A Market Leader in
Security, Cash Logistics
& Facility Management

ANNUAL

EARNINGS UPDATE

FY20-21

April 28, 2021

Earnings Highlights

FY21 REVENUES	FY21 EBITDA	FY21 PAT	ROE
Rs. 9,127 Crs	Rs. 521 Crs	Rs. 367 Crs	22.8%
7.6% YoY	0.1% YoY	62.9% YoY	70 bps YoY

Rituraj Sinha
Group Managing Director

"FY21 has been a year of validation. 7.6% YoY revenue growth, highest ever PAT of Rs367 Crs and highest ever OCF generation of Rs640 Crs, in year of GDP contraction underlines 3 unique characteristics of SIS. First, we as essential services are a fundamental need of society leading to inelastic demand. Second, ROCE remains intact at ~ 20% across varying growth years as working capital intensity adjusts. Third, incentivisation of blue collar job creating sectors, through fiscal measures is govt policy imperative through GDP growth and contraction phases"

Notes from the Group Managing Director

FY21 result establish that 'essential services' are more than just outsourced services

All our reporting segments across India and Overseas have one common thread, they are all essential services. Being in essential services, our demand has been quite inelastic and the year also demonstrates resilience of our annuity revenue model. Our March 2020 revenues were Rs. 720 Crs, while our worst performing month during the year July 2020 had revenues of Rs. 709 Crs, a decline of only 1.5%. We were thus amongst the least impacted businesses. By September 2020 our monthly revenues of Rs.739 Crs were higher than March20. Thus we were among the first to recover from the crisis. Q3 onwards has seen a steady normalisation of business with our highest ever monthly revenue in December 2020 signalling the close correlation between economic recovery and essential services demand. The annual growth in revenues is 7.6% with our highest ever quarterly revenues at Rs. 2,445 Crs in Q4FY21. Our March '21 monthly revenues were at Rs. 826 Crs, 15% higher than the March '20 monthly run rate - underlining our truly non cyclical, recession resistant nature of our business.

Our customer base is widespread and sector/ geography agnostic that has helped us ride out the crisis with minimal disruption. We are needed by customers, in good times, and even more so in a crisis. As economies mature, greater outsourcing by government leads to lesser volatility risk in economic downturns as we have seen in Australia, Singapore and NZ performance this year.

Record PAT & Cash generation year despite unprecedented crisis

The reported PAT has increased by 63% YoY. The profitability increase has come on the back of steady gross margins coupled with strong overheads control measures. We believe that some of the costs streamlining done this year will give us lasting benefits in years to come.

The year has also been marked by a steep increase in cash flows with our highest ever cash generation. We generated total operating cash flows of Rs. 640 Crs which is 123% of EBITDA and a 318% increase over the previous year.

This performance underlines 2 basics - even in crisis, customers refrain from cutting essential services margins and continue to prioritise payments as a business continuity imperative.

Used slower growth in FY21 as an opportunity to strengthen Balance Sheet

Our net debt at end of FY21 was Rs376 Crs as against Rs703 Crs at end of FY20. We have been able to achieve this despite payout for SXP acquisition of Rs203 Crs. The Net Debt/ EBITDA is 0.7, down from 1.35 at the beginning of the year. The slower growth during the year aided cash accumulation as growth capital was not required and most of the EBITDA generated flowed through to operating cash. Our credit rating was enhanced by CRISIL and India Ratings to AA- during the year. We also refinanced the earlier Rs150 Cr NCD through a new Rs190 Crs NCD issuance in April 2021 that came in at 7.9% coupon (160 bps lower than the earlier cost of 9.5%). This is going to result in a reduction in our NCD related interest costs by Rs2.4 Crs per annum

Our ROCE was 19.0% and ROE was 22.8%, demonstrating the strong return generation potential even during adverse macro environments.

