial Inclusion:** With increased financial inclusion and improved banking infrastructure in the semi urban and rural areas, the rise in disposable incomes will drive the demand for cash logistics, enabling these companies to play a pivotal role in expanding financial access and providing essential cash services to underserved regions.

### Household savings expected to increase

India's gross domestic savings rate stands at 30.6%, reflecting a strong culture of saving and a significant contribution to the country's economic resilience. India remains favourable in terms of savings rate compared with most other emerging market peers at 30.6% in 2023, greater than the world average of 27.1% in 2022, underlining India's focus on building domestic financial stability and support investment driven growth.

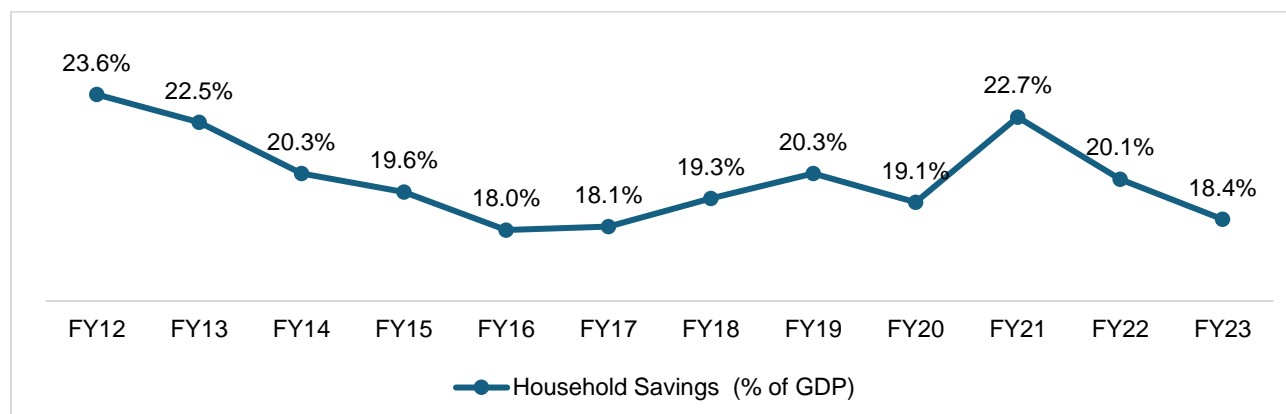
### India's gross domestic savings rate is higher than global average (2023)



Note: The savings rate is in %, \* Data as of 2022  
Source: World Bank, CRISIL MI&A

Household savings (% of GDP) increased from 19.1% in Fiscal 2020 to 22.7% in Fiscal 2021 during the pandemic. However, there has been a decline in household savings which moderated in FY22 (20.1%) and FY23 (18.4%). This decline may be attributed to households borrowing at the faster pace than they have been saving since the Covid pandemic, significant retail credit push by lenders, an increased willingness among individuals, particularly the younger demographic, to borrow, and enhanced access to lenders facilitated by technological advancement. CRISIL MI&A expects India to continue being a high savings economy and savings rate increasing in the medium-term, as households become more focused on building a budget and financial plan for the future post the COVID-19 pandemic-induced uncertainty.

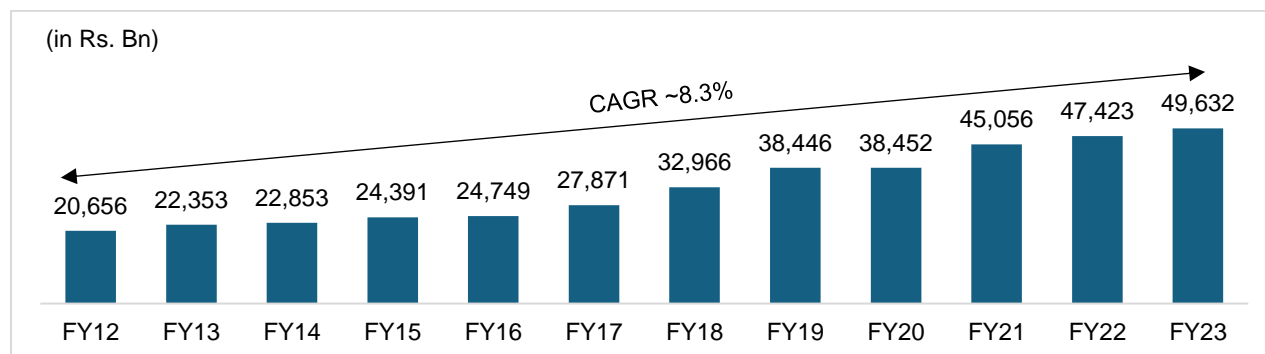
### Household savings as a percentage of GDP moderated in FY22 and FY23



Source: Ministry of Statistics and Programme Implementation (MoSPI), NSO, CRISIL MI&A

The growth in household savings, from Rs. 20,656 billion in Fiscal 2012 to Rs. 49,632 billion in Fiscal 2023, representing a CAGR of 8.3%, which can be attributed to factors like increased financial literacy, improved access to formal banking and financial services, a rise in disposable incomes, and a growing awareness of the importance of saving for long-term goals, such as retirement and education.

### Household savings growth

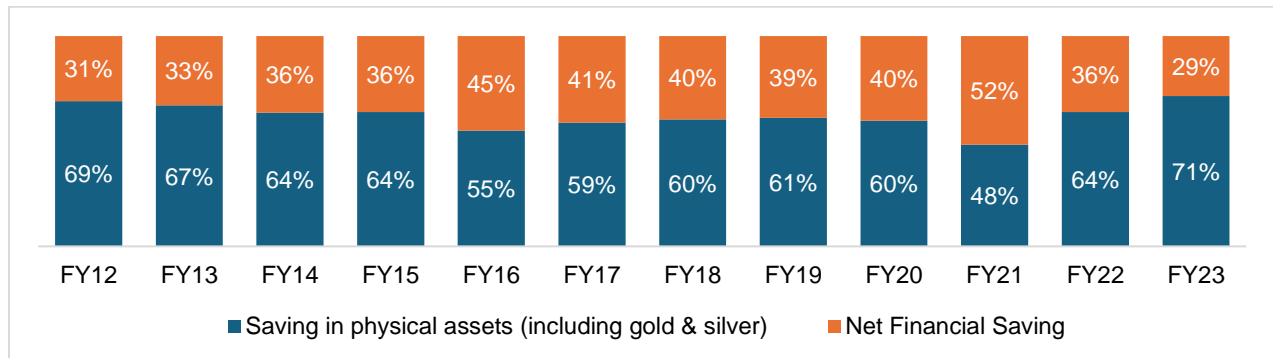


Note: The data is for the financial year ending March 31, Data includes net financial savings, savings in physical assets and in the form of gold and silver ornaments  
Source: MOSPI, CRISIL MI&A

Unlike most other countries, where financial savings account for a significant proportion of savings, physical assets in the form of real estate, gold and silver still account for most household savings in India. Household savings in physical assets witnessed an increase to 71% in FY23 from 69% in FY12. The share of savings in physical assets dipped during FY21 (covid pandemic year) to 48% due to nationwide lockdowns and slowdown in household construction. Post covid, during FY22 with removal of lockdown restriction, this share increased significantly to 64% and further to 71% in FY23, due to increase in prices of gold and silver during the Fiscals along with rise in construction of houses. Among the constituents of financial savings, cash continues to hold a relevant stake, which reflects the social habits and trust of Indians on cash. Going forward, CRISIL MI&A expects the share of financial assets as a proportion of net household savings to

increase over the next five years as elevated inflation after the pandemic could have further pushed investors to move to higher-yielding instruments in real terms.

### Trend of household savings in India



Note: The data is for financial year ending March 31, Source: Handbook of Statistics on Indian Economy 2022-23, RBI, MoSPI, CRISIL MI&A

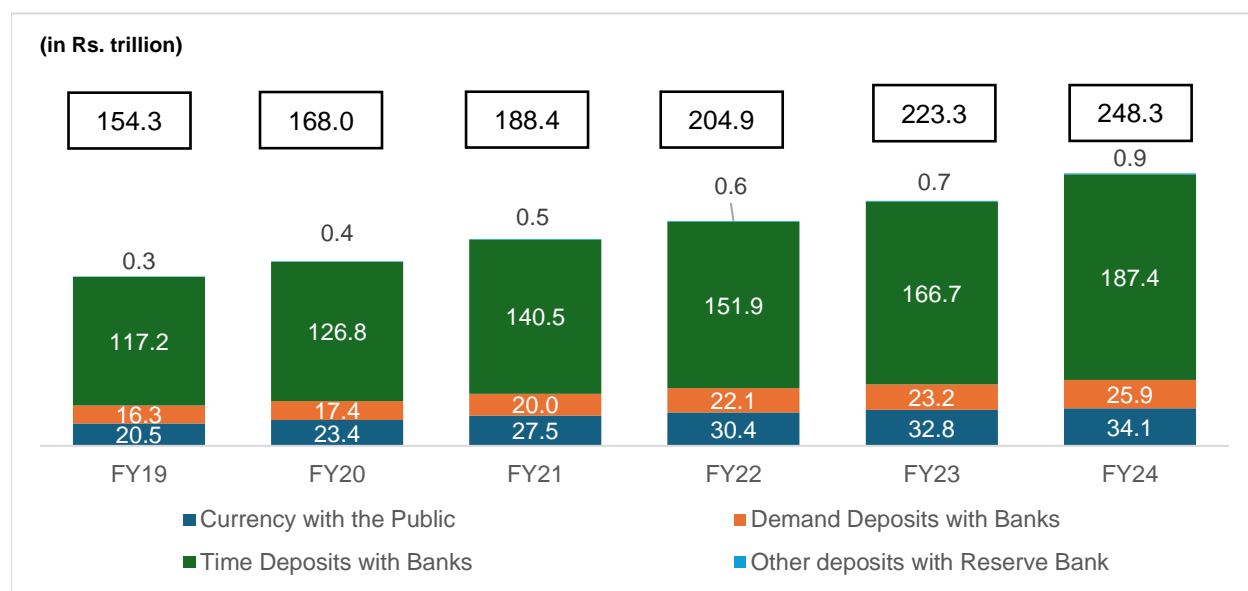
## Role of Cash in Indian economy

### Analysis of cash supply in India

Cash supply in India is defined by various measures, labelled as M1, M2, M3, and M4. As per the RBI, M1 includes currency in circulation, demand deposits, and other liquid assets, M2 is M1 + savings deposits with post office savings banks, M3 is M1 + time deposits, widely considered the most representative measure of cash supply, and M4 is M3 + all deposits with post office savings banks.

The growth in cash supply in India, from Rs. 154.3 trillion in Fiscal 2019 to Rs. 248.3 trillion in Fiscal 2024 at a CAGR of 10.0%, can be attributed to factors such as increased economic activity, rising disposable incomes and inflation. Currency with the public, grew at a CAGR of 10.7% from Rs. 20.5 trillion in Fiscal 2019 to Rs. 34.1 trillion in Fiscal 2024.

### Components of cash supply (M3)



Source: RBI, CRISIL MI&A

### Growth drivers of cash supply in Indian economy

- Role of monetary policy:** The central bank plays a crucial role in regulating the cash supply in an economy through its monetary policy, which involves adjusting interest rates, reserve requirements, and open market operations to influence the money multiplier and thereby control the amount of cash in circulation. The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) kept the repo rate unchanged at 6.5% and maintained stance at 'neutral' during its December 2024 review meeting. CRISIL MI&A expects conditions to turn favorable for rate cuts with the first one in February 2025, where easing domestic inflation will be the main driver of RBI's rate cut. The decrease in bank rate is

likely to induce businesses to borrow more from the bank and have a positive effect on the cash supply in the country.

- **Large unbanked and underbanked population in India:** Cash plays a crucial role for unbanked and underbanked population who may not have access to digital banking. Approximately 65% of the Indian population resides in rural areas, though their share is abysmally low at just 10% of total banking deposits and 8% of total banking credit as of March 2024. Cash allows them to participate in the economy without needing formal banking infrastructure, hence the usage of cash is high. Cash is seen as more accessible and reliable, especially among those with limited or irregular income mainly because of general cultural trust in physical cash.

### Factors behind preference of cash

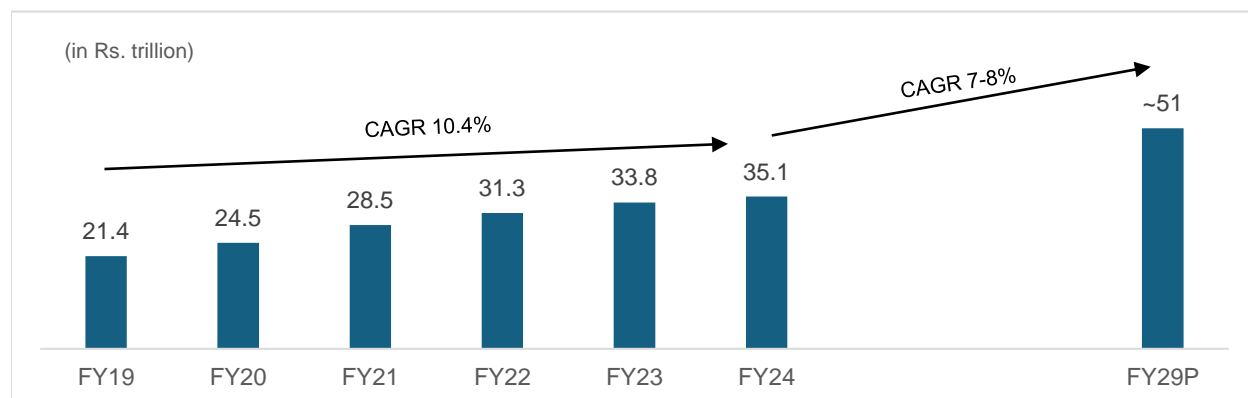
- **Anonymity & Privacy:** Cash is the only payment method that is completely anonymous, which alleviates privacy concerns for individuals.
- **No Transaction Fees:** Cash transactions do not involve transaction fees, unlike digital payment methods that may charge implicitly or explicitly, making cash a more economical option especially for frequent, low-value transactions. Also recently, The Indian government has significantly reduced its financial support for UPI infrastructure cost with allocation dropping from Rs. 24.84 billion in FY24 to Rs. 4.37 billion projected for FY26.
- **Immediate Settlement:** Cash transactions are immediate and final, requiring no verification process. This simplicity is particularly useful in markets, small businesses, and informal sectors where speed and certainty of payment are important.
- **Reliability:** Cash transactions are not dependent on internet connectivity, electricity, or technical infrastructure, making them especially valuable in regions with frequent power outages. poor infrastructure or weak connectivity.
- **Universal acceptance and security:** Cash is legal tender, universally accepted and often perceived as a safer option compared to digital payment methods, which may be susceptible to online scams and cyber fraud.
- **Accessibility and social inclusivity:** Cash is highly accessible, ensuring social inclusivity by catering to individuals without access to or who do not prefer to use intermediate technological means such as the internet and digital banking.
- **Environmentally friendly:** Cash is environmental friendly, and according to the European Central Bank's environmental footprint study, the environmental impact of banknote payments was low, and that the average environmental footprint of bank note transactions was found to be just 101 micropoints per citizen in the Euro area in the year 2019 which was equivalent to driving a car for eight kilometres, or 0.01% of a European citizen's annual environmental consumption.

- **Helps in financial management:** Using cash allows individuals to be more mindful of their spending, as it provides a tangible representation of their expenses. This can help people stick to their budgets and avoid overspending, as they can see the money leaving their hands.
- **Tourism:** Despite the rise of digital payment options, cash remains the preferred choice for many tourists, due to its widespread acceptance makes it a vital component of the tourism industry, particularly in areas where digital payments may not be as readily available.
- **Retention of full value:** Cash transactions retain their full value, unlike digital payments which may incur service fees, reducing the amount received by the merchant or increasing costs for the consumer.

### Currency in circulation

The currency in circulation (“CIC”) is the total of cash with banks and currency with the public. CIC represents the total amount of monetary assets available within the economy at a specific time. In India, the CIC has seen consistent growth at a CAGR of 10.4% between Fiscal 2019 and Fiscal 2024 to reach approximately Rs. 35.2 trillion as of November 2024. India remains highly reliant on cash, with the amount of cash in circulation in India continuing to increase.

### Trend of CIC over the years

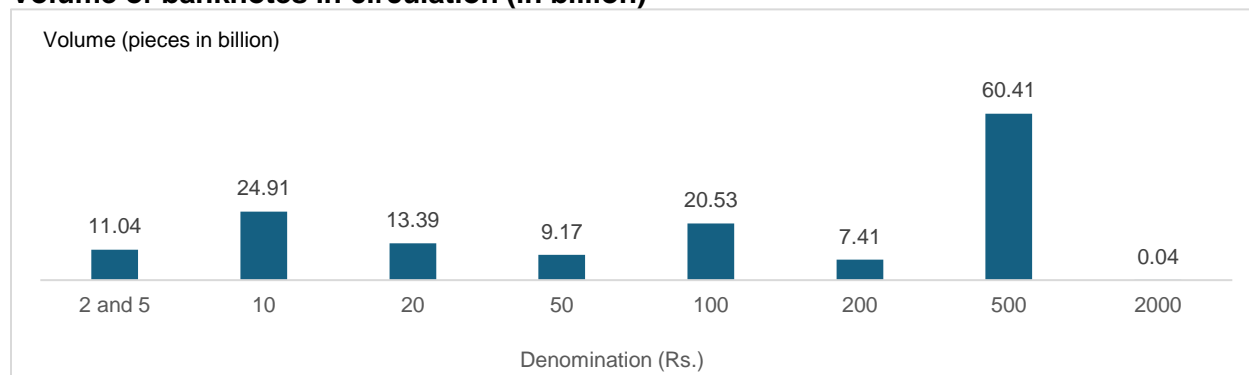


Note: P – Projected; Source: Handbook of statistics on Indian Economy, CRISIL MI&A

Cash in circulation in India has grown at a CAGR of approximately 12.3% from Fiscal 2001 (at Rs. 2.2 trillion) to Fiscal 2024 (at Rs. 35.1 trillion). The growing cash in circulation reflects a growing demand for cash and cash-related services. This growth can be attributed primarily to an increase in the country’s gross domestic product and consumer price index. The preference to use cash is high in India, particularly in rural areas where traditional banking services are often limited. The vast majority of transactions in these regions are conducted in cash, reflecting a strong reliance on physical currency. However, the cash logistics industry in these areas faces challenges including inadequate infrastructure, limited access to banking facilities, and a lack of awareness regarding efficient cash handling services

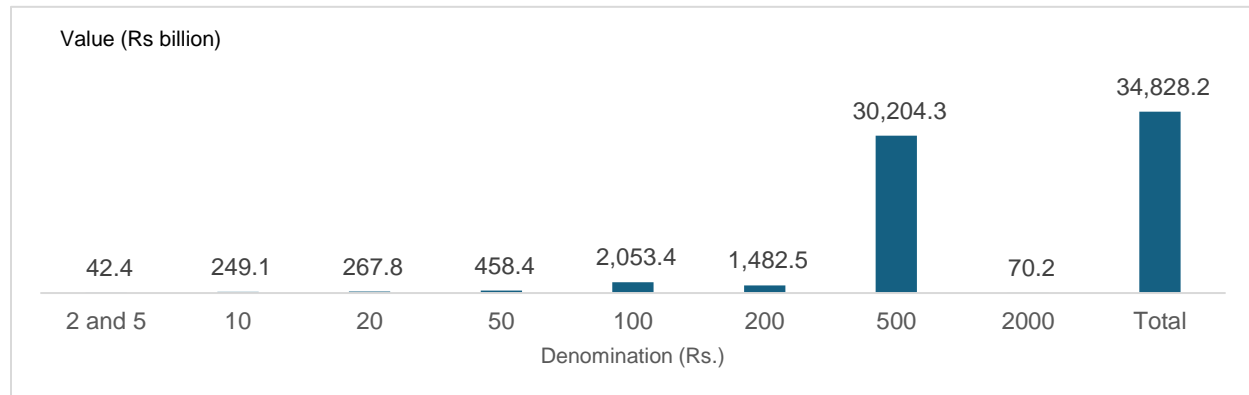
The largest component of cash supply is the currency in circulation, which includes both physical currency (banknotes and coins) and electronic money. As of October 2024, around 98.9% of the currency was held in the form of banknotes, reflecting a strong preference for cash transactions. In terms of denominations, the 500-rupee note is highest in terms of volume at 60.41 billion pieces and in terms of value at Rs. 30,204.3 billion. A fraction (~0.1%) of the currency supply comprises the recently introduced digital currency, the e-rupee, marking India's first step towards integrating a central bank digital currency (CBDC) within its monetary system.

### Volume of banknotes in circulation (in billion)



Note: Data as on 18<sup>th</sup> Oct 2024 Source: RBI, CRISIL MI&A

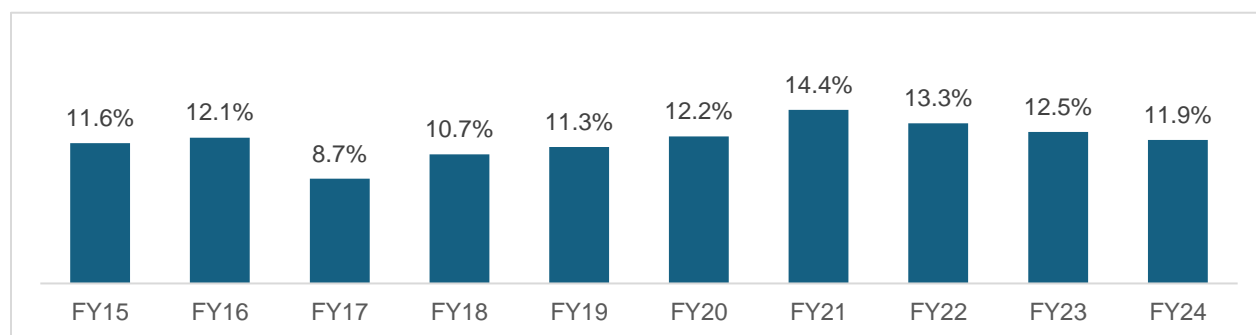
### Value of banknotes in circulation (Rs. billion)



Note: Data as on 18<sup>th</sup> Oct 2024 Source: RBI, CRISIL MI&A

Macroeconomic disruptions, such as introduction of GST, demonetization, and the onset of Covid-19, have not significantly impacted India's currency in circulation growth in the long term. Also, growth in digital payments has not adversely impacted CIC, which has grown at a steady rate of 10.4% between Fiscal 2019 and Fiscal 2024. Looking ahead, as per CRISIL MI&A, CIC is projected to grow at a CAGR of around 7-8% between Fiscal 2024 & 2029, reaching around Rs. 51 trillion by Fiscal 2029. It reflects a gradual shift towards digital payment adoption and ongoing efforts to promote a balanced mix of cash and non-cash transactions in the economy.

### CIC as a percentage of GDP of India

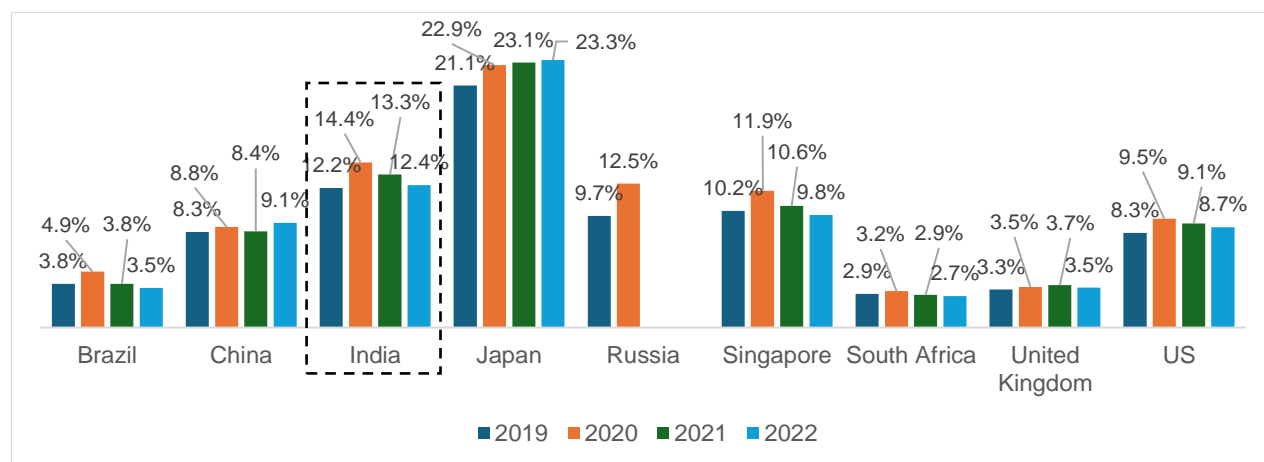


Note: Nominal GDP has been considered; Source: RBI, CRISIL MI&A

In India, CIC as a percentage of GDP has been relatively high compared to several major economies, indicating a strong reliance on cash transactions despite the growth of digital payment solutions. This higher ratio is attributed to the informal sector’s prominence, cultural preferences for cash, and limited digital infrastructure in rural areas.

In contrast, developed countries such as United states and countries in Eurozone typically show a lower CIC – to – GDP ratio. These countries have higher penetration of digital payment ecosystems and banking, higher literacy and nominal GDP per capita levels, leading to greater reliance on digital transactions and credit systems. However, exceptions like Japan demonstrate that cash usage is influenced not only by economic factors but also by intangible aspects such as cultural preferences or social habits.

### CIC as a percentage of GDP of India compared with major economies



Note: Cash in circulation & nominal GDP data considered from BIS portal; Data not available post 2022. Source: BIS, CRISIL MI&A

### Importance of Cash in rural & semi-urban areas

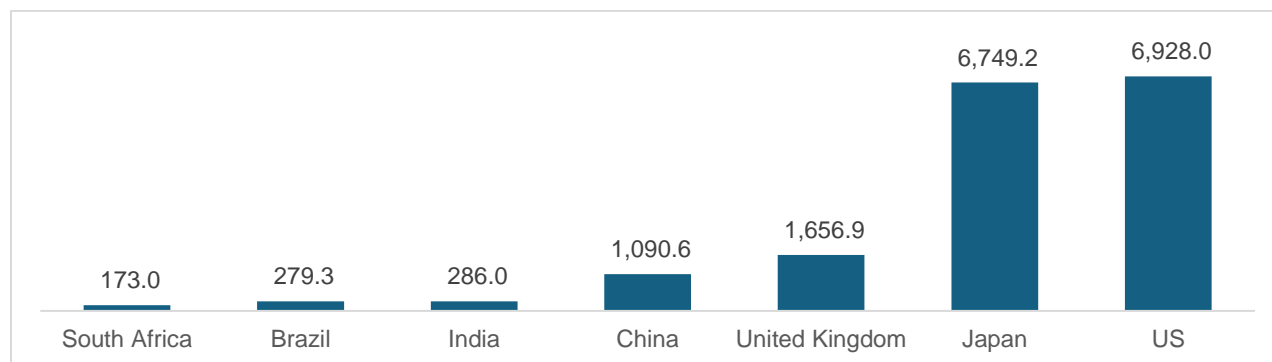
The use of cash as the predominant method of payment in India has historically been driven primarily by consumer and retailer preferences for cash, and challenges related to cashless and other methods of non-

cash payments, including additional surcharges and fees often levied for their use. Cash is the most preferred method of payment especially in rural & semi-urban areas mainly due to the following reasons:

- **Limited digital infrastructure:** Semi-urban & rural areas often lack widespread access to digital payment options, making cash essential for transactions.
- **Lower banking penetration:** Many people in these areas do not have easy access to banking services, increasing cash dependency.
- **Cultural preference:** There is a strong preference for physical currency, with people trusting cash more than digital alternatives.
- **Easy and instantaneous transaction mechanism:** In semi-urban & rural areas, cash is considered as a very simple and immediate mechanism for carrying out any transaction.

### CIC per capita – 2022 (USD)

Despite a high reliance on cash, particularly in rural & informal sectors, India's currency in circulation (CIC) per capita stood at only USD 286 for year 2022, whereas CIC per capita for other major economies like China, UK, Japan and USA stands at USD 1,091, 1,657, 6,749 and 6,928 respectively, reflecting the huge role which cash might play in growing economy of India.



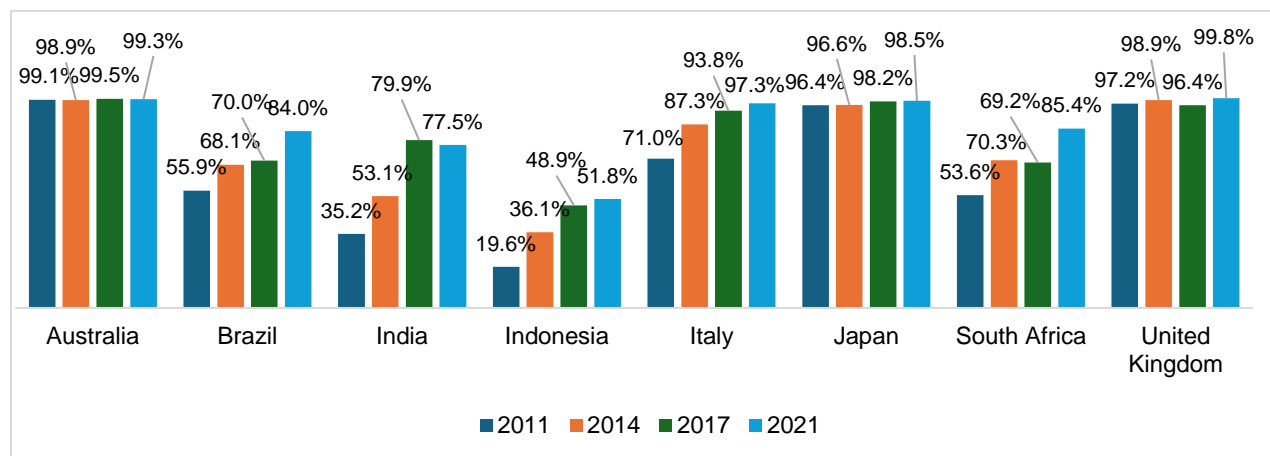
Note: Figures are in USD; Source: BIS, World Bank, CRISIL MI&A

### Increasing financial inclusion to support the cash logistics industry

#### Financial Inclusion on a fast path in India

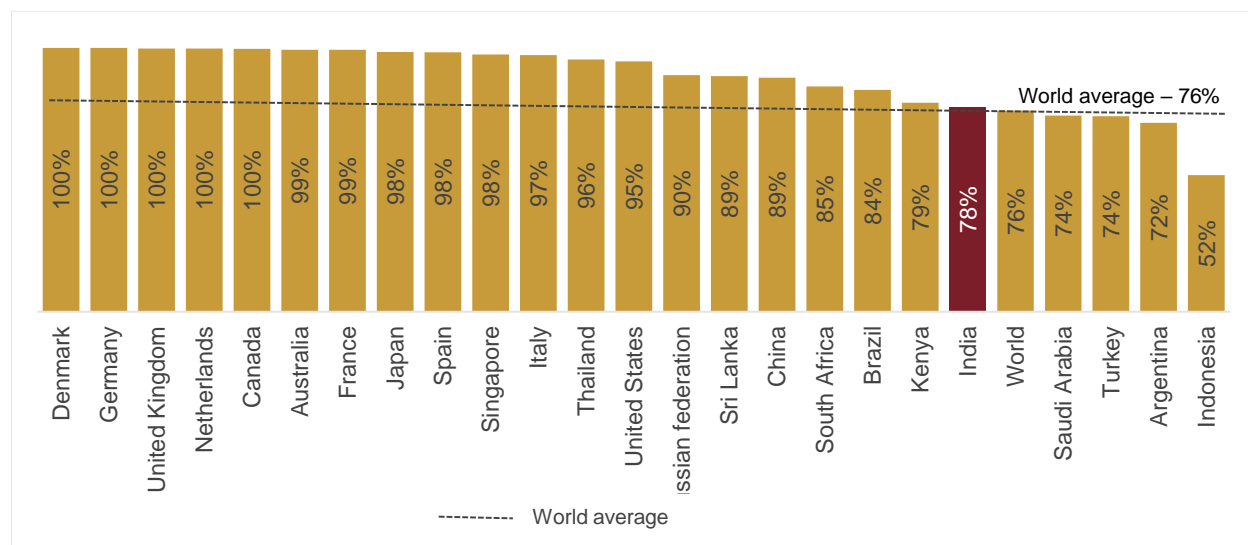
According to the World Bank's Global Findex Database 2021, the global average percentage of adult population with an account opened with a bank, financial institution or mobile money provider, was approximately 76% in calendar year 2021. India's financial inclusion has improved significantly over calendar years 2014 to 2021 as adult population with bank accounts increased from 53% to 78% (Source: Global Findex Database) due to the Indian government's efforts to promote financial inclusion and the proliferation of supporting institutions.

### Percentage of population above 15 years having an account at bank or another type of financial institutions across major countries



Note: Percentage of population above 15 yrs having an account at bank or another type of financial institutions, Source: IMF: Financial Access Survey; CRISIL MI&A

### Adult population with a bank account (%): India vis-à-vis other countries

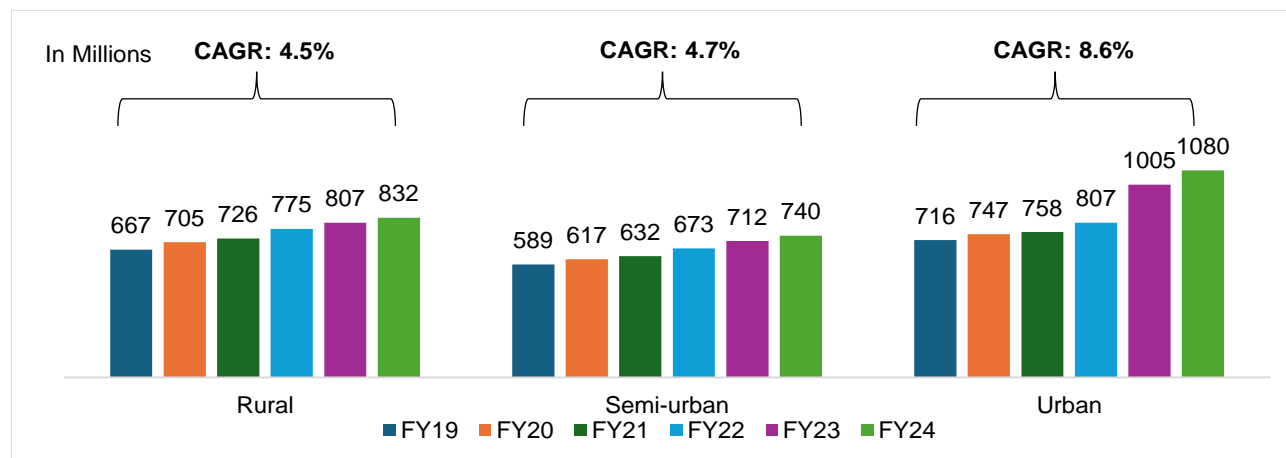


Notes: 1. Global Findex data for India excludes northeast states, remote islands and selected districts. 2. Account penetration is for the population within the age group of 15+, Source: World Bank – The Global Findex Database 2021, CRISIL MI&A

Financial inclusion is lower in rural areas than in urban areas in India. Hence, there are significant growth opportunities in this segment. Initiatives such as PMJDY and digital banking, along with increasing emphasis on financial literacy, have led to increasing financial inclusion in rural areas. Despite the growth in urban areas, the rural and semi-urban sectors present a significant growth opportunity, with bank deposits in these areas increasing from 667 million to 832 million and 589 million to 740 million, respectively, between Fiscal 2019 and 2024, at a CAGR of 4.5% and 4.7%. Although the growth rates in these areas are lower than the 8.6% CAGR witnessed in urban areas, the sheer potential for expansion and penetration in rural

and semi-urban markets makes them an attractive proposition for banks and financial institutions to explore and capitalize on, ultimately bridging the financial inclusion gap and driving economic growth.

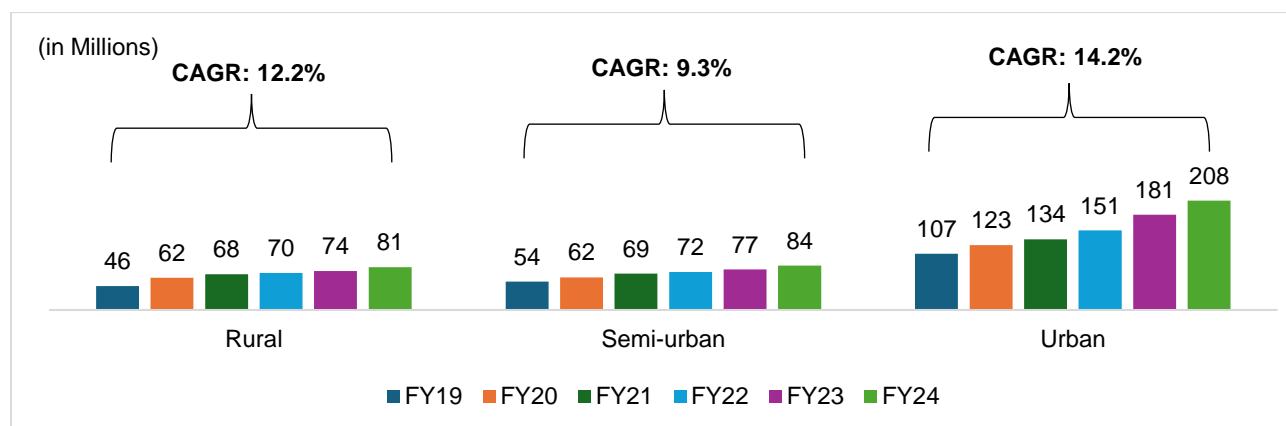
**Bank deposit accounts in rural, semi-urban and urban areas**



Note: Urban includes data for urban and metropolitan areas; numbers are as of the end of the Fiscal year indicated. Data represents only bank deposit accounts. Above data represents indicators for scheduled commercial banks in India, Source: RBI, CRISIL MI&A

Also, in case of banks credit accounts, rural areas depicted a 12.2% CAGR growth between Fiscal 2019 & Fiscal 2024 from 46 million to 81 million, suggesting a rise in business activities and credit demand, while the banks credit accounts in semi-urban areas have increased from 54 million to 84 million with a CAGR of 9.3% between Fiscal 2019 and Fiscal 2024. Both these areas offer a relatively less saturated market compared to urban areas, which witnessed a 14.2% CAGR growth from 107 million in Fiscal 2019 to 208 million in Fiscal 2024 in banks credit accounts.

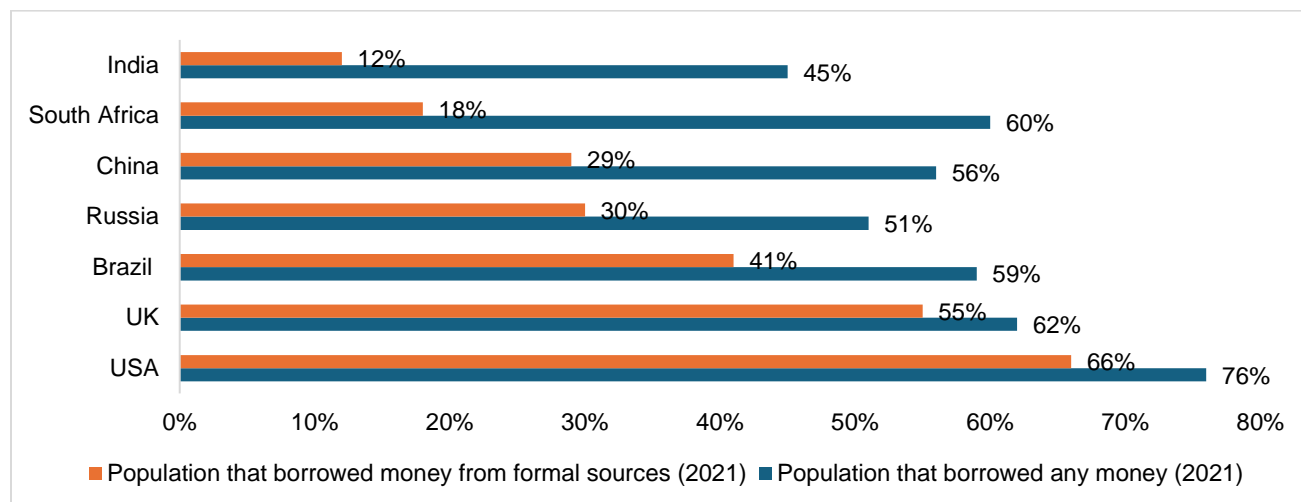
**Bank Credit accounts in rural, semi-urban and urban areas**



Note: Urban includes data for urban and metropolitan areas; numbers are as of the end of the Fiscal year indicated. Data represents only bank credit accounts. Above data represents indicators for scheduled commercial banks in India, Source: RBI, CRISIL MI&A

As per the Global Findex Database 2021, ~54% of the world’s 740 million unbanked adults live in only seven countries (India, Bangladesh, China, Indonesia, Egypt, Nigeria and Pakistan), of which almost 31% (230 million) are in India. This shows an immense opportunity for furtherance of financial inclusion.

**Only 12% of India’s population borrowed money from formal sources (CY2021)**

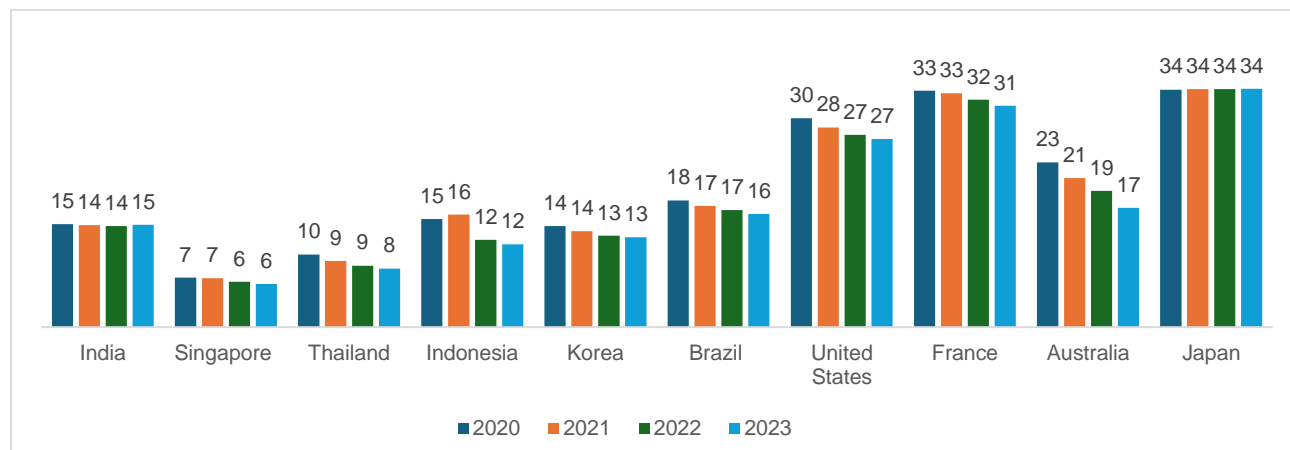


Note: Global Findex data for India excludes northeast states, remote islands and selected districts. 2. Data is for the population within the age group of 15+; Money borrowed from formal sources includes money borrowed from Banks, NBFCs and usage of credit card. Source: World Bank – The Global Findex Database 2021, CRISIL MI&A

**Under-penetration of the Indian banking sector provides opportunities for growth**

The number of commercial bank branches in India per 100,000 adults stood at 15 for the year 2023, which is quite low as compared to other major economies. This gap underscores the potential to expand banking services in India to drive financial inclusion and economic growth.