V2025 launched & ESOP 2021 announced - COVID crisis a potential springboard

SIS 'Survived' initial phase with minimal impact and 'Revived' quicker than most sectors. Now, we are ready to 'Thrive' with V2025. The two Primary Goals over the next 4 years as a part of Vision 2025 are to:

a) Double Market Share in India
b) Move from Services to Solutions with greater use of technology.

The 5 megatrends that are going to shape our landscape going ahead are

1. **Post Crisis boom** – most prior pandemics/ global crises have been followed by a big long term uptick in growth and we foresee that once the pandemic subsides. This is going to be marked by greater infrastructure spend/ greater consumption spends driving global economies and consequently demand for our services
2. **"Essential Services" tag** – Our 24/7 services during this phase ensured that our visibility and criticality were reinforced in people's, customer's and governments' minds. Our demand inelasticity will continue to be a source of strong annuity business for us.
3. **Labour reforms trigger** – addressable market for larger, compliant firms will increase further as labour reforms are rolled out and the onus of labour compliance falls on the customers. Client will prefer larger and more financially stable companies.
4. **Competitive landscape will see a marked shift** – smaller competitors may not be able to ride out the sustained period of downturn which coupled with labour reforms are going to formalise the industry at a greater pace.
5. **Tech adoption will accelerate** – we have made considerable investments over the past few years on our tech business which will see a huge take off as customers become increasingly aware and open to new solutions. Key point being our vProtect business which has grown 3X in these last 12 months in no. of orders.