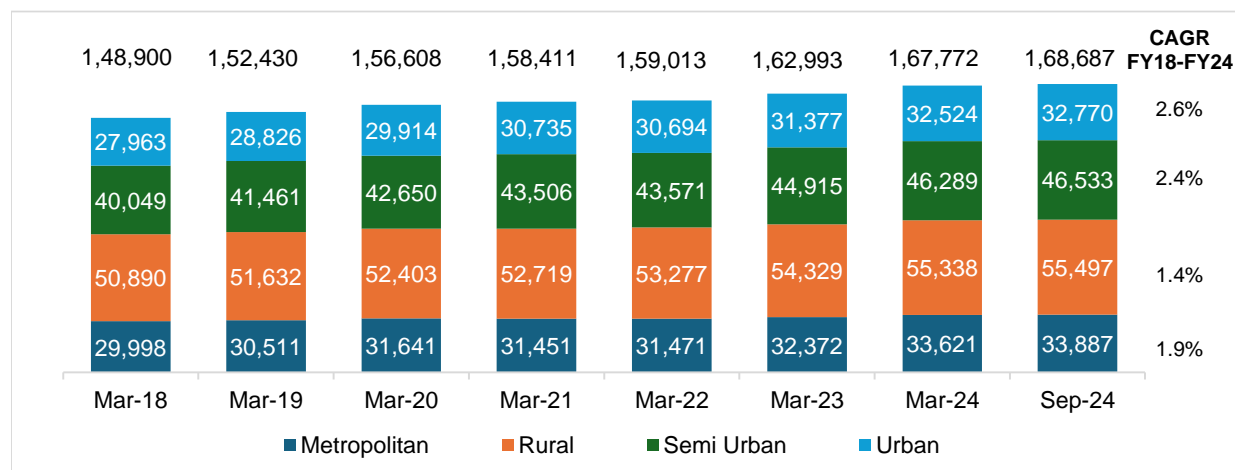
**Number of Commercial Bank Branches per 100,000 Adults across major countries (CY)**



Source: IMF: Financial Access Survey; CRISIL MI&A

The increase in the number of bank branches in India, from 1,48,900 in March 2018 to 1,67,772 by March 2024. This growth is largely driven by efforts to improve financial inclusion, especially in semi-urban and rural areas, where access to formal banking has traditionally been limited. The expanded branch network enables a wider segment of the population to access banking services, which includes deposits, loans, and other financial products. The growth in banking sector is expected to drive expansion into rural & semi-urban areas, investments in creating infrastructure, including ATMs or micro-ATMs which will drive the opportunities for variety of service providers to banks, including cash logistics companies.

### Banking branches in India



Note: Data for Number of Functioning Offices of Commercial Banks; Source: RBI, CRISIL MI&A

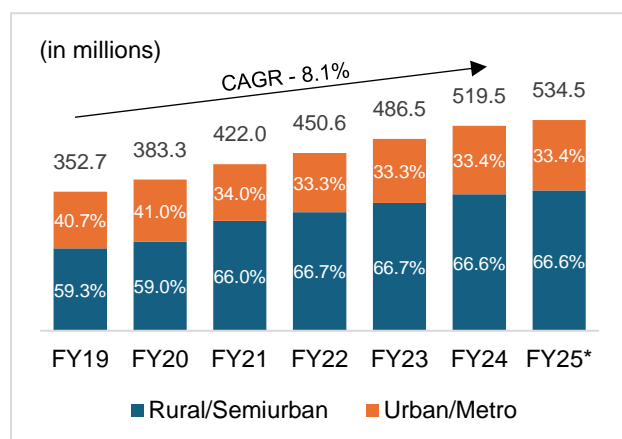
### Government initiatives supporting the increase in financial inclusion

Direct-benefit transfer has been instrumental in the acceleration of financial inclusion since it has helped eliminate human interface and leakages in the system, ensuring timely, accurate and quality services and fund transfers to the beneficiaries. This tool has helped in the disbursement of benefits to a wide population spread geographically through 312 government schemes, such as the Pradhan Mantri Matru Vandana Yojana (PMMVY) for women, Pradhan Mantri Ujjwala Yojana (PMUY), Krishi Unnati Yojana (KUY) or Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) for beneficiary bank accounts held by any gender. The total DBT was around Rs 6.9 trillion in Fiscal 2024 (provisional figures) and Cumulative Total DBT was Rs 36.8 trillion as of March 2024.

The two major initiatives launched by the Government to promote financial inclusion are the Pradhan Mantri Jan Dhan Yojana (PMJDY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). Under the PMJDY, the Government's aim is to ensure that every household in India has a bank account which they can access from anywhere and avail of all financial services such as savings and deposit accounts, remittances, credit and insurance affordably. PMJJBY is a one-year life insurance scheme that offers a life cover of Rs 0.2 million at a premium of Rs 436 per annum per member, which can be renewed every year. The Government

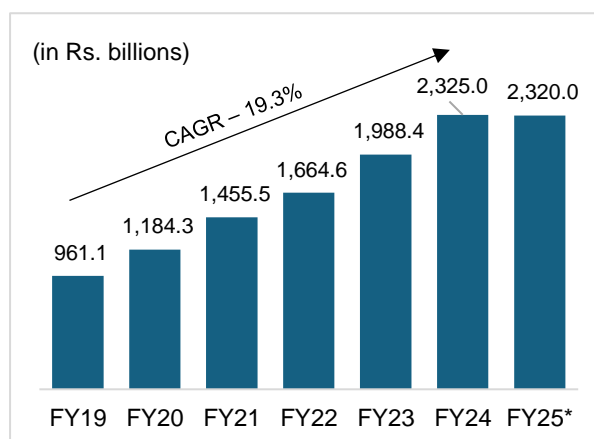
has also launched the Pradhan Mantri Suraksha Bima Yojana (PMSBY), an accident insurance policy that offers an accidental death and full disability cover of Rs 0.2 million at a premium of Rs 20 annually. As per the Government, more than 100 million people have registered for these two social security schemes. As of 11<sup>th</sup> Sept 2024, 535 million PMJDY accounts had been opened, of which ~ 67% were in rural and semi-urban areas, with total deposits of Rs. 2,319 billion. (Source: Pradhan Mantri Jan-Dhan Yojana: Progress Report)

**Number of PMJDY accounts**



Note: \*FY25 data is till 11<sup>th</sup> Sept 2024;  
Source: PMJDY; CRISIL MI&A

**Total balance in PMJDY accounts**



Note: \*FY25 data is till 11<sup>th</sup> Sept 2024;  
Source: PMJDY; CRISIL MI&A

## Rural economy is becoming structurally far more resilient

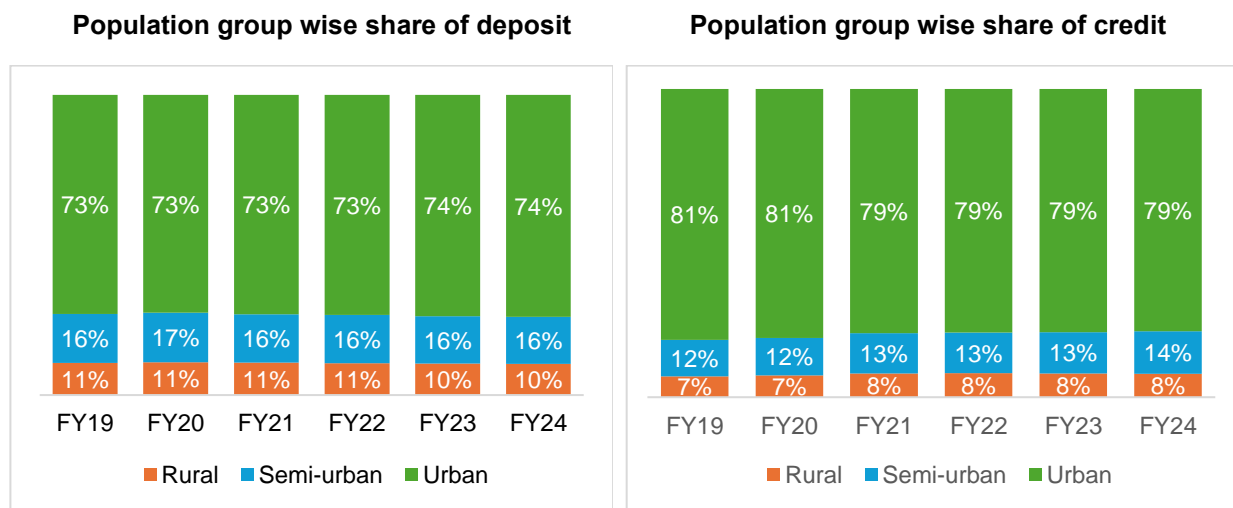
According to Census 2011, there are about 640,000 villages in India, which are inhabited by about 893 million people. The rural economy is far more resilient today due to increased spends under PM-Kisan scheme, Mahatma Gandhi National Rural Employment Guarantee Act, 2005 and irrigation programmes. Additionally, schemes such as direct benefit transfer (“DBT”), PM Ujwala Yojana for cooking gas, PM Awas Yojana for housing, and Ayushman Bharat scheme for healthcare are supporting growth in rural areas. To supplement this, there has been a continuous improvement in rural infrastructure such as electricity and roads. These government initiatives have led to lesser leakages and higher incomes in the hands of the rural populace, thereby enhancing their ability and willingness to spend on discretionary products and services. The structural changes, combined with a positive macro environment, is expected to improve rural business prospects, provide business opportunities for the banking and financial services sector and drive the long-term growth of the economy. Further, such changes in the rural economy will increase demand for cash as well as majority of people in rural areas are still dependent on cash for their daily transactional activities.

## Rural India accounts for about 47% of GDP, but only 10% of deposits and 8% of credit

Rural India has a crucial role to play, as almost 65% of the population resides in rural areas, as per 2021 data from the Economic Survey (January 2023). Though, their share is abysmally low at just 10% of total banking deposits and 8% of total banking credit as of March 2024, about 47% of India’s GDP comes from

rural areas. Lower share of banking deposits and credit in rural areas as compared to high GDP contribution indicates high dependency on cash. Lack of bank infrastructure, low level of financial literacy and investment habits, along with lack of formal identification, are some of the reasons for low penetration of banking and high utilization of cash. There are vast opportunities presented by the significant population resides in these areas.

**Share of bank credit and deposits shows low penetration in rural areas**



*Note: Urban includes data for urban and metropolitan areas, above data represents indicators for scheduled commercial banks in India; Source: RBI; CRISIL MI&A*

The government's push for financial inclusion, better mobile penetration & innovative startups solving financial penetration challenges have set off a virtuous cycle, where increased access to banking services has led to better financial literacy among the people. As people become more aware of the benefits of formal banking, there has been a surge in the number of bank accounts being opened, particularly in rural and semi-urban areas. This, in turn, has prompted banks to expand their reach by setting up more branches in these regions, further increasing accessibility and convenience. Consequently, with more businesses and individuals having access to formal banking channels, there is a growing demand for bank-led cash logistics services, as they seek to efficiently manage their financial transactions and cash flows. As a result, the government's financial inclusion initiatives have created a fertile ground for the growth of cash logistics services in these areas, presenting a significant opportunity for cash logistic companies to provide tailored solutions and deepen their engagement with customers.

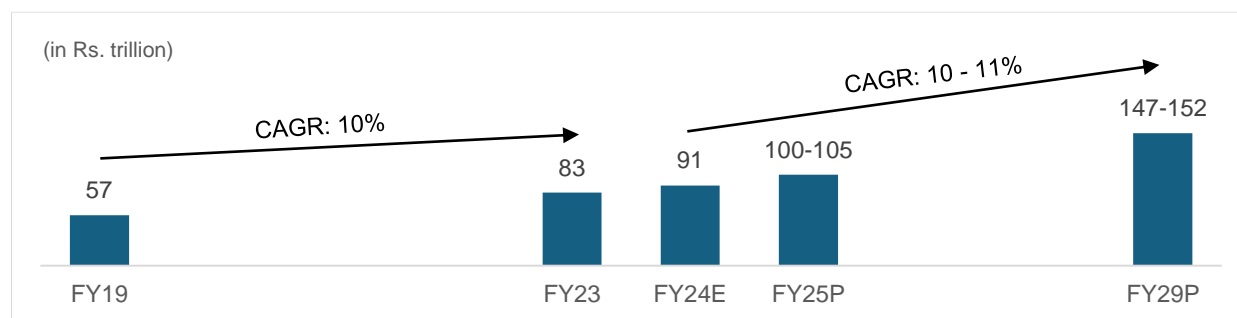
**Retail industry as one of the growth drivers for cash logistics in India**

In Fiscal 2024, Retail industry's year-on-year growth is estimated to have moderated to 10-11% (down from 14.5% - 15.5% YoY growth in Fiscal 2023) as easing commodity prices resulted in marginal price hikes in Fiscal 2024. Furthermore, a decline in consumption amid inflationary pressures impacted demand. In Fiscal

2025, growth is predicted to bounce back, fuelled by enhanced consumer confidence amid reduced inflation. Consequently, CRISIL MI&A foresee the retail sector expanding 11-12% during the year.

Between Fiscals 2024 and 2029, CRISIL MI&A believes growth will accelerate at a 10-11% CAGR as economic activity picks up and inflation remains in a low to moderate range. Consumption revival, coupled with economic growth, will boost consumer sentiment and drive discretionary spending. Improved investments by large retailers will further propel retail growth.

### Retail industry market size



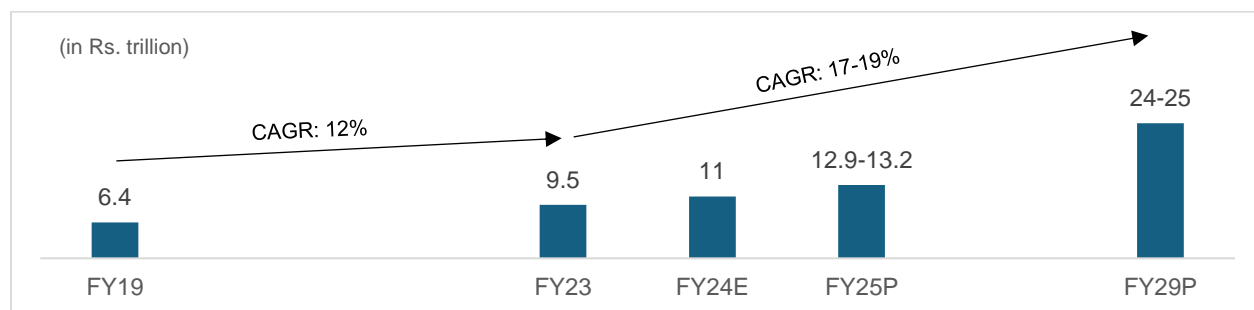
Note: E – Estimated, P – Projected  
Source: CRISIL MI&A

### Organized retail industry to grow at 17-19% in the long term

According to CRISIL Research, organized retail typically means large-format chain stores which are corporatised, apply modern management techniques and have relatively higher level of self-service in nature. E-retail is a type of organized retail, while traditional retail refers to only physical stores i.e. brick-and-mortar (B&M). CRISIL MI&A estimates that organized retail market expanded to Rs. 11 trillion in Fiscal 2024, from Rs. 9.5 trillion in Fiscal 2023 with a growth of around 15-16%. In Fiscal 2025, growth is anticipated to rebound, driven by improving consumer sentiment amid lower inflation. Therefore, CRISIL MI&A anticipates the organized sector to grow 17-20% from Rs. 11 trillion in Fiscal 2024 to Rs. 12.9-13.2 trillion in Fiscal 2025 as compared to 11-12% from Rs. 91 trillion in Fiscal 2024 to Rs. 100-105 trillion in Fiscal 2025 for overall retail industry.

The organized retailing industry grew at ~12% CAGR between Fiscal 2019 and Fiscal 2024. New-store rollouts as well as increasing penetration into Tier-II and Tier-III cities, apart from metros and Tier-I cities, will propel growth in the long term. Further, with a pickup in the macroeconomic environment and improved consumer spending in the longer term, organized retail is expected to grow at a 17-19% CAGR over Fiscals 2024 to 2029 to Rs 24-25 trillion.

## Organized retail market size



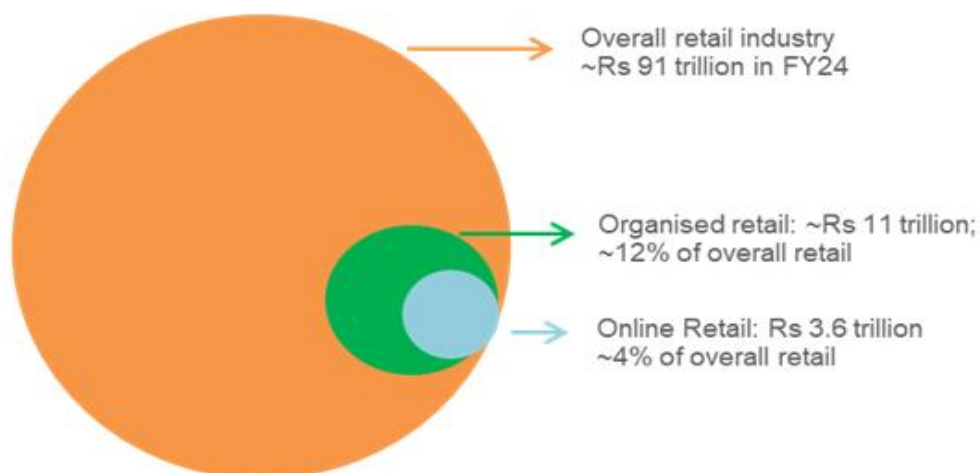
Source: CRISIL MI&A

## Organized retail penetration to reach 17% by Fiscal 2029

Organized retail penetration (ORP) is likely to reach ~17% in Fiscal 2029 from ~12% in Fiscal 2024. ORP was impacted in Fiscal 2021, because of a faster decline in organized retail compared with overall retail, amid significantly higher proportion of non-essentials in organized retail compared with overall retail. However, ORP is expected to grow, as urban consumers move up the economic ladder and increase their preference for branded products, and the youth becomes more aspirational. On the supply side, store expansions by existing players and entry of new players would support growth.

The overall retail market in India is estimated at Rs. 91 trillion in Fiscal 2024, of which organized retail accounts for Rs. 11 trillion, representing ~12% of overall retail market. Within organized retail, online retail contributes Rs. 3.6 trillion, making up 4% of the overall retail market.

## Organized retail accounts for ~12% of overall retail market (Fiscal 2024)



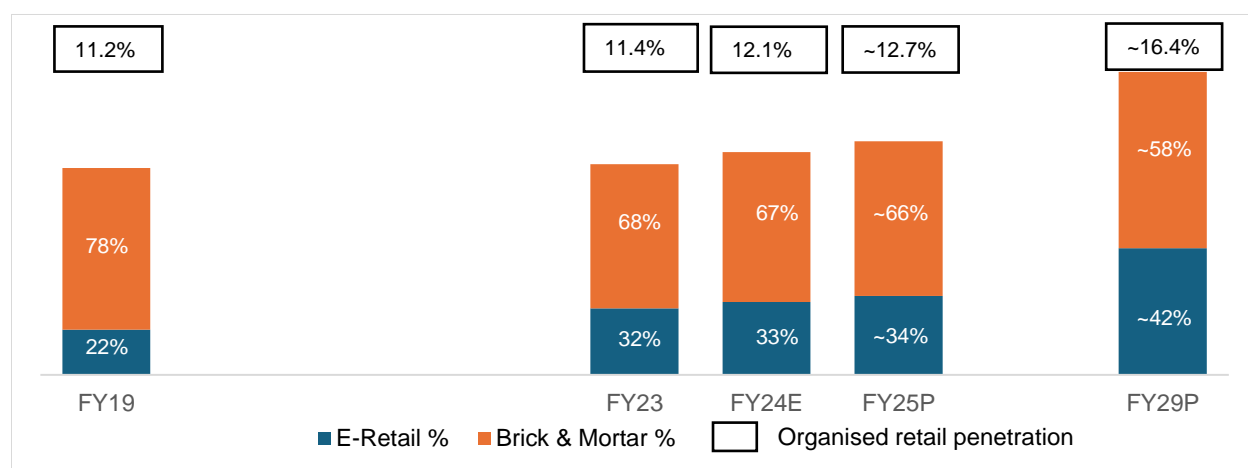
Source: CRISIL MI&A

Within organized retail, the growth trajectory of B&M (Brick & Mortar) retailers is expected to grow at 13-

15% in the long term and e-retailers is expected to grow by 21-26% in the long term. Increasing preference by consumers to make purchases from large, organized outlets will drive demand for B&M retailers. Growing internet penetration and industry focus towards consumer stickiness will drive growth for online players.

In Fiscal 2024, organized retail penetration (ORP) accounts for around 12.1% of total retail, with around 67% contributed by B&M stores and around 33% by e-retail. CRISIL MI&A projects ORP to rise to around 16.4% by Fiscal 2029, with the share of B&M declining to around 58% and e-retail increasing to around 42%.

**Organized retail as a percentage of total retail over time – Split by Brick & Mortar and E-retail**



Note: E: Estimated, P: Projected, Source: CRISIL MI&A

Among verticals, food & grocery is expected to grow at a healthy pace on back of significant offline as well as online impetus. Increasing brand awareness and entry of various international players will drive growth in apparel and lifestyle segments. The retail industry in India is rapidly adopting cash logistic solutions to optimize their financial operations, reduce costs, and improve efficiency. Here are some key factors driving the use of cash logistic for the retail industry in India:

1. **Cash-intensive nature of retail business:** Retailers in India still deal with a significant amount of cash transactions, making cash logistic a critical aspect of their operations. Also, COD is the most used method of payment amongst e-commerce retailers in India. It constituted majority of the e-commerce payments, indicating the significance of cash with respect to payments, growing on back of expansion into Tier-2 to 4 cities. As the e-commerce penetration increases in these lower tiers, the share of COD payments is also expected to increase correspondingly. Effective cash logistics help retailers minimize cash handling errors, reduce theft, increased focus of internal staff on the retail business and optimize cash flow.

2. **Increasing competition and thin margins:** The Indian retail industry is highly competitive, with thin profit margins. Retailers need to optimize their cash logistic processes to reduce costs, improve efficiency, and maintain profitability.
3. **Rise of organized retail:** The growth of organized retail in India, including modern trade formats like supermarkets, hypermarkets, and e-commerce, has led to an increased need for sophisticated cash logistics systems.
4. **Government regulations and compliance:** The Indian government has introduced various regulations, such as the Goods and Services Tax (GST), to promote transparency and accountability in financial transactions. Retailers need to ensure compliance with these regulations, which are facilitated by effective cash logistics systems.
5. **Security concerns:** Cash handling poses security risks, such as theft, fraud, and robbery. Retailers are adopting cash logistics solutions to minimize these risks and ensure the safety of their employees and customers.
6. **Need for real-time visibility and analytics:** Retailers require real-time visibility into their cash flows, sales data, and inventory levels to make informed decisions. Cash logistics systems provide analytics and insights to help retailers optimize their operations and improve profitability.
7. **Expansion of retail formats:** The growth of new retail formats, such as convenience stores, pharmacies, and quick-service restaurants, has led to an increased need for cash logistic solutions that can cater to their specific requirements.
8. **Increasing adoption of technology:** The Indian retail industry is increasingly adopting technology, including cloud-based solutions, mobile apps, and IoT devices, to streamline their operations and improve efficiency. New solutions from a few Cash logistics players, which can integrate this technological push with traditional cash to streamline and consolidate retail operations, would facilitate this technological adoption.
9. **Cost savings and efficiency:** Cash logistics solutions help retailers reduce costs associated with cash handling, such as transportation, storage, and security. By automating cash logistics processes, and further, offering new solutions can help retailers to improve efficiency and reduce manual errors.
10. **Cost advantage of cash logistics:** Cash logistics services help retailers reduce costs associated with cash handling, such as transportation, storage, and security. By automating cash logistics processes, and further, offering new solutions can help retailers to improve efficiency and reduce manual errors. In addition, in many countries, the lower costs associated with cash logistics compared to other payment methods make cash a more economical option for retailers. As a result, some retailers may choose to accept only cash payments or set a minimum sales amount for card transactions to optimize costs.

Organized retailers have a significant presence in verticals such as apparel with an ORP (Organized retail penetration) of around 25.2%. Rising preference for branded clothing, along with players' ability to differentiate (based on colours, fabric, etc.) helps them improve their reach. Consumer durables (including

mobiles and IT devices), footwear and jewellery (including watches and eye care) are other verticals where organized players have a strong foothold.

### Segment – wise organized retail penetration

Organized retail	Fiscal 2024E		Fiscal 2027P		
Segments	Market Size (In Rs. billion)	ORP (in %)	Market Size (In Rs. billions)	ORP (in %)	3-year CAGR (in %)
<b>Food &amp; Grocery</b>	3,241	6.2%	5,415	7.9%	17-22%
<b>Apparel</b>	2,190	25.2%	3,753	31.2%	15-20%
<b>Footwear</b>	346	31.8%	517	33.5%	12-17%
<b>Furniture &amp; Furnishing</b>	184	6.1%	331	8.7%	18-23%
<b>Pharmacy</b>	152	8.5%	231	9.5%	13-18%
<b>Consumer durables, mobile &amp; IT</b>	2,463	53.2%	4,135	71.0%	16-21%
<b>Book &amp; Music</b>	27	1.9%	32	2.1%	2-7%
<b>Others</b>	2,436	13.4%	3,593	12.9%	10-15%
<b>Total Organized Retail</b>	<b>11,040</b>	<b>12.1%</b>	<b>18,008</b>	<b>15%</b>	<b>17-19%</b>

Note: E: Estimated, P: Projected, ORP: Organized retail penetration  
Source: CRISIL MI&A

As per CRISIL MI&A estimates, that there are approximately 4 million retail touch points in India, addressable for cash logistics services as of Fiscal 2024. Out of this, only about 0.15 – 0.2 million (which is just 5% of addressable market) retail points are utilizing cash logistics services. This shows great potential for cash logistics services to expand in this domain.

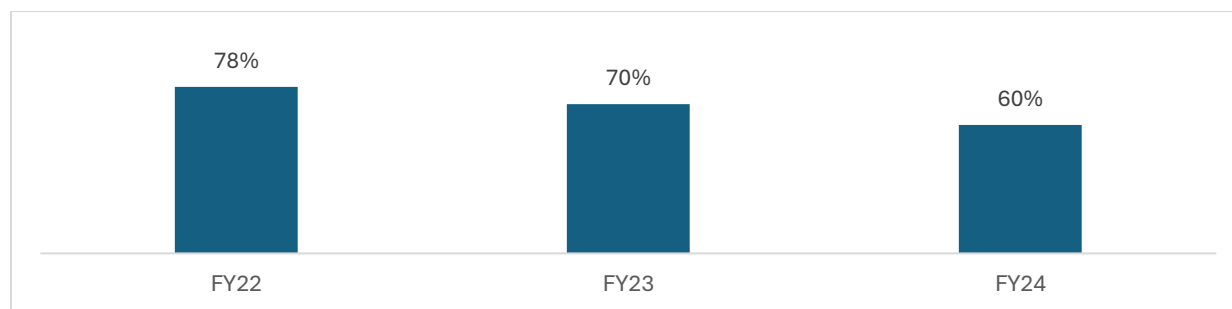
### Retail touchpoints (Fiscal 2024)



Source: CRISIL MI&A estimates

As of Fiscal 2024, the share of cash in retail transactions remains significant at approximately 60% (Average of lower & upper limit), based on the cash usage indicator from the RBI report. Although cash usage is declining with growth of digital payments, it still plays a dominant role in the economy.

### Share of cash transactions in retail transactions (Cash usage indicator)

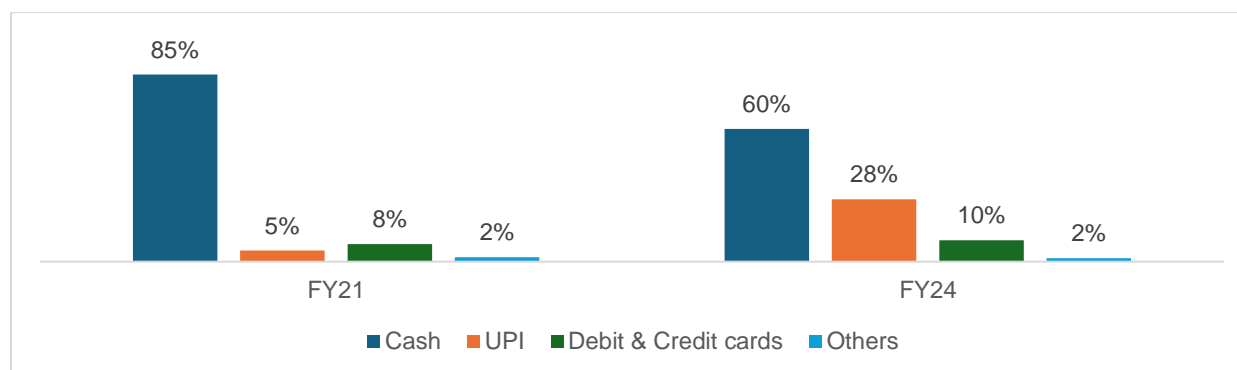


Note: Data based on estimated values of CUI (Cash usage indicator) for India  
Source: RBI report "Cash Usage Indicator for India", CRISIL MI&A estimates

The RBI, in its half-yearly Monetary Policy Report released in October 2021, indicated that among the various modes of retail payments in India, the volume of transactions through ATMs, credit cards and debit cards have a high correlation with India's GDP (0.95 for the period Q1:2011-12 to Q4:2020-21).

The cash retail payments still dominate the Indian retail sector as most of the non-cash payments are not available to most of the Indian population staying in the SURU areas where net banking and other non-cash payment modes have poor adoption yet. Despite the effects of demonetization, Covid-19 & a shift in payment preferences over the years, cash remains the most widely used payment method in retail, accounting for 60% of transactions in Fiscal 2024. While its share has declined from 85% in Fiscal 2021, it still surpasses other methods, including UPI at 28% and debit & credit cards at 10% in Fiscal 2024.

### Breakup of payment methods in retail



Note: Others include Prepaid instruments & BHIM Aadhar Pay  
Source: RBI, NPCI, CRISIL MI&A estimates

### Ecommerce and cash on delivery ("COD") in India

The ecommerce industry in India has grown significantly over the past decade, with online shopping becoming increasingly popular. However, COD remains a preferred payment option for many Indian consumers mainly because of following reasons:

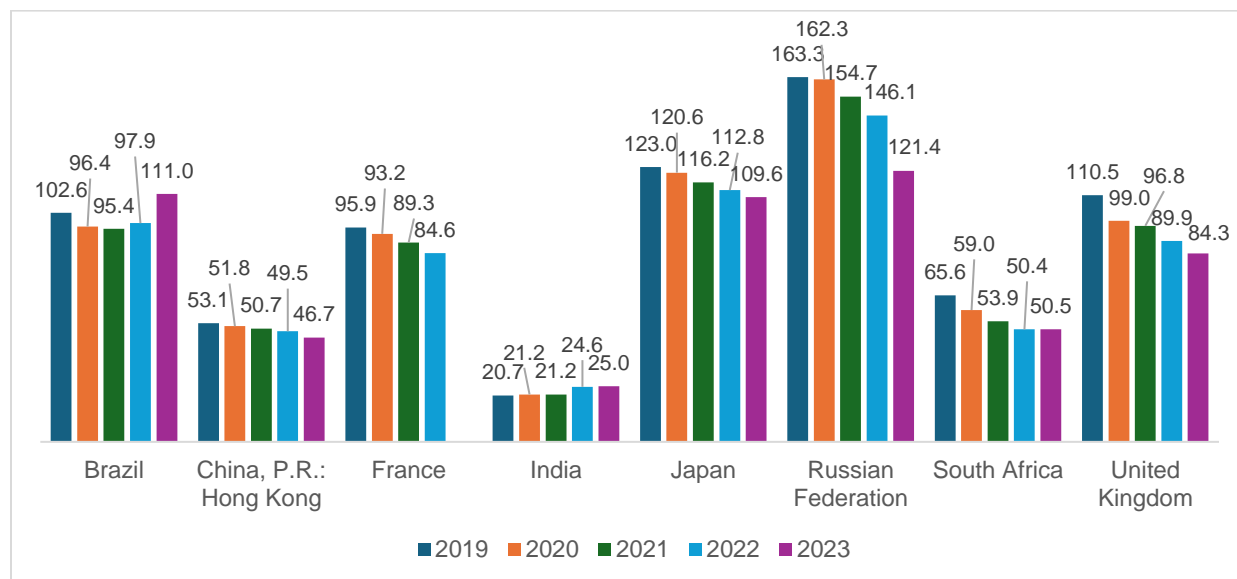
- **Trust issues:** Many Indian consumers are hesitant to share their card details or make online payments due to concerns about security and fraud.

- **Limited digital literacy:** Some consumers may not be comfortable using digital payment methods or may not have access to them.
- **Cash culture:** India has a strong cash culture, and many consumers prefer to pay in cash for various reasons, including the ability to negotiate prices and avoid interest charges.
- **Convenience:** COD offers consumers the convenience of paying for their purchases only when they receive them, which can be particularly appealing for those who are unsure about the quality or authenticity of products.
- **Hidden charges & Fee Discrepancies:** One of the key reasons many consumers in India prefer COD for e-commerce transactions is the avoidance of hidden charges & fees in digital payments. When paying through digital mode, customers often notice small differences between the billed amount and debited amount, especially for services like home delivery. This inconsistency, attributed to service fees, payment gateway fees or surcharges, erodes trust in digital payments.
- **Privacy concerns:** Consumer behavior data highlights a strong emphasis on privacy. Many individuals are hesitant to share their purchase information, consumption patterns and habits and/or sensitive financial information, such as credit & debit card details, during online transactions due to concerns over data security and the potential for breaches. COD offers a secure alternative, allowing consumers to maintain their privacy while still enjoying convenience of online shopping.

### **ATM footprint in India**

Though CIC in India has grown at a CAGR of approximately 12.3% from Fiscal 2001 to Fiscal 2024, the Indian ATM industry has experienced limited growth with a CAGR of 2.6% between the same period, primarily due to unfavourable unit economics as well as a gradual increase in digital payments, which has hindered the expansion of the sector. As per IMF, ATM penetration (Number of ATMs per 1,00,000 adults) in India is around 25 for the year 2023, which is much lower compared to the major countries.

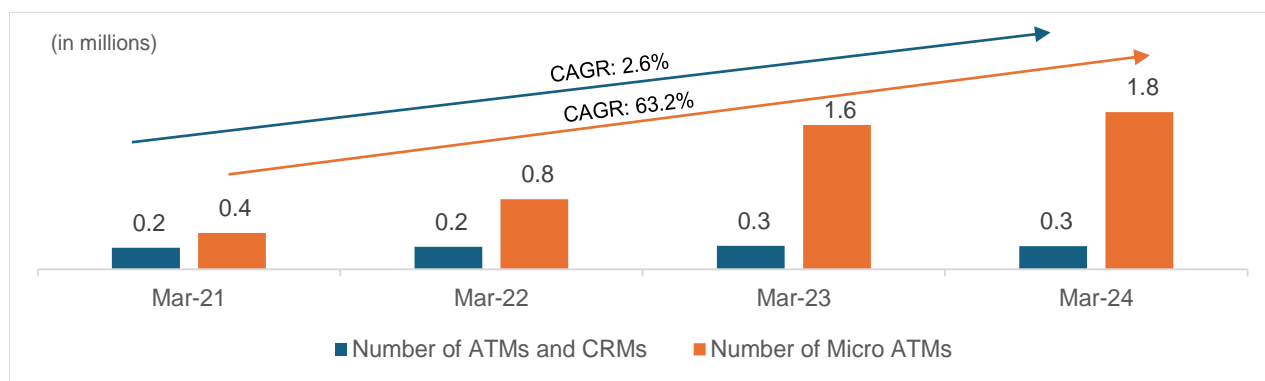
**Number of ATMs per 100,000 adults for several countries**



Note: Data in calendar year  
Source: IMF, CRISIL MI&A

The stagnation in the growth of number of ATMs in India has started post-demonetisation as the CAGR from Dec 2011 to Dec 2016 stood at around 20% whereas from Sept 2016 to Sept 2024 the CAGR is only around 2%. The number of ATMs grew at a CAGR of 2.6% between Fiscal 2021 & Fiscal 2024 and micro-ATMs grew at a CAGR of 63.2% between the same period, reflecting the challenges of expanding traditional ATM infrastructure, particularly in rural and semi-urban areas. Between 2021 and 2024, the Indian ATM industry has experienced limited growth, driven by factors such as stagnation in the number of installed machines and banks' reluctance to invest in new ATMs and the underperformance of the white-label ATM segment in India. In contrast, high growth of micro-ATMs signals its rapid adoption as a more flexible and cost-efficient alternative. Additionally, Micro ATMs support Aadhaar-based transactions and are instrumental in direct benefit transfers, making them valuable tools for digital and inclusive banking strategies. The portability and low-cost deployment of micro-ATMs, coupled with their ability to operate in remote areas through banking correspondents, have made it a game changer in extending financial services to underserved population. As a result, the low penetration of traditional ATMs is increasingly being substituted by the high growth & widespread reach of Micro ATMs, while the cash in circulation continues to grow at a steady pace. Further, the rising costs of operating ATMs, driven by the need for technological advancements, operational improvements, enhanced security measures, and the emergence of competitive alternatives like micro-ATMs, present challenges within the industry.

### ATM & Micro ATM system infrastructure

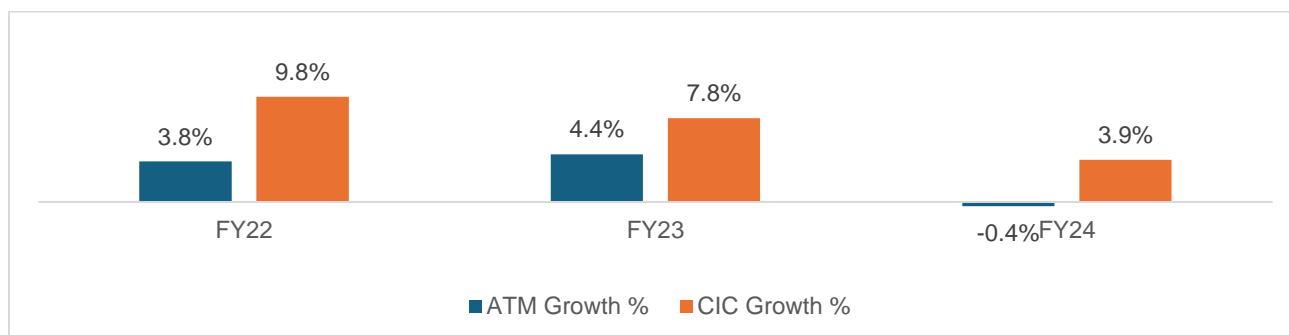


Source: RBI, CRISIL MI&A

### Cash growing at a faster pace than ATM infrastructure growth

While CIC in India has seen a consistent growth, the growth in number of ATMs has stagnated, with only ~2% CAGR between March 2021 & March 2024. This disparity is evident from the diverging trends in CIC & ATM data, as cash usage outpaces ATM infrastructure expansion. The rise in CIC reflects higher transactional demand, while the slower growth in ATMs highlights the existence of more competitive substitutes like micro-ATMs. These trends indicate that cash usage expands beyond ATM dependency and are not directly comparable.

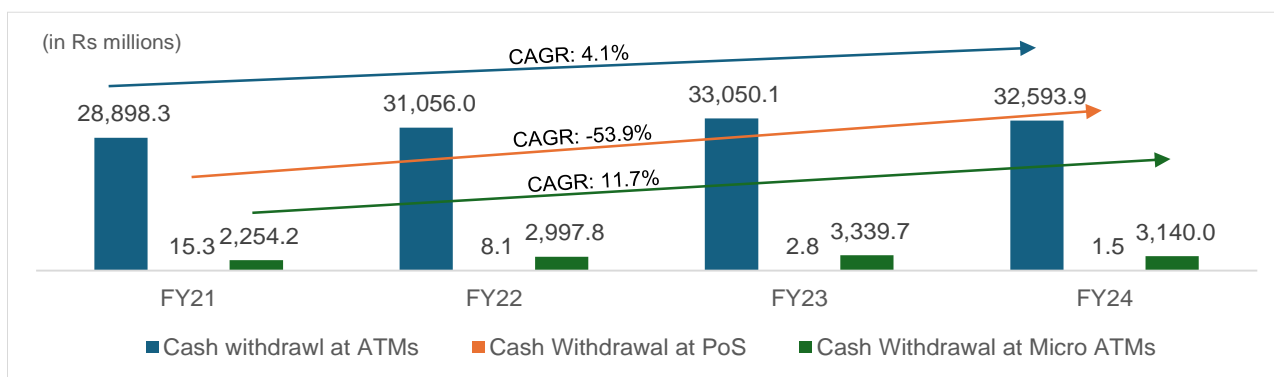
### YoY Growth of CIC & number of ATMs



Source: RBI, CRISIL MI&A

The trend in cash withdrawals across different payment systems reveals a mixed picture, with cash withdrawals at ATMs increasing by 4.1% between Fiscal 2021 and 2024, while those at POS terminals declined sharply by 53.9% between the same period. In contrast, micro-ATMs saw a significant surge in cash withdrawals, growing by 11.7% over the same period.

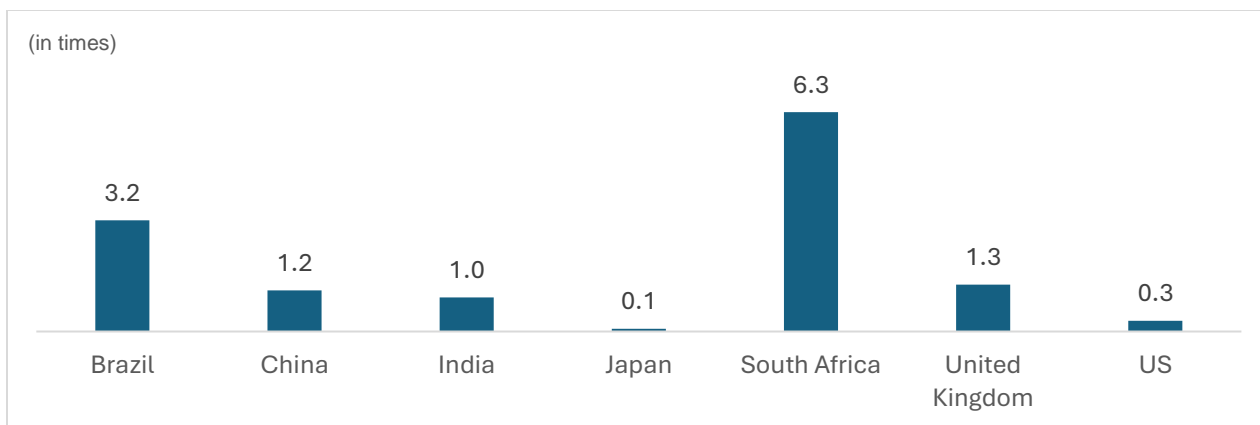
### Cash withdrawal at different payment systems



Source: RBI, CRISIL MI&A

ATM Withdrawals as a proportion of CIC, which means an indication of the use and penetration of ATMs for cash distribution, varies significantly across countries, reflecting differences in cash usage patterns and financial habits. In India (1.0), it is moderate, indicating a balanced reliance on ATM withdrawals. China (1.2) and the UK (1.3) are similar, with slightly higher ATM withdrawals as a proportion of CIC. Brazil (3.2) and South Africa (6.3) exhibit high number, suggesting frequent cash turnover and dependence on cash transactions. Conversely Japan & the US demonstrate very low ATM withdrawals as a proportion of CIC indicating low dependency on ATMs.

### ATM withdrawal as a proportion of CIC in India and comparison across countries



Note: This has been calculated by dividing total ATM withdrawals with total cash in circulation in the country; Source: BIS, CRISIL MI&A

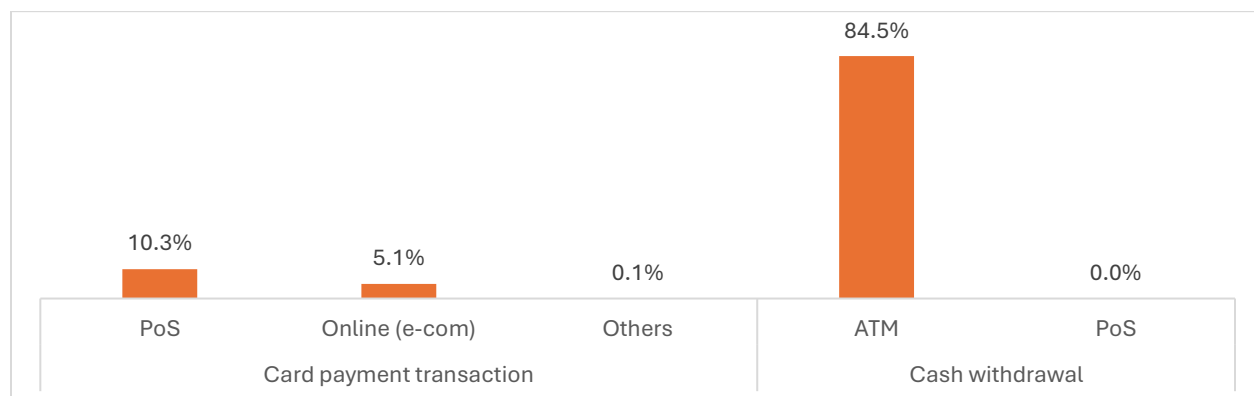
### Cash payments expected to dominate the economy

India is still a predominantly cash-based economy. This is due to various factors, including limited access to digital payment infrastructure, lack of financial literacy, and a preference for cash transactions among many Indians. While digitalization has resulted in an increase in card and UPI payments, cash payments are likely to continue to dominate.