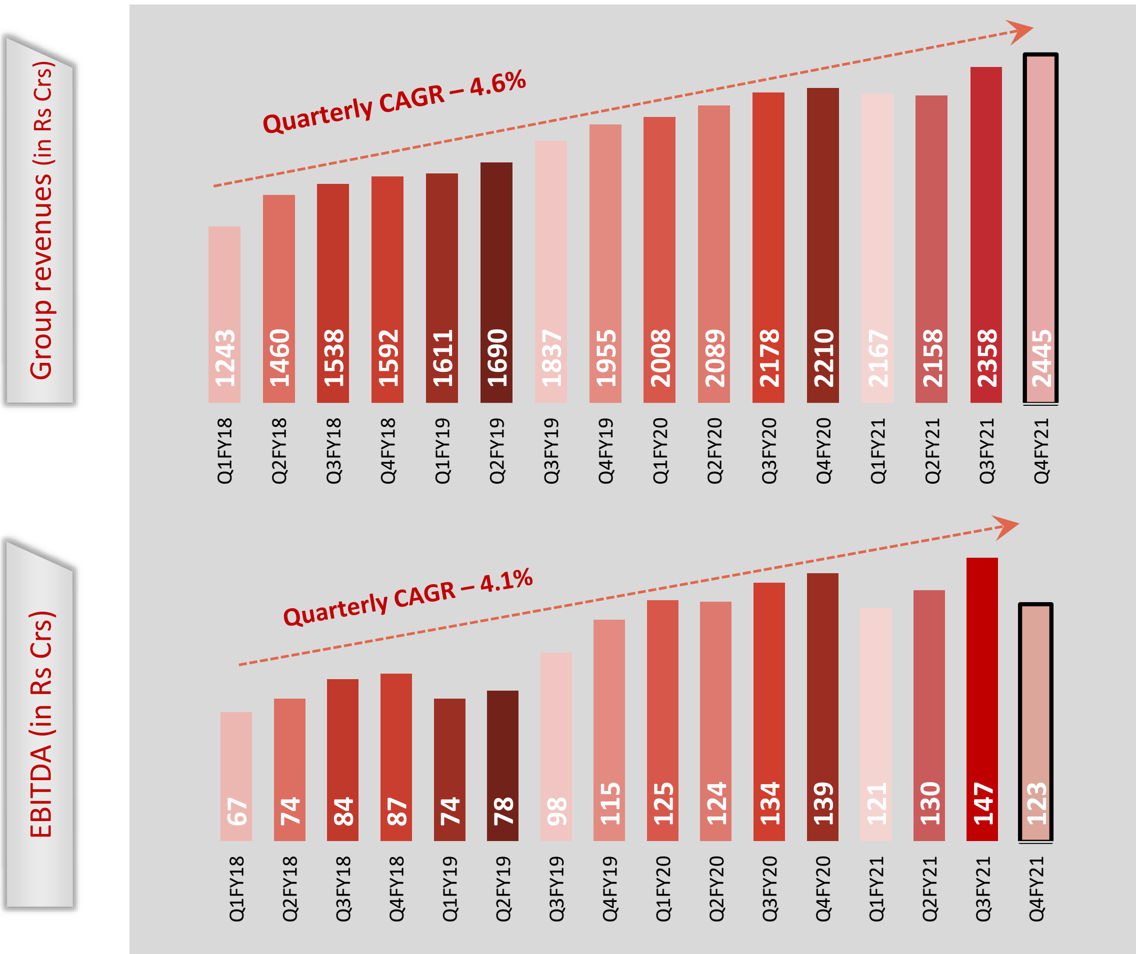
Buyback to reward patient believers

We have had a great year for cash flow generation and we believe that even after retaining sufficient cash for organic and inorganic growth purposes, we have surplus cash that can be returned to the shareholders whilst continuing to maintain a very healthy leverage ratio. In this connection, we had launched a buyback program of Rs100 cr and the process is on track and will be completed by May end/ early June.

We believe that this is a small token of our appreciation for all our trusted investors and partners, many of whom have been with us since the time of the IPO.

Great Place to Work Certification

SIS Group has been awarded the Great Place to Work Certification for 2021 -22 which is an affirmative endorsement by our employees, basis our actions during our Covid pandemic response. People welfare was central to all our planning & interventions. EHS was the first priority in FY21. A Covid #HamareHeroes fund was set up that assisted 3220 employees till date. We had a laser focus on vaccination with 17,768 employees vaccinated and we are gearing up for the 18+ employees vaccination drive.



Consolidated Financial Results

Particulars (in Rs Crs)	Q4 FY21	Q4 FY20	%age	FY21	FY20	%age
Revenue	**2,445.2**	**2,209.7**	*10.7%*	**9,127.3**	**8,485.2**	*7.6%*
EBITDA	**123.3**	**138.5**	*-10.9%*	**520.8**	**520.4**	*0.1%*
EBITDA %	*5.0%*	*6.3%*		*5.7%*	*6.1%*	
Depreciation	25.5	27.8	*-8.3%*	98.6	105.8	*-6.8%*
Finance Costs	24.7	30.7	*-19.4%*	107.1	113.5	*-5.6%*
Other income & share of profit/(loss) in associates *see section titled "Special items"*	74.2	47.9	*55.0%*	202.1	48.7	*314.6%*
Earnings Before Taxes (Operating)	**147.4**	**127.9**	*15.2%*	**517.2**	**349.9**	*47.8%*
Less: Business combination related accounting charges						
- Depreciation & Amortization	3.1	5.3		14.5	22.6	
- Finance costs	3.4	7.9		20.2	38.3	
Earnings Before Taxes (Reported)	**140.9**	**114.7**	*22.9%*	**482.6**	**289.1**	*66.9%*
EBT (Reported) %	*5.8%*	*5.2%*		*5.3%*	*3.4%*	
Tax Expenses	38.7	7.3		115.4	-2.6	
Profit After Taxes (Pro Forma)	**102.2**	**107.4**	*-4.8%*	**367.2**	**291.7**	*25.9%*
PAT (Pro forma) %	*4.2%*	*4.9%*		*4.0%*	*3.4%*	
Add / (Less): One-off adjustments*	-	111.3		-	66.2	
Profit After Taxes (Reported)	**102.2**	**-3.9**	*2714.2%*	**367.2**	**225.5**	*62.9%*
PAT (Reported) %	*4.2%*	*-0.2%*		*4.0%*	*2.7%*	
Profit After Taxes (Operating) *see section titled "Taxes & Profit after Tax"*	**35.9**	**38.9**	*-7.8%*	**193.5**	**256.6**	*-24.6%*
PAT (Operating) %	*1.5%*	*1.8%*		*2.1%*	*3.0%*	
EPS	**6.9**	**-0.3**		**24.8**	**15.4**	*14.6%*
OCF	109.2	113.1	-3.5%	639.5	201.4	
OCF to EBITDA	***88.5%***	***81.7%***		***122.8%***	***38.7%***	**217.5%**
Net Debt (with lease liabilities)	375.6	702.5		375.6	702.5	
Net Debt to EBITDA (LTM EBITDA)	***0.72***	***1.41***		***0.72***	***1.41***	