### The use of debit card does not replace cash

After cash, debit cards are the most used means of making payments in India. As of March 2024, only 10.3% of debit card transactions (in value) are used for card payment transactions at PoS, as per RBI report. Approximately, 84.5% of debit card transactions (in value) in Fiscal 2024 were cash withdrawals, signifying that debit cards are being used primarily to make cash withdrawals from ATMs, and do not replace cash. This highlights the ongoing reliance on cash, prompting banks to seek more efficient and cost-effective cash logistic solutions.

### Debit card usage for the year – Fiscal 2024 (Value-wise)

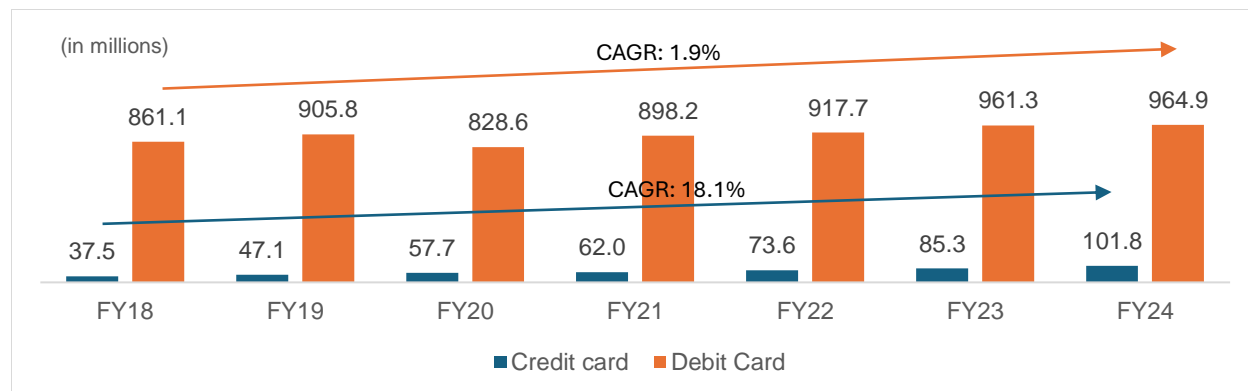


Source: RBI, CRISIL MI&A

### Card payments trends in India

The number of credit cards in India has grown significantly, rising from 37.5 million in Fiscal 2018 to 101.8 million in Fiscal 2024, reflecting a CAGR of 18.1%. This growth underscores the increasing adoption of credit-driven spending, supported by reward programs, and evolving consumer credit behaviour. In contrast, debit card has increased from 861.1 million in Fiscal 2018 to 964.9 million in Fiscal 2024, at a CAGR of 1.9%.

### Outstanding number of debit & credit cards in India



Source: RBI, CRISIL MI&A

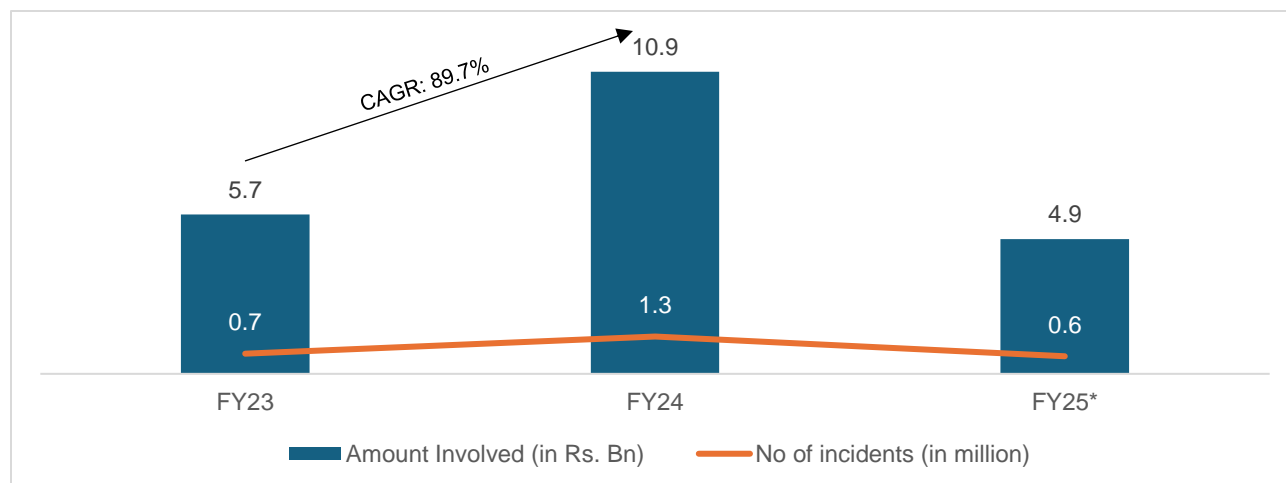
Digital payments have transformed the way transactions are conducted in India, driven by rapid advancements in technology, government initiatives like Digital India, and the widespread adoption of platforms like UPI. Between Fiscal 2021 and Fiscal 2024, the volume of digital payments transactions has increased from 43.7 billion to 164.4 billion, growing at a CAGR of ~56%. These systems provide cashless options for individuals and businesses, offering convenience and traceability. A continued shift in consumer trends in India with respect to the use of cashless payment methods could result in a significant reduction in the use of cash as a payment method. While these innovations promise inclusivity and efficiency, they also bring a set of challenges that need to be addressed for sustained growth and adoption. Further, the RBI has stated in its Payments Vision 2025 that it is taking steps to expand the reach of digital payment transactions across different strata of the population, while enhancing outreach and cybersecurity.

### Challenges of digital payments

**Digital & Financial literacy:** While digital payments volumes in India have grown rapidly, a significant portion of the rural population remains digitally excluded. Also, majority of rural adults lack basic digital literacy, limiting their ability to adopt digital payments effectively.

**Cybersecurity & Frauds:** Cases of online frauds, phishing, and data breaches are increasing rapidly, which may deter many users from adopting digital payments. As per a notification by ministry of finance, UPI domestic payments frauds have increased by 89.7% from Fiscal 2023 to Fiscal 2024 to Rs. 10.9 billion.

### UPI Domestic Payment Frauds



Note: \* - FY25 is till September 2024  
Source: Ministry of Finance, CRISIL MI&A

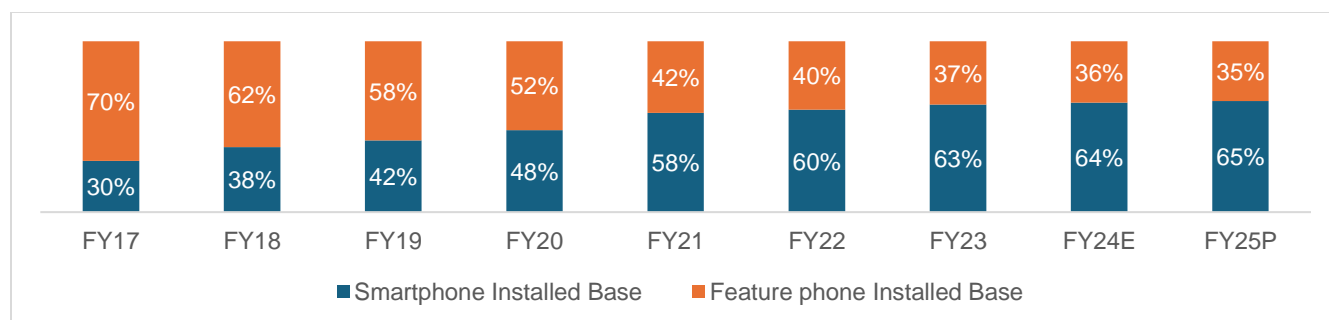
**Transaction failures:** Frequent transaction failures due to technical glitches or server downtime reduce consumer confidence. Technical decline (TD) of Aadhaar Enabled Payment System (AePS) of the leading issuer bank, State Bank of India, stood at an average of 1.8% for Fiscal 2024 and was 7.9% for Fiscal 2023. Considering huge volume of transactions using AePS, such TD % can be considered as very high.

Transaction declines that are attributable to technical shortcomings like connectivity issues, switch unavailability, incorrect message data elements, etc. are classified under TD. It also includes technical issues which sometimes result in the transaction being executed, leading to debits without corresponding credits, requiring the customer to lodge complaints with the bank, which can take 1-3 months to resolve.

**High cost of digital infrastructure:** Merchants often face high costs and service charge fees for setting up and using digital payments systems, such as purchasing point of sale machines, which is not there in case of cash transaction. There is also a recurring cost attached to these PoS machines (either fixed amount or as percentage of transaction value) which encourages the merchants to prefer cash which doesn't have any extra costs attached to it.

**Limited support for feature phones:** Despite India's significant reliance on feature phones – accounting for around 36% for phone installed base in Fiscal 2024, most digital payments cater to smartphones. This limits financial inclusion, as feature phone users mostly depend on USSD-based systems, which saw less than 0.1% transactions of total UPI transactions in Fiscal 2024 due to lack of awareness and complexity.

**Around 36% for phone installed base are still feature phones – Fiscal 2024**



Note: E: Estimated, P: Projected; Source: CRISIL MI&A

**Unsustainable Cost Model:** UPI is currently fully subsidized and free of cost for users, which is financially unsustainable for banks and payment service providers. Any introduction of fees, as highlighted by various media reports, could significantly reduce its usage, as evidenced by similar trends in other markets.

**Misuse of QR Codes:** QR codes can be configured to download data-grabbing apps that may be able to collect and sell user's personal data. Also, scanning a QR code automatically sends user's location coordinates to a geo-location enabled application.

**Lack of Transactional Anonymity:** Digital payments systems inherently lack anonymity, as every transaction is traceable. This limitation deters users who prefer discretion, particularly in purchases like alcohol, where societal judgement may come into play. Unlike cash, which offers complete privacy, reducing their appeal in certain contexts.

**Concerns over Personal Data Usage:** Many millennials and tech-savvy users are increasingly wary of how their personal data is being collected and utilized by digital payment platforms. There is growing skepticism about platforms monetizing users' data without transparent consent, raising privacy concerns and deterring adoption.

## Cash Logistics Industry

The core services provided by the cash logistics companies are Cash-in-Transit (CIT), ATM Cash Replenishment and First Level Maintenance (FLM), and Retail Cash Management (Doorstep Banking) services. Additionally, cash logistic companies offer a range of value-added services, including the transportation of jewels, artworks, valuables, and bullion.

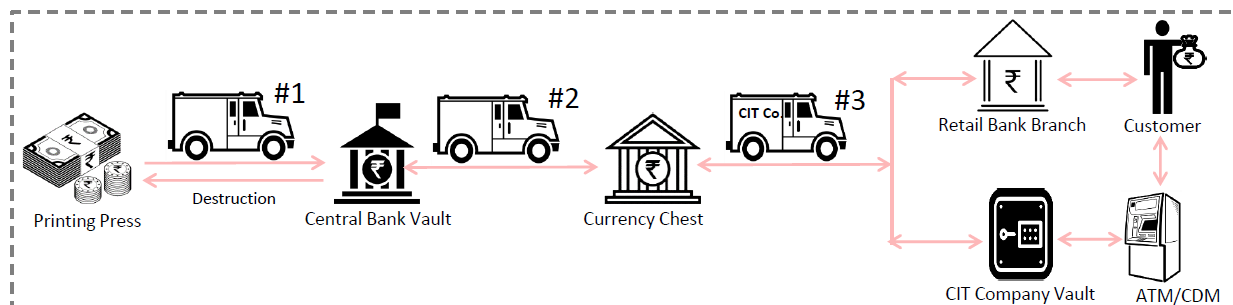
As of Fiscal 2024, the market size of traditional cash logistics services currently stands at approximately Rs. 33 billion which is estimated to reach around Rs. 68 billion as of Fiscal 2029, growing at a CAGR of ~16%. New solutions expansion is being driven by the increasing scope of services offered by cash logistic providers. Further, growing outsourcing trends among banks are significantly boosting the industry's growth trajectory.

The demonetization period had a severe short-term impact on the industry, as cash usage dropped drastically, and ATMs remained largely out of service. However, in the post-demonetization phase, the cash logistics industry has regained momentum and continues to witness steady growth. India remains a predominantly cash-driven economy, with cultural preferences for cash transactions, particularly in semi-urban and rural (SURU) areas. Cash continues to play a vital role in enabling economic activity and driving commerce, making cash logistics a critical industry. The increasing cash intensity in the country has further solidified the importance of this market.

The organized retail sector in India is expanding at a long-term annual growth rate of 17-19%, supported by a rising customer base across e-commerce and growth of retail chains. These sectors, which handle large volumes of cash, are key drivers of growth in the retail cash management (door step banking) services.

### Cash supply chain in India

The cash supply chain begins with the central bank, which is responsible for issuing and managing the country's currency. The central bank sets the monetary policy and regulates the money supply, ensuring that there is enough cash in circulation to meet the demands of the economy. When commercial banks need cash, they place an order with the central bank, which is then fulfilled through currency chests. Currency chests are secure facilities that store and manage cash inventories, and it is responsible for distributing cash to commercial bank branches.



Source: CRISIL MI&A

Cash logistics companies provide various services at different stages of cash cycle, among other things, including:

- **Cash-in-Transit (CIT):** Cash-in-Transit (CIT) services refer to the secure and efficient transportation of cash between bank branches and between bank branches and currency chests. This involves the use of a fleet of secured vehicles strategically distributed across a region to provide extensive local coverage and ensure efficient geographical reach. CIT services are designed to meet the cash transportation requirements of banks and financial institutions, providing a reliable and secure means of transferring cash. These services are typically operated in compliance with regulatory requirements, including those set by banks, central bank and government agencies, to ensure the highest standards of security and integrity.
- **ATM Cash Replenishment and FLM:** It provides cash replenishment and first level maintenance services for ATMs and other self-service terminals, including cash vaulting and processing, provision of one-time combination keys to operate ATM vaults, and overall cash reconciliation.
- **Retail Cash Management (Door step banking):** It supports businesses in securely handling cash from a diversity of industries. It includes scheduled cash delivery and collection, cash counting and processing, vaulting, burial, seamless bank deposits, and reconciliation of sales records with cash collected. The operating model emphasizes security, accuracy, and efficiency to help retailers reduce manual cash handling risks and improve cash flow management.

## Key growth drivers of the Cash Logistics market

### Cash payments expected to dominate the economy

India is still a predominantly cash-based economy. Despite the effects of demonetization and Covid-19, cash is still the most preferred method of payment as compared to other payment methods. While digitization initiatives have led to an increase in payments using cards or the unified payments interface ("UPI"), cash payments are expected to continue to dominate the economy. Also, some other major reasons are ease of use, universal acceptance, and resilience to technological disruptions such as power outages or network failures. Cash remains particularly vital in rural and informal sectors, where digital infrastructure is limited, and for unbanked population who lack access to formal banking systems. It ensures privacy, leaves no digital trail, and eliminates transaction fees, making it a cost-effective and trusted mode of

payment. Additionally, many consumers prefer the tangibility of cash for budgeting and security, especially in economies where trust in digital systems is low. These factors collectively reinforce cash's role as the primary mode of payment in many economies, and in India.

### **Outsourcing Trend in Cash Services**

Banks and other participants like organized retail in India are outsourcing their cash needs in order to enhance operational efficiency, improve service, reduce costs, increase cash velocity so improve cash-flows, facilitate management and interlocation, and provide improved cash visibility. This trend covers:

- Cash Transportation: Secure cash delivery and collection.
- Cash Processing: Sorting, fitness and counterfeit detection, and reconciliation.

Further, the outsourcing of cash services is expected to also be driven by public sector banks increasingly outsourcing their cash-in-transit services to increase their productivity and reduce costs; an increased presence of the organized commercial retail, which will handle larger volumes of cash; as well as increased demand for outsourced cash logistics services beyond Tier 2 cities in India, obliging cash logistics companies to expand their geographical reach. The revenue of the Indian cash logistics market grew from approximately Rs. 21 billion in Fiscal 2021 to Rs. 33 billion in Fiscal 2024, a CAGR of more than 17% due mainly to the expansion of bank branches, the growth of organized retail, increased outsourcing by banks, an increase in the number of bank account holders, particularly in rural areas; the reduction of informal cash logistics services through the introduction of progressive RBI and MHA regulations; the introduction of new service offerings; and the continued increase in cash in circulation. Further, the demand for outsourced solutions has increased as banks look for more efficient ways to manage cash handling, improve service and productivity, and meet the rising demand for cash services. As financial institutions continue to outsource their cash management needs, the importance of specialised service providers in maintaining cash flow and reducing operational costs becomes even more pronounced. The outsourcing of cash services, including cash-in-transit, currency chests operations, ATM replenishment and FLM maintenance services, has got progressive traction within banks

### **Rising retail market in India**

In Fiscal 2025, retail growth is predicted to bounce back, fuelled by enhanced consumer confidence amid reduced inflation. Consumption revival coupled with economic growth will boost consumer sentiment and drive-up discretionary spending in the medium to long term. The organized retailing industry grew at ~12% CAGR between Fiscal 2019 and Fiscal 2024. The CAGR was lower in past five years on account of significant decline during covid period. It is expected to grow at a CAGR of 17-19% between Fiscal 2024 and Fiscal 2029 on back of new store roll-outs, increase in penetration beyond Tier-2 cities and increasing disposable income.

## Ecommerce and cash on delivery ("COD") in India

The Indian e-commerce sector, estimated at ~Rs 3,600 billion in Fiscal 2024, has had a phenomenal run over the past few years apart from Fiscal 2021. The market has managed to attract not only consumers but also investors across the world and has grown more than 2.5 times between Fiscals 2019 and 2024 on the back of rising internet penetration, increasing awareness of online shopping, and lucrative deals and discounts offered by well-established players and start-ups. Even for e-commerce industry, COD remains a preferred payment option for many Indian consumers because of following reasons:

- **Trust issues:** Many Indian consumers are hesitant to share their card details or make online payments due to concerns about security and fraud.
- **Limited digital literacy:** Some consumers may not be comfortable using digital payment methods or may not have access to them.
- **Cash culture:** India has a strong cash culture, and many consumers prefer to pay in cash for various reasons, including the ability to negotiate prices and avoid interest charges.
- **Convenience:** COD offers consumers the convenience of paying for their purchases only when they receive them, which can be particularly appealing for those who are unsure about the quality or authenticity of products.
- **Hidden charges & Fee Discrepancies:** One of the key reasons many consumers in India prefer COD for e-commerce transactions is the avoidance of hidden charges & fees in digital payments. When paying through digital mode, customers often notice small differences between the billed amount and debited amount, especially for services like home delivery. This inconsistency, attributed to service fees, payment gateway fees or surcharges, erodes trust in digital payments.
- **Privacy concerns:** Consumer behavior data highlights a strong emphasis on privacy. Many individuals are hesitant to share sensitive financial information, such as credit & debit card details, during online transactions due to concerns over data security and the potential for breaches. COD offers a secure alternative, allowing consumers to maintain their financial privacy while still enjoying convenience of online shopping.

## Currency chests cash outsourcing

The cash depository of the Reserve Bank of India (RBI) is known as the currency chest. It consists of the cash meant for the banks and ATMs needs, being authorised to banks and operated by banks. Currency chests are the cash processing centres, which carry out counting, sorting, checking note fitness, packaging, vaulting among other services. Historically, the operations of currency chests have been managed internally by banks; however, currency chests are finding themselves in need of outsourced cash logistic services in order to process cash at a lower overall cost with a better service delivery.

The functions relating to the issuance of currency (i.e., banknotes and coins) and their management are performed by the Reserve Bank through its 19 issue offices, 2,794 currency chests pertaining to commercial banks and 2,460 small coin depots spread across the country. As on March 31, 2024, State Bank of India accounted for the highest share of currency chests at 1,467.

<b>Currency Chests and Small Coin Depots (March 2024)</b>		
<b>Category</b>	<b>Number of Currency Chests</b>	<b>Number of Small Coin Depots</b>
State Bank of India	1,467	1,339
Nationalized Banks	1,086	911
Private Sector Banks	224	194
Cooperative Banks	5	5
Foreign Banks	4	3
Regional Rural Banks	7	7
Reserve Bank of India	1	1
<b>Total</b>	<b>2,794</b>	<b>2,460</b>

Source: RBI, CRISIL MI&A

Currency chests cash outsourcing has emerged as a strategic solution for banks to optimize costs, enhance operational efficiency, and improve their service to bank branches. By leveraging third-party expertise, banks can reduce overheads related to infrastructure and personnel, while focusing on core banking activities. Outsourcing also mitigates risks by transferring operational liabilities to service providers. As of September 30, 2024, approximately 28% of India's 2,794 currency chests had outsourced certain operations, such as cash processing and replenishment, which underscores bank's reliance on external partners for efficient operations.