For an explanation of special items affecting the EBITDA and EBIT, please refer the section titled "Special items"

Revenue, EBITDA and PAT Growth Development by Business Segment

Business Segments	Revenue Growth		EBITDA Growth		PAT Growth	
Total Growth - %age	**Q4 FY21 v/s Q4 FY20**	**FY21 v/s FY20**	**Q4 FY21 v/s Q4 FY20**	**FY21 v/s FY20**	**Q4 FY21 v/s Q4 FY20**	**FY21 v/s FY20**
Security Solutions – India	-2.5%	-1.1%	-10.8%	-10.0%	120.3%	-30.3%
Security Solutions – International (on a constant currency basis)	12.2%	10.7%	-2.9%	20.7%	652.5%	280.5%
Facilities Management	-13.7%	-11.9%	-75.5%	-53.3%	-128.5%	-89.1%
Total of SIS Group	**10.7%**	**7.6%**	**-10.9%**	**0.1%**	**2714.2%**	**62.9%**

Q4 and FY21: Financial Commentary

Revenue Development

Consolidated revenue for Q4 FY21 was Rs 2,445.2 Crs; grew by 10.7% over Q4 FY20.
Consolidated revenue for Q4 FY21 had a q-o-q increase of 3.7%

Our results firmly establish that SIS is back to growth mode having reported its highest ever quarterly revenue in Q4FY21.

Business segment wise revenue growth for Q4 FY21 are as follows:

- Security Services – India, had a q-o-q increase over Q3 FY21 of 1.3% and a y-o-y change by (2.5%) over Q4 FY20
- Security Services – International, had a q-o-q increase over Q3 FY21 of 5.3% and a y-o-y growth of 32.0% over Q4 FY20 (0.9% and 12.2% respectively on a constant currency basis); and
- Facility Management, had a q-o-q increase over Q3 FY21 of 4.5% and a y-o-y change by (13.7%) over Q4 FY20

Earnings Before Interest, Tax, Depreciation & Amortization

Consolidated EBITDA for FY21 at Rs. 520.8 Crs was marginally higher than FY20.

Business segment wise EBITDA movement for Q4 FY21 on y-o-y basis are as follows:

- Security Services – India, had a q-o-q change over Q3 FY21 of (13.1%) and a y-o-y change by (10.8%) over Q4 FY20
- Security Services – International, had a q-o-q change over Q3 FY21 of (12.7%) and a y-o-y growth of 14.4% over Q4 FY20 (17.1% and 2.9% respectively on a constant currency basis); and
- Facility Management, had a q-o-q change over Q3 FY21 of (53.0%) and a y-o-y change of (75.5%) over Q4 FY20

The Group continues to benefit from operating leverage and its relentless focus on profit improvement initiatives. The Group's cost management measures continued to yield savings to the tune of Rs 6.2 Crs during the quarter Q4 FY21, in addition to the Rs 43.3 Crs of savings in 9M FY21, thus taking the total savings for FY21 to Rs49.5 Crs.