## **Key Segments in Cash Logistics Industry**

### **Cash-In-Transit (CIT) service**

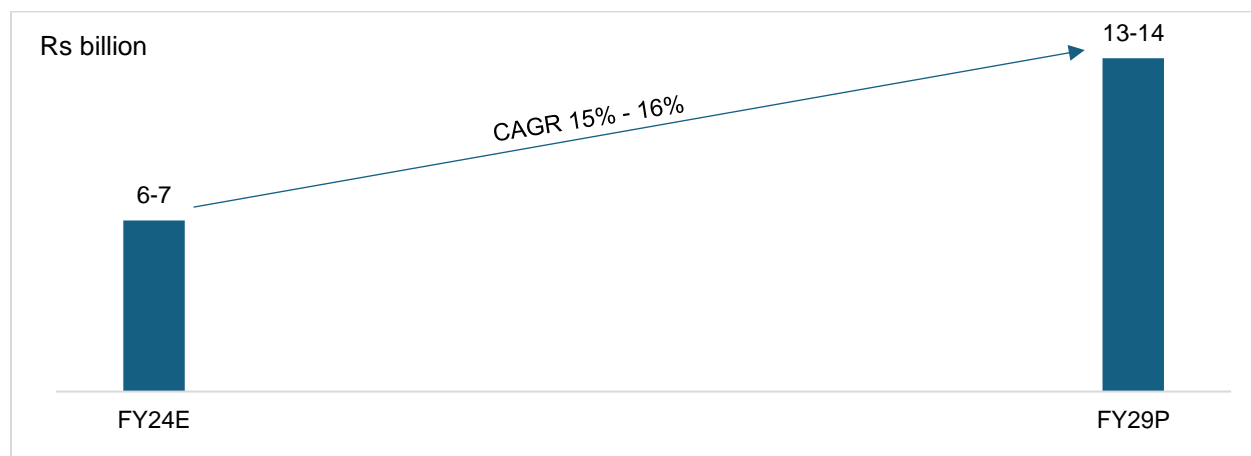
The Indian cash-in-transit (CIT) market has grown significantly over the past decade, driven by the increasing demand for secure cash transport services. Cash-in-transit market size is estimated at Rs 6 to Rs 7 billion as of Fiscal 2024 and expected to grow at a CAGR of 15% to 16% to reach Rs 13 to Rs 14 Bn by Fiscal 2029. Growth is fuelled by the growing outsourcing trend from banks regarding CIT services, significant cash usage in rural areas, and expanding banking networks, particularly in semi-urban and rural regions. Despite the rise of digital payments, cash remains a dominant mode of transaction in India, sustaining the need for CIT services. In recent years, there has been strong growth in the cash in transit business line primarily on account of the growing cash in circulation, an increase in the number of bank branches and bank account holders and shift from unorganized to organized compliant service providers on account of RBI guidelines for outsourcing of cash operations from banks, and MHA guidelines for cash activities.

### Number of dedicated cash vans for major CIT Players – Fiscal 2024

Major players	Dedicated cash vans
SIS Cash Services Limited	1,628
CMS Info Systems Ltd	1,200+
Securevalue India Ltd	270

Source: Company reports, CRISIL MI&A

### Cash-in-transit market size



Note: E- Estimated, P - Projected

Source: CRISIL MI&A estimates

### Growth Drivers

- Increasing Bank Branches:** Expansion of bank networks, especially in semi-urban and rural areas, is driving demand for CIT services, which growth has increased the need for efficient and secure cash transportation solutions. Due to expansion of banking services in rural areas and formulation of innovation models, the number of bank branches is expected to grow further accentuating the cash logistic services market.
- Outsourcing by Banks:** Banks are increasingly outsourcing cash logistics to specialized CIT companies to streamline operations and reduce operational complexities and costs, by focusing on their main banking business. The progressive outsourcing from the public sector banks is helping the segment to grow at a faster rate. The Indian banking system is a vital component of the country's economy, providing financial services to millions of individuals and businesses. With a large and diverse customer base, banks play a crucial role in facilitating economic growth and development. One of the key indicators of a bank's performance is its gross advances, which refers to the total amount of loans and credit facilities extended to customers. The following is the list of top 10 biggest public and private sectors banks in India in terms of gross advances.

**Top 10 banks public sector banks and top 10 private sector banks in India basis gross advances as at March 31, 2024**

Public Sector Banks	Private Sector Banks
State Bank of India	HDFC Bank Ltd.
Bank Of Baroda	ICICI Bank Limited
Punjab National Bank	Axis Bank Limited
Canara Bank	Kotak Mahindra Bank Ltd.
Union Bank of India	IndusInd Bank Ltd
Bank Of India	Yes Bank Ltd.
Indian Bank	Federal Bank Ltd
Central Bank of India	IDBI Bank Limited
Indian Overseas Bank	IDFC First Bank Limited
Bank Of Maharashtra	Bandhan Bank Limited

Source: RBI, CRISIL MI&A

- Shift to Organized Players: Furthermore, stringent regulatory compliance and enhanced safety standards are fostering a shift from unorganized to organized CIT service providers, ensuring better security and reliability in cash handling processes.

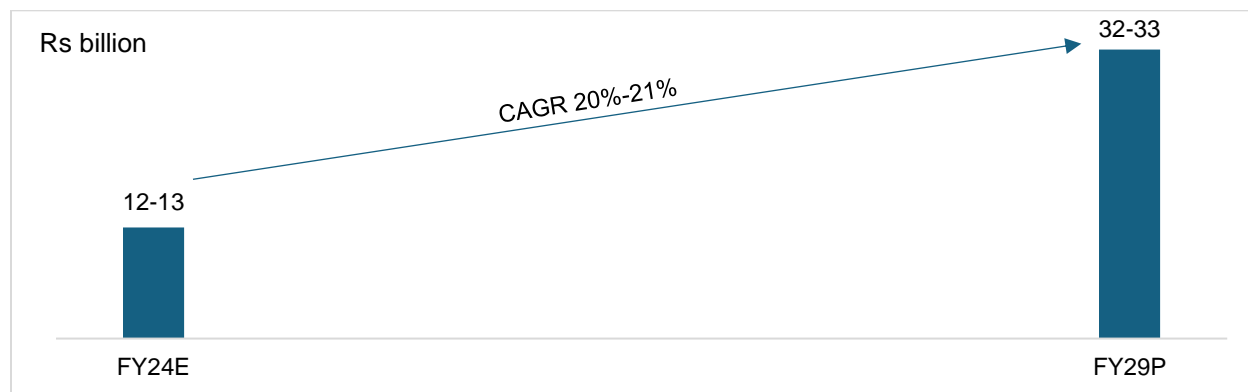
**Key Players**

The CIT segment in India is dominated by organized players such as SIS Prosegur & CMS Info Systems providing secure and efficient transportation of cash between bank branches and between bank branches and currency chests. On the basis on number of cash vans for CIT, SIS Cash Services Limited is the largest player among major CIT players with 1,628 dedicated cash vans as of fiscal 2024.

**Retail cash management (Doorstep banking) services**

The retail cash management (doorstep banking) market in India is rapidly expanding, estimated at Rs 12-13 Bn as of Fiscal 2024 and expected to grow at a CAGR of 20% to 21% to reach Rs 32 to Rs 33 Bn by Fiscal 2029. The service has gained momentum due to increased demand for convenient, time-saving solutions mostly in urban and semi-urban areas alike. DSB services mean cash delivery and/or collection to/from customers, including a wide range of demand industries like Government organizations, public transport, malls, hospitality, logistics, e-commerce, retail, outlets, shops, cinemas, tolls, pharmacies, insurance, liquor shops, etc.

## Retail cash management (Doorstep banking) market size



Note: E- Estimated, P – Projected  
Source: CRISIL MI&A

Services include apart from the cash delivery or collection, counting and verification, cash processing, cash vaulting, cash merging, bank deposit (on same or next day), bank transfer through RTGS/NEFT across India. Cash is collected in tampered proof sealed bags with a unique seal number and is opened one by one under CCTV surveillance at the cash processing area of cash logistic companies vaults. Cash is verified for counterfeits, shortages and mutilated notes.

### Growth Drivers

- GDP and CPI Growth:** A growing economy (Higher GDP) and moderate consumer price index (CPI) level support increased cash flow and consumption, driving the need for doorstep banking and cash logistic services. CRISIL MI&A expects CPI inflation to continue to soften in FY25 to 4.6% from 5.4% in FY24 and expects a moderation in GDP growth rate to 6.8% in Fiscal 2025 from 8.2% in Fiscal 2024, largely due to various factors like Government's focus on Fiscal consolidation, high interest rates and low Fiscal impulse, which is likely to lead to moderation in investments, which is a key factor for economic growth.
- Growth in Currency in Circulation (CIC):** The continuous rise in CIC highlights the increasing reliance on cash, making cash payments a relevant component of sales generation for establishments such as insurance providers, NBFCs, restaurants, utilities, e-commerce companies, logistics providers, government establishments, fuel stations, consumer goods companies and hospital chains, which drives demand for secured cash logistics and doorstep banking services. Cash in circulation in India increased at a CAGR of approximately 12.3% from Fiscal 2001 (at Rs. 2.2 trillion) to Fiscal 2024 (at Rs. 35.1 trillion).
- Rise in disposable income:** Another growth driver is increase in disposable income among the growing middle-class population. This economic shift has led to higher consumption and greater

cash circulation within the retail sector. With more financial resources at their disposal, middle class consumers are spending more on goods and services, thereby boosting the need for cash services.

- **Growth of Cash-on-Delivery in E-Commerce:** The popularity of COD in e-commerce transactions necessitates reliable cash handling and collection services. The Indian e-commerce sector, estimated at ~Rs 3,600 billion in Fiscal 2024, has had a phenomenal run over the past few years apart from Fiscal 2021. The growth is expected to increase further mainly because of rising internet penetration, increasing awareness of online shopping, and lucrative deals and discounts offered by well-established players and start-ups. This anticipated growth is likely to drive up demand for Cash-on-Delivery (COD) services, as more consumers opt for the convenience and security of paying in cash upon delivery.
- **Rise in Organized Retail Touchpoints:** The expansion of organized retail, especially outlets opting for retail cash management services, creates a growing need for cash pick-up and delivery through doorstep banking. The organized retailing industry grew at ~12% CAGR between Fiscal 2019 and Fiscal 2024. New-store rollouts as well as increasing penetration into Tier-II and Tier-III cities, apart from metros and Tier-I cities, will propel growth in the long term. Further, with a pickup in the macroeconomic environment and improved consumer spending in the longer term, organized retail is expected to grow at a 17-19% CAGR over Fiscals 2024 to 2029 to Rs 24-25 trillion.

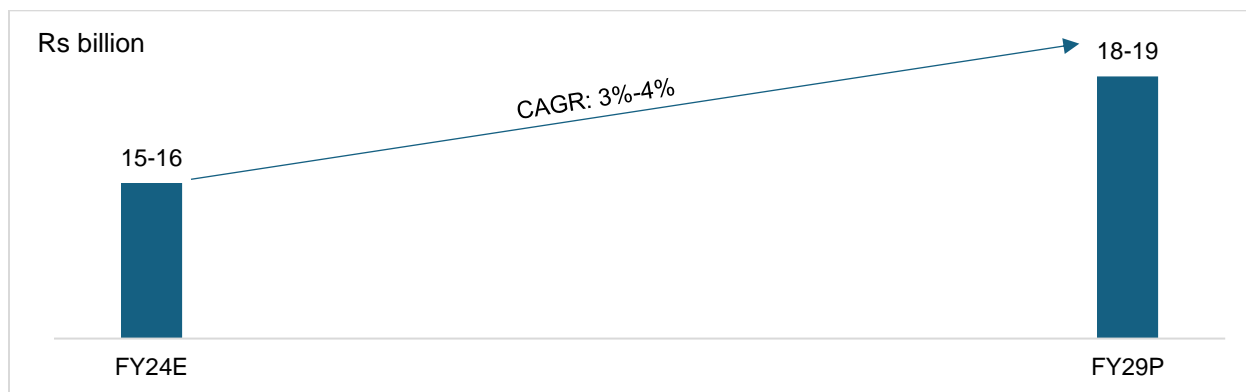
## Key Players

The DSB market in India is dominated by organized players such as SIS Prosegur, CMS Info Systems, Hitachi and Radiant, which offer robust doorstep banking services for cash pick-up/drop. As at September 30, 2024, SIS Cash Services Limited ranks third in terms of total number of retail touchpoints in India, with 25,000+ retail touchpoints, behind Radiant Cash Management (74,230) and CMS Info Systems (65,000+). In terms of total retail touch points, as of December 2024, SIS Cash Services Limited comprised of 25,000+ retail touch points while Radiant Cash Management has 76,678 total touch points.

## ATM Cash Replenishment Market

The ATM cash replenishment market in India is another segment of the cash logistics industry, valued at approximately Rs 15 -16 Bn as of Fiscal 2024 and expected to grow at a low CAGR of 3%-4% to reach Rs 18 Bn to Rs 19 Bn by Fiscal 2029, driven by a decrease in outsourced ATM market, stagnant growth in number of ATMs and a slight possibility in increase in ATM rates because of cassette swap implementation. While digital payments are gaining traction, cash remains a primary payment mode, sustaining the demand for ATM replenishment services. Major key players in this segment are SIS Prosegur, CMS Info Systems, SecureValue & Hitachi.

### ATM Cash replenishment market size



Note: E- Estimated, P – Projected

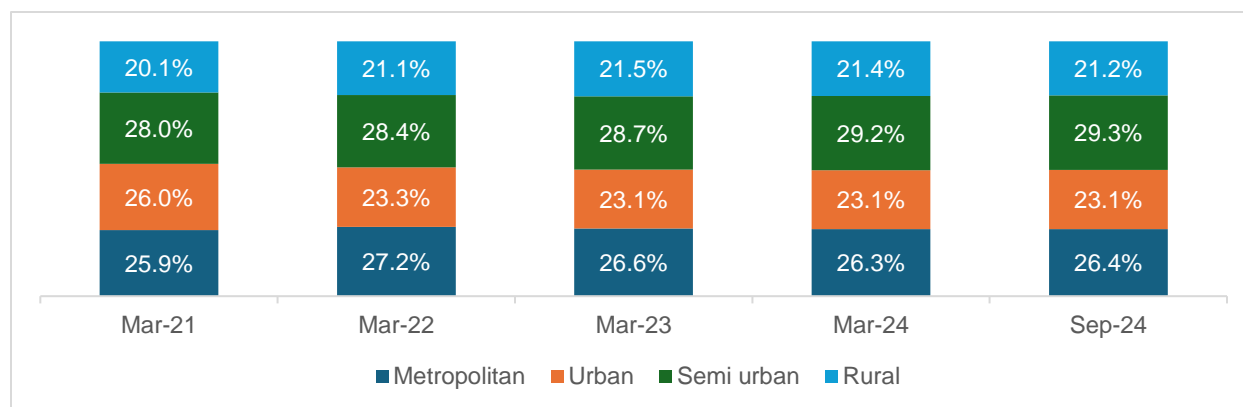
Source: CRISIL MI&A

Further, Cash in circulation has significantly outpaced the growth of ATMs, achieving a CAGR of around 10.4% between Fiscal 2019 to 2024. In comparison, the number of ATMs grew at a CAGR of approximately 3% during the same period. The growth in ATM market is expected to come from on-site ATMs and white-label ATMs which rely in a very minor extent on cash management companies for cash replenishment activity.

### ATM deployment across states and regions in India

ATM availability in India is significantly skewed towards urban regions, despite majority of the population residing in rural areas. While ~65% of people live in rural areas, only ~21% of ATMs are located in rural regions, with the remainder concentrated in metropolitan, urban & semi-urban centres. Goa leads the country in ATM density, boasting 67 ATMs per 100,000 people, followed by Chandigarh with 60 and Ladakh with 55. Conversely, highly populous and economically significant states like Uttar Pradesh, Bihar, and West Bengal fall below the national average in ATM penetration, with only 10, 7, and 13 ATMs per 100,000 individuals, respectively.

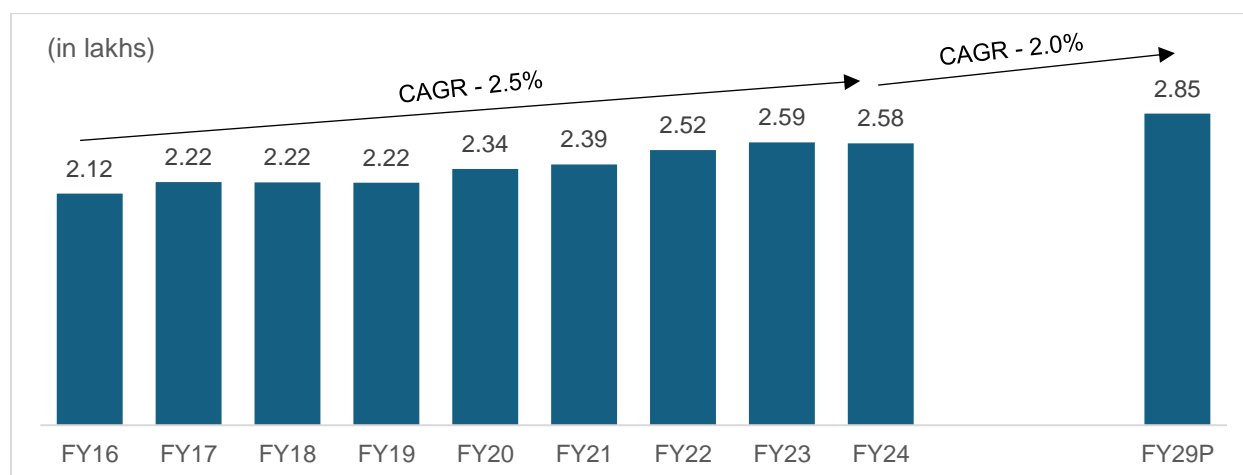
**ATMs share by geographical mix between 2021 and 2024**



Source: RBI, CRISIL MI&A

India’s demand-supply gap in ATM infrastructure presents a significant growth opportunity for the banking sector in rural areas. Such a gap is increasingly being filled by micro-ATMs and PoS machines. Further, initiatives like Jan Dhan Yojana and RuPay cards have enabled millions of rural consumers to access debit cards and bank accounts. Considering the introduction of micro-ATMs and increasing use of the same by banks, retailers, etc., in rural India, and the little success of the WLA model, which was majorly addressed to rural India, the growth in number of ATMs is expected to be limited in the near future in India.

**Trend in number of ATMs (in lakhs)**



Source: RBI, CRISIL MI&A

**Key Market Drivers for ATM/ Micro-ATMs Deployment Growth**

- Financial Inclusion Initiatives: Programs like Jan Dhan Yojana, RuPay, and Direct Benefit Transfers (DBT) have significantly increased the number of bank account holders, driving demand for accessible ATMs/Micro-ATMS, especially in rural areas.

- **Growing Payments Ecosystem:** Increased penetration of debit cards, which major use if for ATM/Micro-ATM withdrawals, and growing financial literacy are fuelling cash withdrawal needs despite the rise in digital transactions.
- **Untapped Rural Markets:** Rural and semi-urban regions, which house a majority of India's population but have low ATM density, offer immense potential for ATM/Micro-ATM deployment.  
**Regulatory Push:** Policy directives encouraging Self-Service Terminals availability in underbanked and unbanked areas are incentivizing banks and white-label ATM operators to expand their networks.

### **Other services (New Solutions) few players in the cash logistics industry offer**

Cash logistics companies are expanding their offerings beyond traditional services, introducing new solutions that are gaining significant traction. These emerging services are growing at a faster rate as they cater to the evolving needs of businesses and financial institutions. With a focus on efficiency, security, and convenience, these companies are adapting to market demands and providing a broader range of services that complement their core operations. This shift highlights the growing role of cash logistics companies in supporting modern cash logistic requirements.

For instance, Bullion services cater to the secure transportation, storage, and processing of precious metals like gold and silver. These services include high-security vaults, tracking systems, and insurance coverage to handle bullion for banks, jewellers, and trading firms. It also covers international shipment of gold to refineries, and from refineries to end users or gold traders.

### **Growth Drivers for bullion services**

- The reduction in gold import duties from 15% to 6% in the Union Budget of 2024 is expected to significantly boost demand for gold and consequently, bullion logistics services, while India's cultural preference for gold, coupled with rising disposable incomes, ensures robust demand despite increasing prices.
- Rising security concerns and increasing incidents of theft and losses are driving a shift towards professional and organized bullion logistics providers.
- Rapid expansion of organized jewellery retail chains and the increasing capacity of domestic refineries. Organized retailers are streamlining operations and standardizing quality, which enhances consumer trust and drives higher demand for gold and precious metals. Simultaneously, the growth in refinery capacity enhances the efficiency of gold processing, requiring a steady supply of refined bullion to meet market's need.

## **Key regulatory guidelines affecting cash logistics industry in India**

The implementation of the RBI and MOH regulations, introduced in 2018 and progressively enforced from 2020, has reshaped the operational and financial landscape of the cash logistics industry. These regulations mandated enhanced compliance standards, including the use of four-wheeled vehicles for cash transportation and stringent safety protocols for ATM and retail cash management (doorstep banking) services. These measures aimed to improve safety and security within the sector while increasing operational complexities for service providers. The implementation of these regulations increased the costs of providing cash logistic services, which consequently led to industry-wide material increases in prices for these services

### **Minimum standards for cash management services providers to banks introduced by RBI**

In April 2018, in view of the key role cash logistics companies had in the demonetization, the absence of regulation for the cash logistics industry in India, which happens in most of countries, the required professionalism for an activity deals with public money and legal tender and the increasing reliance of the banks on outsourced service providers and their sub-contractors in cash management activities, made RBI introduce certain minimum standards, in the way of guidelines, prescribed for the service provider / sub-contractors who are engaged by the banks for this purpose.

- Minimum net worth requirement of Rs. 1 billion.
- Minimum fleet size of 300 specifically fabricated cash vans (owned / leased).
- Cash to be transported only in the owned / leased GPS-enabled security cash vans of the Service Provider or its first level sub-contractors. Each cash van should be a specially designed and fabricated Light Commercial Vehicle (LCV) having separate passenger and cash compartments, with a CCTV covering both compartments.
- The passenger compartment is to accommodate two custodians and two-armed security guards (gunmen) besides the driver.
- Operations are to be carried out only by certified and trained personnel, who have completed minimum hours of classroom learning and training. The content of such training may be certified by a Self-Regulatory Organisation (SRO).
- Character and antecedent verification of all crew members associated with cash van movement, should be done meticulously.
- Safe and secure premises of adequate size for cash processing / handling and vaulting with fire safety gadgets.
- The staff associated with cash handling should be duly certified through an accreditation process. Certification could be carried out through the SRO or other designated agencies.

The regulation governing cash logistic outsourced providers and their activities by banks, aim to create a secure & controlled framework for the transportation & handling of cash, protecting both public money and personnel.

### **Model rules for secured cash handling & transportation by private security agencies by Ministry of Home Affairs**

The model rules aim to improve the safety and efficiency of cash handling and transportation by private security agencies. They address the risks of cash theft, hijacking, and fraud, ensuring the protection of public money. Key points include:

- **Specialized Cash Vans:** Vans must have reinforced compartments, separate from passenger areas, equipped with security features like CCTV cameras, alarms, and fire extinguishers.
- **Trained Personnel:** Each van must have a trained team, including a driver, two armed guards, and two custodians. Staff numbers may increase based on cash amounts and risk levels.
- **Background Checks:** All staff must undergo police clearance, residence verification, employment reference checks, and provide guarantors, ensuring reliability and trustworthiness.
- **Comprehensive Training:** Personnel must be trained in cash handling, security protocols, and emergency responses. Training must align with national standards, with periodic refreshers.
- **Live GPS Tracking:** Vans must have GPS systems for real-time tracking and the ability to disable the vehicle remotely in emergencies.
- **Cash Limits:** A single van can carry a maximum of ₹5 crore, and cash transportation is required for amounts over 10 lakh.
- **Secure Vaults:** Cash vaults must meet RBI safety standards, with features like 24/7 surveillance, restricted access, armed guards, and fire safety systems.
- **Risk Mitigation:** Measures include using electronic locks for ATMs, restricting cash loading to daylight hours, and limiting operations in high-risk areas to specific times.

### **Cassette swap operational mode implementation for ATMs**

In 2018, to mitigate risks involved in open cash replenishment/ top-up ATM operations, RBI asked banks to implement the cassette swap operational mechanism in a phased manner, covering at least one-third of ATMs operated by them each year so that all ATMs would achieve full cassette swap operations by March 31, 2021. Under the cassette swap mechanism, lockable cassettes filled with banknotes are used in ATMs

that are swapped at the time of cash replenishment. Cassette swap mechanism is a newly adopted operational mode in India, which aligns with international standards, enhancing cash handling security and operational efficiency. However, the implementation has been lagging since then and timeline not fulfilled. Now, the RBI has asked banks to expeditiously implement the roadmap for cassette swap implementation for first 30 proposed Tier-1 and Tier-2 cities by March 31, 2025.

### **Security measures for ATMs**

In 2019, RBI had constituted a Committee on Currency Movement (CCM) to review the entire gamut of security of treasure in transit. Following measures aimed at mitigating risks in ATM operations and enhancing security:

- All ATMs shall be operated for cash replenishment only with digital One Time Combination (OTC) locks.
- All ATMs shall be grouted to a structure (wall, pillar, floor, etc.), except for ATMs installed in highly secured premises.
- Banks may also consider rolling out a comprehensive e-surveillance mechanism at the ATMs to ensure timely alerts and quick response.

### **Outsourcing of cash management – Reconciliation of transactions**

In 2019, RBI has decided that banks shall follow the procedures for ATM cash replenishment as under:

- Cash indents by the Service Provider shall be made at least a day in advance (T-1 where T is the day of cash loading), in consultation with the chest / nodal branch. However, metropolitan centres may have two points of cash withdrawal.
- Reconciliation of transactions shall be done between the bank, the service provider and its subcontractors at least on a T+3 basis.
- In the event of a dispute or the reporting of alleged / attempted breach of security / laid down procedures, access to video footage of the ATM may be provided by the bank to the service provider and its sub-contractors on request.

### **Key success factors impacting the cash outsourcing industry (cash logistics industry)**

- **CIC growth:** Cash in circulation in India increased at a CAGR of approximately 12.3% from Fiscal 2001 (at Rs. 2.2 trillion) to Fiscal 2024 (at Rs. 35.1 trillion). This growth can be attributed primarily to an increase in the country's gross domestic product and consumer price index, along with the expansion of services offered by cash logistics companies and increased outsourcing by banks.

- **Bank branches growth:** The increase in the number of bank branches in India, from 1,48,900 in March 2018 to 1,67,772 by March 2024, reflects a significant expansion in the banking infrastructure across the country. This growth is largely driven by efforts to improve financial inclusion, especially in semi-urban and rural areas, where access to formal banking has traditionally been limited.
- **ATMs growth:** The number of ATMs in India increased from 87,355 in December 2011 to 2,54,788 in December 2024 reflecting a CAGR of around 8.6%. Although, post- demonetisation, the growth has become stagnated showing a CAGR of only around 2% between December 2016 and December 2024.
- **Growth in organized retail:** This segment is expected to grow at a CAGR of 17-19% between Fiscal 2024 and Fiscal 2029 on the back of new store rollouts, increase in penetration in Tier-2 and Tier-3 cities and increasing disposable income.
- **Better market penetration:** Alignment with Government initiatives like PMJDY & DBT schemes to enhance financial inclusion through strong presence in rural & semi-urban markets.
- **Scalable infrastructure:** Ability to set up & manage vaults and cash logistic operations that can handle growing demand in both urban & rural areas in an efficient way, by maximising routes density and productivity, and infrastructure capacity.
- **Innovation, to be capable to offer new solutions to efficient existing services or creating new services:** Innovative solutions enable cash outsourcing providers to stay ahead of the competition, offering clients cutting-edge services that improve efficiency, reduce costs, and enhance customer experience.
- **Risk management:** Effective risk management is critical in the cash outsourcing industry, as it ensures the secure handling and transportation of cash, minimizing the risk of loss, theft, or fraud, so affecting directly the company's performance, internal costs and trust perception.

### **Threats and Challenges faced by the cash outsourcing industry (cash logistics industry) including SIS Cash Services Limited**

- **Rise of Digital Payments:** Increase use of digital payment methods by consumers in India could result in a reduction in the use of cash as a payment method, and consequently the demand for traditional cash services. While these innovations promise inclusivity and efficiency, they also bring a set of challenges that need to be addressed for sustained growth and adoption.
- **High initial investment and need to maintain high capex levels:** Setting up secure infrastructure, including vehicles and vaults, especially in remote locations, requires significant capital investment. Furthermore, cash logistics industry needs to incur in significant annual expenses to maintain such infrastructure.
- **Regulatory requirements:** Policy changes can increase compliance complexity and costs for service providers.

- **Operational risks:** Managing security risks is challenging, especially in remote or poorly connected areas, which increases the exposure to theft, pilferage, and operational inefficiencies.

Demand by banks for outsourcing cash logistics services could be adversely affected if, among other things, any new regulations were implemented that prevented or restricted banks from outsourcing the cash logistics services companies provide, (ii) banks decide to develop their own cash logistics services infrastructure to save on third-party costs, reducing the amount of those services that they outsource to third-party providers, and/or (iii) banks decide to curtail or stop offering cash logistics services to their business customers, although the demand for such services could shift to other service providers, potentially mitigating some of the impact.

### Industry structure and competitive landscape of the market

Company	Traditional cash logistic solutions				New Solutions*
	ATM Cash Management	Retail Cash Management	Cash in transit	CA-CP	
SIS Prosegur	✓	✓	✓	✓	✓✓✓
CMS	✓	✓	✓	✓	✓✓
Secure Value	✓	✓	✓	✓	✗
Radiant	✗	✓	✓	✓	✓
Hitachi	✓	✓	✓	✗	✗
Brinks	✓	✓	✓	✓	✓✓

Note: CA – CP – Cash assistant / Cash Peon, \* “New Solutions” are value added and synergetic solutions for a range of valuables, including cash. These solutions integrate traditional cash services and/or existing company assets with a bundling component to deliver enhanced value to clients, Tick marks under “new solutions” indicates the relative breadth of solutions offered by the company on a scale of 1 to 3.

Source: Company websites & reports, CRISIL MI&A

### Role of technology in the cash logistics industry

Technology plays a transformative role in modern cash logistics, offering business enhanced efficiency, accuracy and control over processes, thus mitigating the inherent operational risks. Operational efficiency is enhanced by automating repetitive tasks, and optimizing processes, which reduce errors and downtime. By automating workflows, reducing manual interventions, and providing real-time data access, it enables organization to optimize liquidity, mitigate risks, and make informed decisions.

Technology also acts as a key differentiator, enabling innovative and customized solutions that enhance client trust and loyalty. Moreover, it improves transparency and accountability with digital records and real-time data access, while scalable systems accommodate growing business needs

## **Key technological initiatives across the cash logistics industry**

**Real-time Monitoring & Tracking System:** These are GPS-enabled vehicles equipped with IoT devices for real-time location and condition tracking. Vehicles can be continuously monitored from centralized system and their routes geofenced, to trigger an alarm in case route is altered.

**Cash Operations Management:** Companies have developed systems for operational control of cash logistics, cash processing and vaulting. It includes detailed route composition, including service points, crew and vehicles and allows production of automatic trip sheets, reporting and billing in a seamless manner, directly from the source.

**Enhanced security protocols:** It has biometric or other systems authentication, and encrypted communication channels for secure cash transactions.

**Portable Terminals or Mobile Apps:** The introduction of portable terminals and mobile applications enables crew to record logistics data at every cash point directly from the source, ensuring real-time data capture, improved accuracy, and enhanced operational efficiency.

**Reconciliation Systems for ATM and DSB Transactions:** Advanced reconciliation systems streamline the reconciliation of ATM and Doorstep Banking (DSB) transactions, ensuring faster resolution, reduced discrepancies, and improved transparency in cash management operations.

The financial services industry, which is a key consumer of cash logistic services, is characterized by rapid technological evolution, changes in customer requirements and preferences, frequent introduction of new services and products embodying new technologies, and the emergence of new industry standards and practices.

## **Consolidation in cash logistics industry globally**

The global cash logistics industry is increasingly consolidating, driven by a combination of high entry barriers, stringent regulatory frameworks, and rising operational costs. In almost every market this industry is highly regulated. For instance, in UK strict regulations like the Note Circulation Scheme (NCS) limit wholesale distribution to registered entities, restricting market entry for new players and compelling existing ones to re-evaluate their business strategies. Similarly, in India, heightened compliance standards by the RBI and MHA have increased financial strength requirements and capex and opex needs to improve professionalism and public money protection, putting pressure on every installed player, and especially on smaller ones, which may benefit the already established players and difficult the entry of new ones. These factors have led to a scenario where only a limited number of players, mostly local and informal, dominate the Indian cash logistics industry.

## Key recent transactions in the cash logistics industry

Year	Country	Acquirer	Target	Business Overview
2019	Germany	Loomis	Ziemann Sicherheit	Domestic cash handling & security services
2020	UK	Brinks	G4S	Cash management business
2021	USA	Brinks	PAI	Largest privately held provider of ATM services
2022	USA	Brinks (PAI)	TouchPoint 21	Leader in ATM & cash management outsourcing
2023	India	Hitachi Payments Service	Writer	Cash management business of Writer corporation
2024	India	Radiant	Acemoney	Enhancing digital banking capabilities

Source: Company reports, CRISIL MI&A

Globally, the cash logistics industry is consolidating, with the top two players often controlling a majority of the market share in countries like Spain, Australia, France, Sweden and many more. This trend provides large players with significant advantages, including the ability to scale operations efficiently, reduce costs, and improve profitability. Additionally, consolidation facilitates geographic expansion, enabling firms to strengthen their presence in underserved regions such as rural areas or beyond Tier-2 cities. The resulting economies of scale not only enhance financial stability but also boost operational efficiency and agility, creating a more competitive and resilient industry landscape.

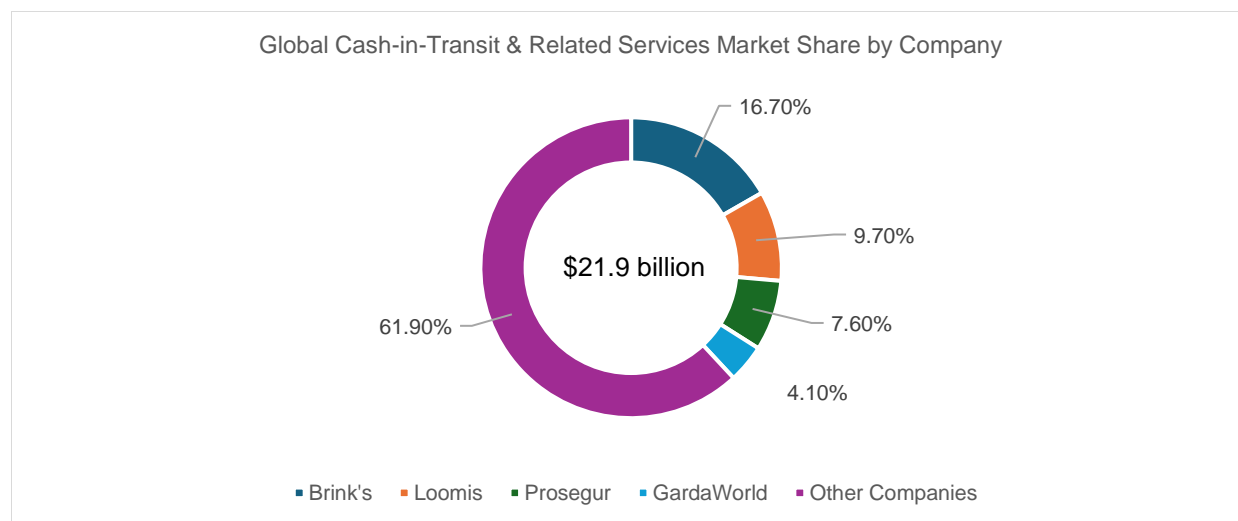
The Indian cash logistics industry has been consolidating over the years (For instance Cash logistics business of ISS SDB Security Services Private Limited acquisition by SIS Cash Services Private Limited and Logicash Solutions Private Limited & RCI Cash Management Services Private Limited exiting the market) due to the increase in competition, growing customer demands and changes in regulations designed in line with international practices to ensure that cash logistics companies meet certain minimum operating standards with respect to the handling of cash. This consolidation is driven by the need for market participants to leverage their scale and geographic footprint to enhance productivity, as well as to make substantial investments in improving assets, technologies and risk management. In our industry, there is a positive correlation between market share, network reach and profitability. Further, the cash logistics industry is inherently capital intensive, as it requires substantial investment in infrastructure to support

national coverage, which is an offering requested by customers. The ability to invest in and maintain the scale of operations is critical to the success of cash logistics companies as it ensures reliability, security, and nationwide coverage. Additionally, there is a shift in customer preference favouring professional players having a larger reach with more scaled and stable operations.

### Global Cash-in-Transit & Related Services

The industry is dominated by a handful of larger firms in most national markets, a result of significant barriers to entry, including the high cost of dedicated assets, heavy insurance requirement, rigid government regulations & the value of having an established reputation for trustworthiness.

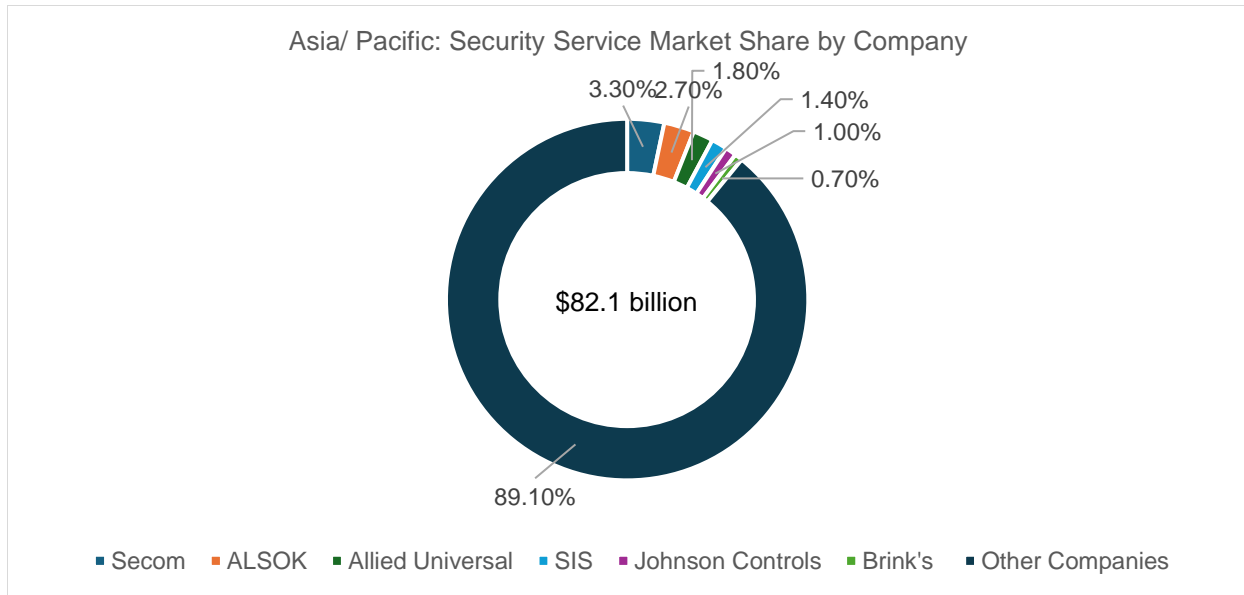
The top four global market leaders in this industry are Brink's, Loomis, Prosegur & GardaWorld. These top four firms collectively contribute ~38% of global revenues. The top four market leaders account for even greater shares in high-income countries & many developing countries like Argentina, Chile, France, Peru & Philippines etc., collectively dominating the US market and representing a large share of the West European market.



Note: Data as on 2023  
Source: The Freedonia Group

### Asia/ Pacific: Security Services Market Share

The market for security services in the Asia/Pacific region is particularly fragmented, in large part due to the many thousands of smaller firms operating in China and India. Major security providers in India include SIS, APS Group, Armour Security. Leading China providers include Beijing Security Service, China Cityguard Security Service Group, and Shanghai Security Service as per The Freedonia Group. SIS Limited, an entity belonging to the SIS group, is the fourth largest service enterprise in the Asia/Pacific region for 2023 in terms of revenue. (Source: The Freedonia Group)



Note: Data as on 2023

Source: The Freedonia Group,

## Peer Comparison

For the purpose of peer comparison, CRISIL MI&A Research has considered the following players in its study: Brink's India Private Limited, CMS Info Systems Limited, Radiant Cash Management Services Limited, Securevalue India Limited, SIS Cash Services Limited and Writer Business Services Private Limited (now acquired by Hitachi cash management services), which fairly represent most of the cash logistics industry in India. Standalone financials have been considered for Writer Business Services while consolidated financials have been considered for others in accordance with their cash logistics business.

**1.- SIS Cash Services Limited is the second largest cash logistic company in India in terms of revenue from operations as of March 2024, and the company within the cash logistics industry with the highest growth in revenue from operations and PAT for the period FY22 to FY24**

SIS Cash Services Limited is the second largest cash logistics player in the Indian cash logistics industry in terms of revenue from operations for Fiscal 2024 at Rs. 6,338.25 million, having an overall market share estimated to be around 17-18%. Also, SIS Cash Services Limited is one of the oldest cash logistics companies in India and the fastest growing company in terms of revenue from operations at a CAGR of 27.06% between Fiscal 2022 and Fiscal 2024 and in terms of profit after tax with a CAGR of 224.89% between Fiscal 2022 and Fiscal 2024. SIS Cash Services Limited revenue from operations grew from Rs. 3,925.87 million in Fiscal 2022 to Rs. 6,338.25 million in Fiscal 2024, reflecting a CAGR of 27.06%, which is more than double the average CAGR of the peer group average during the said period. SIS Cash Services Limited's revenue from operations stood at Rs 5,298.58 million in the nine months ended December 31, 2024. Considering SIS Cash Services Limited's revenue contribution and their scope of services, they are positioned as one of the leaders in bank outsourcing solutions when compared to peers. The market share of the two largest Indian cash logistics companies in term of revenue from operations in Fiscal 2024 (i.e., CMS Info Systems Ltd and SIS Cash Services Limited) has increased from ~59% in Fiscal 2021 to ~61% in Fiscal 2024.

### Comparison of key players in the Cash Logistics industry by revenue from operations

Revenue from operation (Rs million)	Fiscal 2022	Fiscal 2023	Fiscal 2024	9MFY25	CAGR FY22-FY24
Brink's India Pvt Ltd	2,109.70	2,406.20	2,436.60	NA	7.47%
CMS Info Systems Ltd^	11,108.07	13,262.80	14,744.23	11,813.53	15.21%
Radiant Cash Management Services Ltd	2,860.35	3,549.06	3,863.16	3,228.42	16.21%
Securevalue India Ltd	4,611.51	4,744.26	4,325.45	NA	-3.15%
SIS Cash Services Limited	3,925.87	5,430.34	6,338.25	5,298.58	27.06%
Writer Business Services Pvt Ltd*^	3,458.11	4,015.83	1,010.70**	NA	NM

Note: 1. (\*) - Writer Corporation's Cash Management Business has been acquired by Hitachi Payment Services and now operates under the new name Hitachi Cash Management Services 2. (^) – Revenue figures for CMS Info and Writer Business Services reflect only their cash logistics business segment 3. For CMS Info, revenue from cash logistics business has been sourced from annual

report, while for Writer Business Services, figures for FY22 & FY23 have been obtained from MCA filings 4. (\*\*) - FY24 financial data for Hitachi Cash Management Services (formerly Writer Business Services Pvt Ltd) covers the period from 19/07/2023 to 31/03/2024, based on available information, NM – Not meaningful, NA – Not available, Companies are arranged in alphabetical order  
 Source: Company financials, CRISIL MI&A

## 2.- SIS Cash Services Limited has the second highest profit after tax in absolute value among the leading cash logistics players

CMS Info Systems has the highest profit after tax at Rs 3,471.41 million for Fiscal 2024, followed by SIS Cash Services Limited at Rs. 501.59 million. SIS Cash Services Limited profit after tax increased at a CAGR of 224.89% between Fiscal 2022 and Fiscal 2024, which represents the highest growth amongst peers.

Profit after tax (Rs. million)	Fiscal 2022	Fiscal 2023	Fiscal 2024	9MFY25	CAGR FY22-FY24
Brink's India Pvt Ltd	240.60	314.60	395.20	NA	28.16%
CMS Info Systems Ltd	2,240.38	2,972.36	3,471.41	2,748.96	24.48%
Radiant Cash Management Services Ltd	382.09	627.27	444.59	386.77	9.05%
Securevalue India Ltd	184.90	330.41	195.89	NA	2.93%
SIS Cash Services Limited	47.52	188.54	501.59	387.41	224.89%
Writer Business Services Pvt Ltd*	412.61	1,219.26	-85.60**	NA	NM

Note: 1. (\*) - Writer Corporation's Cash Management Business has been acquired by Hitachi Payment Services and now operates under the new name Hitachi Cash Management Services 2. (\*\*) - FY24 financial data for Hitachi Cash Management Services (formerly Writer Business Services Pvt Ltd) covers the period from 19/07/2023 to 31/03/2024, based on available information, NM – Not meaningful, NA – Not available, Companies are arranged in alphabetical order

## 3.- SIS Cash Services Limited has the highest EBITDA CAGR (%), EBIT CAGR (%) & PAT CAGR (%) between Fiscal 2022 and Fiscal 2024 among the peers

SIS Cash Services Limited has the highest EBITDA CAGR (%) between Fiscal 2022 and Fiscal 2024 at 40.72% followed by Brink's India at 24.32%. SIS Cash Services Limited has the highest EBIT CAGR (%) between Fiscal 2022 and Fiscal 2024 at 93.63% followed by Brink's India at 33.25%. Also, SIS Cash Services Limited has the highest PAT CAGR (%) between Fiscal 2022 and Fiscal 2024 at 224.89% followed by Brink's India at 28.16%.

Peers	EBITDA CAGR FY22-FY24	EBIT CAGR FY22 – FY24	PAT CAGR FY22-FY24
Brink's India Pvt Ltd	24.32%	33.25%	28.16%
CMS Info Systems Ltd	22.46%	20.79%	24.48%
Radiant Cash Management Services Ltd	3.65%	1.32%	7.87%
Securevalue India Ltd	-2.18%	0.65%	2.93%
SIS Cash Services Limited	40.72%	93.63%	224.89%
Writer Business Services Pvt Ltd	NM	NM	NM

Note: EBIT has been computed as Profit before Tax + Finance Cost - Other income, while EBITDA has been computed by adding Depreciation & Amortisation expense to EBIT, NM – Not Meaningful  
Source: Company financials, CRISIL MI&A

#### 4.- SIS Cash Services Limited is one of the most diversified players in the cash logistics industry

Based on the revenue mix of peers, SIS Cash Services Limited is one of the most diversified players in the cash logistics industry. In contrast, listed industry peers reported that around more than 60% of their revenue from cash management came from a single service in Fiscal 2024. Also, SIS Cash Services Limited is also one of the largest companies in the cash-in-transit vertical with segmental revenue from operations of Rs. 2,840.48 million and an estimated market share to be around 42% for Fiscal 2024, and one of the largest retail cash management (door step banking) services players in India with segmental revenue from operation of Rs. 1,749.13 million for Fiscal 2024. SIS Cash Services Limited offers an entire suite of products and services in the cash logistics industry, which is not offered by any single peer. Also, cash logistics players are providing online software solutions for back-end services for retail businesses, for instance CashToday from SIS Cash Services Limited, enabling the players to better manage their cash handling operations and streamline processes.

#### Services offered by peers – As of Fiscal 2024

Peers	Traditional solutions				New solutions*	Others not pertaining the cash logistics industry
	ATM Cash Replenishment & first level maintenance	Retail Cash Management (Doorstep banking)	Cash in transit	CA-CP		
Brink's India Pvt Ltd	✓	✓	✓	✓	✓	
CMS Info Systems Ltd	✓	✓	✓	✓	✓	✓
Radiant Cash Management Services Ltd		✓	✓	✓	✓	
Securevalue India Ltd	✓	✓	✓			✓
SIS Cash Services Limited	✓	✓	✓	✓	✓	
Writer Business Services Pvt Ltd	✓	✓	✓			✓

Note: Others include services that are not part of the cash logistics industry. CA – CP – Cash assistant / Cash Peon, \* - "New Solutions" are value added and synergetic solutions for a range of valuables, including cash. These solutions integrate traditional cash services and/or existing company assets with a bundling component to deliver enhanced value to clients.  
Source: Company reports and websites, CRISIL MI&A

SIS Cash Services Limited is offering a diverse and more balanced range of services starting from traditional cash logistic services like Door Step Banking & Cash in transit to New Solutions, as compared to other peers which are more focused towards a more specific segment, like CMS and SecureValue towards ATMs, and Radiant towards Door Step Banking, and that makes one of the leaders in bank outsourcing solutions (BOS) in India.

#### 5.- Operating capabilities –As at March 31,2024

Peers	Cash Vans	No. of employees
Brink's India Pvt Ltd	NA	NA
CMS Info Systems Ltd	4,500+	25,000+
Radiant Cash Management Services Ltd	870	~10,000
Securevalue India Ltd	2,370+	6,800+
SIS Cash Services Limited	3,174	11,067
Writer Business Services Pvt Ltd	1,700+	NA

Note: NA – Not Available, Companies are arranged in alphabetical order  
 Source: Company reports, Company website, CRISIL MI&A

SIS Cash Services Limited is the second largest player within the Indian cash logistics industry in terms of the number of cash vans (Secured vehicles) as of March 31, 2024. Also, SIS Cash Services Limited is the second largest employer in the cash logistics sector in India as of March 31, 2024.

#### 6.- Geographical reach – Fiscal 2024

Peers	No. of states served
Brink's India Pvt Ltd	NA
CMS Info Systems Ltd	28 + 5 UTs
Radiant Cash Management Services Ltd	28 + 8 UTs
Securevalue India Ltd	NA
SIS Cash Services Limited	28 + 5 UTs
Writer Business Services Pvt Ltd	NA

Note: NA – Not Available, Companies are arranged in alphabetical order  
 Source: Company reports, Company website, CRISIL MI&A

SIS Cash Services Limited has one of the highest geographical coverages by having presence in 28 states, which is at the highest level, comparable with peers in the cash logistics industry.

#### 7.- SIS Cash Services Limited has the highest RoE for Fiscal 2024 among the leading cash logistics players

SIS Cash Services Limited has the highest RoE (Return on Equity) of 38.71% for Fiscal 2024 followed by Brink's India at 20.34. As of December 2024, SIS Cash Services Limited has the RoE at 22.27%.

#### Return on Equity of cash logistics players

Return on Equity	Fiscal 2022	Fiscal 2023	Fiscal 2024	9MFY25
Brink's India Pvt Ltd	18.37%	19.82%	20.34%	NA
CMS Info Systems Ltd	20.00%	21.09%	19.78%	NA

Radiant Cash Management Services Ltd	28.64%	33.93%	18.41%	NA
Securevalue India Ltd	15.10%	22.20%	12.06%	NA
SIS Cash Services Limited	5.76%	19.86%	38.71%	22.27%
Writer Business Services Pvt Ltd	12.77%	30.95%	NA	NA

Note: NA – Not available, NM – Not meaningful, ROE (in %) is computed as Profit after Tax / Average of total equity of the respective company for the current and preceding period (excluding non-controlling interest), Companies are arranged in alphabetical order, Half-yearly numbers have not been annualized

Source: Company financials, CRISIL MI&A

## 8.- SIS Cash Services Limited has the third highest RoCE for Fiscal 2024 among the leading cash logistics players

Brink's India has the highest RoCE (Return on Capital Employed) at 86.23% for Fiscal 2024, followed by Radiant Cash Management Services at 29.81%. SIS Cash Services Limited has the third highest RoCE of 27.59% for Fiscal 2024.

### Return on Capital Employed of cash logistics players

Return on Capital Employed	Fiscal 2022	Fiscal 2023	Fiscal 2024	9MFY25
Brink's India Pvt Ltd	41.17%	79.07%	86.23%	NA
CMS Info Systems Ltd	27.82%	27.96%	25.87%	NA
Radiant Cash Management Services Ltd	42.14%	54.10%	29.81%	NA
Securevalue India Ltd	13.84%	24.18%	11.01%	NA
SIS Cash Services Limited	9.10%	14.00%	27.59%	23.26%
Writer Business Services Pvt Ltd	16.09%	20.81%	NA	NA

Note: NA – Not available, NM – Not meaningful, ROCE (in %) is computed as Earnings before Interest & Tax (EBIT) / Average of capital employed of the respective company for the current and preceding period, Companies are arranged in alphabetical order, Nine months numbers have not been annualized

Source: Company financials, CRISIL MI&A

## 9.- Operating cash flow to EBITDA %

Operating Cash Flow to EBITDA %	Fiscal 2022	Fiscal 2023	Fiscal 2024	9MFY25
Brink's India Pvt Ltd	183.73%	83.58%	35.28%	NA
CMS Info Systems Ltd	64.17%	75.64%	73.38%	NA
Radiant Cash Management Services Ltd	53.09%	85.18%	64.58%	NA
Securevalue India Ltd	77.70%	46.89%	107.38%	NA
SIS Cash Services Limited	180.64%	128.80%	111.85%	114.59%
Writer Business Services Pvt Ltd	103.18%	70.88%	NA	NA

Note: NA – Not available, Operating cash flow to EBITDA (in %) is computed as operating cash flow of the company/ EBITDA, Companies are arranged in alphabetical order

Source: Company financials, CRISIL MI&A

SIS Cash Services Limited has the highest operating cash flow to EBITDA (%) as of Fiscal 2024 at 111.85% followed by Securevalue at 107.38%.

#### 10.- Net Debt to EBITDA

Net Debt to EBITDA	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024	9MFY25
Brink's India Pvt Ltd	-3.00	-3.20	-3.13	NA
CMS Info Systems Ltd	0.11	0.08	-0.13	NA
Radiant Cash Management Services Ltd	0.17	-0.85	-0.50	NA
Securevalue India Ltd	1.51	1.41	2.15	NA
SIS Cash Services Limited	2.80	1.79	1.14	0.91
Writer Business Services Pvt Ltd	2.80	2.08	NA	NA

Note: NA – Not available, Net debt to EBITDA is computed as net debt/ EBITDA, Companies are arranged in alphabetical order, Nine Months numbers have not been annualized  
 Source: Company financials, CRISIL MI&A

Brink's India Pvt Ltd has the lowest Net Debt to EBITDA as of March 2024 at -3.13. SIS Cash Services Limited has Net Debt to EBITDA of 1.14 as of March 2024, showing a decreasing trend from 2022 to 2024, which has helped SIS Cash Services Limited maintain an overall low debt level in Fiscal 2024.

#### 11.- Net Debt to equity of peers

Net Debt to Equity	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024	9MFY25
Brink's India Pvt Ltd	0.00	0.00	0.00	NA
CMS Info Systems Ltd	0.03	0.03	0.00	NA
Radiant Cash Management Services Ltd	0.07	0.00	0.00	NA
Securevalue India Ltd	0.72	0.78	0.82	NA
SIS Cash Services Limited	1.77	1.49	0.79	0.43
Writer Business Services Pvt Ltd	1.95	1.48	0.79	NA

Note: NA – Not available, Net debt to equity is calculated as Net Debt/ Total equity, Companies are arranged in alphabetical order, Debt includes lease liabilities, Negative net debt to equity is reported as zero.  
 Source: Company financials, CRISIL MI&A

Brink's India is a debt-free company. SIS Cash Services Limited has a debt-to-equity ratio of 0.79 as of March 2024, showing a decreasing trend from 2022 to 2024.

#### 12.- Capital Expenditure for the year

Capex (Rs. million)	Fiscal 2022	Fiscal 2023	Fiscal 2024	9MFY25
Brink's India Pvt Ltd	97.90	28.50	21.40	NA
CMS Info Systems Ltd	2,839.67	1,933.18	1,083.76	NA

Radiant Cash Management Services Ltd	61.05	58.97	197.55	NA
Securevalue India Ltd	92.24	204.60	55.53	NA
SIS Cash Services Limited	811.02	845.72	594.39	392.90
Writer Business Services Pvt Ltd	913.87	1,145.68	41.60*	NA

Note: NA – Not available, Capex is considered as Purchase of property, plant and equipment including capital advances and work-in-progress during that period, \* - Number for Hitachi Cash Management Services Pvt Ltd from 19/07/2023 to 31/03/2024, Companies are arranged in alphabetical order.

Source: Company financials, CRISIL MI&A

CMS Info Systems Ltd has the highest capex for Fiscal 2024 at Rs. 1,083.76 million followed by SIS Cash Services Limited at Rs. 594.39 million.

### 13.- Net Worth of peers

Net Worth (Rs. Million)	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024	9MFY25
Brink's India Pvt Ltd	1,430.36	1,744.96	2,140.16	NA
CMS Info Systems Ltd	12,561.30	15,624.55	19,467.59	NA
Radiant Cash Management Services Ltd	1,397.62	2,299.34	2,529.97	NA
Securevalue India Ltd	1,321.05	1,655.81	1,592.36	NA
SIS Cash Services Limited	852.47	1,046.25	1,545.21	1,933.88
Writer Business Services Pvt Ltd	3,329.02	4,551.11	2,304.80	NA

Note: NA – Not available, Companies are arranged in alphabetical order

Source: Company financials, CRISIL MI&A

CMS Info Systems has the highest Net Worth at Rs. 19,467.59 million as of March 31, 2024, followed by Radiant Cash Management Services at Rs. 2,529.97 million. SIS Cash Services Limited has a Net Worth of Rs. 1,545.21 million as of March 31, 2024.

### 14.- Insurance premium expense/ revenue from operation

Peers	Fiscal 2022	Fiscal 2023	Fiscal 2024
Brink's India Pvt Ltd	1.62%	1.38%	1.38%
CMS Info Systems Ltd	1.09%	1.18%	1.03%
Radiant Cash Management Services Ltd	1.31%	1.24%	1.46%
Securevalue India Ltd	2.49%	3.11%	4.33%
SIS Cash Services Limited	2.09%	1.24%	1.17%
Writer Business Services Pvt Ltd*	1.79%	1.46%	NM

Note: NM – Not Meaningful, (\*) – In Fiscal 2024, Writer Corporation's Cash Management Business has been acquired by Hitachi Payment Services and now operates under the new name Hitachi Cash Management Services

Source: Company financials, CRISIL MI&A

SIS Cash Services Limited revenue from operations has consistently grown while the percentage of insurance premiums expense relative to such revenue from operations has decreased continuously for the Fiscals 2023 and 2024, unlike the peers during the same period. Also, SIS Cash Services Limited has the

second lowest insurance premiums expense relative to such revenue from operations among the peers for the Fiscal 2024.

### 15.- Other parameters – Fiscal 2024

Peers	DSO	No. of clients
Brink's India Pvt Ltd	NA	NA
CMS Info Systems Ltd	119	NA
Radiant Cash Management Services Ltd	73	153
Securevalue India Ltd	226	30+
SIS Cash Services Limited	77	134
Writer Business Services Pvt Ltd	NA	NA

*Note: NA – Not Available, DSO – Day Sales Outstanding; For peers apart from SIS Cash Services Limited, DSO has been calculated as sum of closing amount of trade receivables & unbilled revenue / Revenue from Operations X 366, Companies are arranged in alphabetical order*

*Source: Company reports, Company website, CRISIL MI&A*

Radiant Cash Management Services has the lowest day sales outstanding (DSO) at 73 followed by SIS Cash Services Limited at 77 for Fiscal 2024. Also, Radiant Cash Management Services has the highest number of clients at 153 followed by SIS Cash Services Limited at 134 for Fiscal 2024.

### 16.- Foreign parent company of cash logistics players

Only two peers have foreign companies as their joint venture partner or parent company. SIS Cash Services Limited has Prosegur Group as its foreign company, which is one of the largest players globally in the industry and has industry knowledge, proprietary technology solutions and expertise of running similar businesses globally. Therefore, SIS Cash Services Limited has the benefit of having knowledge of domestic industry (from SIS Limited) and global industry knowledge and technology solutions from Prosegur Group (Foreign company). Similarly, the foreign parent company of Brink's India Pvt Ltd is Brink's Inc. which is also one of the leaders in cash logistics, however, does not have any domestic partner. While Brinks only operates in cash logistics business, SIS & Prosegur operate in both, cash logistics as well as security business.

SIS Limited, one of the leading security service providers in the Asia Pacific region, which had been offering cash logistic services through a separate division, entered into a joint venture agreement, with Prosegur, to establish a joint venture company to provide cash management and allied services. SIS is one of the leading providers of Security Services to the Asia/ Pacific region in 2023 with a market share of 1.4% as per Freedonia Report. Further, SIS Limited, an entity belonging to SIS, is India's one of the largest business services enterprises in terms of revenue from operations at Rs. 122.6 billion for Fiscal 2024.

Prosegur Cash is a subsidiary of Prosegur Compañía de Seguridad, S.A. ("Prosegur"), one of the leading global security services companies which offers a wide range of solutions, including alarms, security, cash

management, cybersecurity (Cipher), and AVOS Tech (technology solutions for business processes). Prosegur Cash is the world's third largest player in Global Cash-in-Transit & Related Services market as of 2023 as per Freedonia Report. Prosegur has prioritized innovation in its cash business, successfully launching a range of new solutions, which contributed over 30% to its overall revenue in 2023.

SIS Cash Services Limited has received satisfactory compliance certificates from the Currency Cycle Association, a self-regulatory organization for the cash logistics industry as per RBI guidelines, in respect of cash logistics outsourcing activities. Additionally, as of December 31, 2024, SIS Cash Services Limited is one of the few cash logistics companies in India belonging to both the Cash Logistics Association and the Currency Cycle Association (which together represent over 90% of the Indian cash logistics industry) and to hold a license under the Private Security Agencies (Regulation) Act, 2005.

### 17.- Licenses held by cash logistic players

Peers	Licenses under Private Security Agencies (Regulation) Act, 2005 for all states in India where the company operates
Brink's India Pvt Ltd	-
CMS Info Systems Ltd	-
Radiant Cash Management Services Ltd	-
Securevalue India Ltd	-
SIS Cash Services Limited	✓
Writer Business Services Pvt Ltd	-

Note: Companies are arranged in alphabetical order  
Source: CRISIL MI&A

## List of Formulae

Parameters	Formula
RoE	Profit after tax / Average of total equity (excluding non-controlling interest)
RoCE	Earnings before interest & tax (EBIT) / Average Capital Employed Capital Employed = Total Equity (excluding non-controlling interest) + Net Debt incl. lease liabilities
Net Debt to Equity	Net debt / Total shareholder equity Net debt = Total borrowings plus Lease Liabilities (Current & Non-current) - Cash & cash equivalent, other bank balances and fixed deposits having maturity more than 12 months & margin money deposited.
Operating Cashflow to EBITDA	Operating cashflow for the year/ EBITDA
CapEx	Purchase of property, plant and equipment including capital advances and work-in-progress during that period
Cash balance	Cash & Cash Equivalents + Bank balance other than cash & cash equivalents + Margin money in form of fixed deposits + Fixed deposits maturing after 12 months
EBIT	Profit before Tax + Finance Cost of the Company - other income of the respective company
EBITDA	EBIT + Depreciation & Amortisation expense
DSO	Closing amount of trade receivables/ Revenue from operations x 366

## Glossary

Abbreviations	Full form
AePS	Aadhaar Enabled Payment System
ATM	Automated Teller Machine
B&M	Brick-and-Mortar
BIS	Bureau of Indian Standards
Bn	Billion
BOS	Bank Outsourcing Solutions
BPS	Basis Points
CACP	Cash assistant / Cash Peon
CAD	Current Account Deficit
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CBDC	Central Bank Digital Currency
CCTV	Closed Circuit Television
CGMSE	Credit Guarantee Fund Scheme for Micro and Small Enterprises
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CIC	Cash in circulation
CIT	Cash-in-Transit
COD	Cash on Delivery
CPI	Consumer Price Index
Cr	Crore
CRR	Cash Reserve Ratio
CUI	Cash Usage Indicator
CY	Calendar Year
DBT	Direct Benefit Transfer
DSB	Door Step Banking
DSO	Day Sales Outstanding
E	Estimated
EBIT	Earnings before interest and taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ECLGS	Emergency Credit Line Guarantee Scheme
FLM	First Level Maintenance
FY	Fiscal Year
GDP	Gross Domestic Product
GPS	Global Positioning System
GST	Goods and Services Tax
GW	Gigawatt

Abbreviations	Full form
IIG	India Investment Grid
IMF	International Monetary Fund
IoT	Internet of Things
JAM	Jan Dhan-Aadhaar-Mobile
KUY	Krishi Unnati Yojana
LCV	Light Commercial Vehicle
Ltd	Limited
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MHA	Ministry of Home Affairs
Mn	Million
MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoSPI	Ministry of Statistics and Program Implementation
MPC	Monetary Policy Committee
MSE	Micro and Small Enterprises
MSF	Marginal Standing Facility
MSME	Micro, Small and Medium Enterprises
NA	Not Available
NBFC	Non-Banking Financial Company
NCS	Note Circulation Scheme
NEFT	National Electronic Fund Transfer
NM	Not Meaningful
NMP	National Master Plan
NNI	Net National Income
NSO	National Statistical Office
Opex	Operating Expenses
ORP	Organized retail penetration
OTC	One Time Combination
P	Projected
PAT	Profit After Tax
PM KISAN	Pradhan Mantri Kisan Samman Nidhi
PMAY	PM Awas Yojana
PMJDY	Pradhan Mantri Jhan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMMVY	Pradhan Mantri Matru Vandana Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PM-STIAC	Prime Minister's Science, Technology and Innovation Advisory Council
PMUY	Pradhan Mantri Ujjwala Yojana
PoS	Point of Sale
Pvt	Private

Abbreviations	Full form
Q	Quarter
QR Code	Quick Response code
RBI	Reserve Bank of India
RCM	Retail Cash Management
RoCE	Return on Capital Employed
RoE	Return on Equity
Rs	Rupees
RTGS	Real Time Gross Settlement
SDF	Standing Deposit Facility
SIDBI	Small Industries Development Bank of India
SRO	Self-Regulatory Organisation
SURU	Semi Urban and Rural
TD	Technical Decline
Tn	Trillion
UDAN	Ude Desh ka Aam Naagrik
UK	United Kingdom
UPI	Unified Payments Interface
US	United States
USD	United States Dollar
USSD	Unstructured Supplementary Service Data
UT	Union Territory
UT	Union Territory
WEO	World Economic Outlook
WLA	White Label ATM
WPI	Wholesale Price Index
YoY	Year on Year