Earnings Before Taxes (Reported)

The Earnings Before Taxes for the Group were at Rs. 140.9 Crs for Q4 FY21, compared to Rs. 114.7 Crs for Q4 FY20, thus showing an increase of 22.9%. For the full year, Earnings Before Taxes was Rs. 482.6 Crs which was an increase of 67% over the previous year

Other income & share of profit/(loss) in associates for the year is comprised of:

a) The effects of unrealised currency translation amounting to Rs57 Crs for the future tranche liabilities for Henderson and Platform 4 Group in Singapore and New Zealand respectively which was offset by a negative unrealised currency translation amounting to Rs14 Crs in respect of the RDBs issued by the parent to its Australian subsidiary;
b) A gain of Rs89 Crs resulting from recognition of income from grants in our International security business ***(see section "Special items")***;
c) A gain of Rs. 318.2 Crs as a result of:

   i. Rs. 42.4 Crs being a write down of the liability created for the acquisition of the balance 49% shares of Southern Cross Protection Pty Ltd as the final price paid for those shares was less than the estimated liability created for those shares in 2017 ***(see section "Special items")***; and
   ii. Rs. 275.8 Crs being a write down of the liability created for the acquisition of the balance 40% shares of SIS Henderson Holdings Pte Ltd as the final expected price paid for those shares is less than the initially estimated liability created for those shares in 2019 ***(see section "Special items")***; and

d) An impairment of the goodwill recognised on the acquisition of 60% of the shares of SIS Henderson Holdings Pte Ltd as a result of an expected early exit by the Seller and a resultant reduction of the value to be paid for the balance 40% shares (see section "Special items");
e) Interest income from bank deposits; and the Group's share of the profit/(loss) in its associates and other gains and losses which is driven by a continued improvement in the Cash Logistics business

Special items

During the quarter and year, the following special items were accounted for in the statement of profit and loss and which resulted in a significant impact on the results for the quarter and the year.

a) We recognized income from grants, amounting to Rs. 56.1 Crs and Rs.88.6 Crs during the quarter and the year respectively, received from certain governments in our International business based on final confirmation received as to our eligibility for receipt of those grants

Q4 and FY21: Financial Commentary

b) We recognised a gain of Rs 42.4 Crs, in Q2, being a write down of the liability created for the acquisition of the balance 49% shares of Southern Cross Protection Pty Ltd as the final price paid for those shares was less than the estimated liability created for those shares in 2017 ***(see section "Special items")***; and

c) We recognised a gain of Rs 275.8 Crs, during the quarter, being a write down of the liability created for the acquisition of the balance 40% shares of SIS Henderson Holdings Pte Ltd as the estimated final price paid for those shares is less than the estimated liability created for those shares in 2019 ***(see section "Special items")***; and

d) An impairment of the goodwill recognised on the acquisition of 60% of the shares of SIS Henderson Holdings Pte Ltd as a result of an early exit by the seller and a resultant reduction of the value to be paid for the balance 40% shares ***(see section "Special items")***

Recognition of certain one-off gains and losses in respect of SIS Henderson Holdings Pte Ltd

At the time of acquisition of the 60% shareholding in Henderson in Feb 2019, as required under the accounting standards, the Group had computed the estimated future value for the balance 40% shareholding assuming that the agreed business plan would be achieved, and that the founding shareholder would exercise the put option for the 40% shareholding in 2023. The estimated fair value of the amount of this future payout is S$ 73.5 mn as of Mar 31, 2021.

At the same time, as required under the accounting standards, the Group had computed the amount of goodwill in respect of this acquisition, which tracked the above computation of future value plus the value of goodwill for the initial buyout of the 60% shares in Henderson, at S$ 94.2 mn.

During the quarter, the founding shareholder exercised his put option which is irrevocable and which SIS has to honour. As a result, under the accounting standards, the Group has recognised a gain of Rs. 276 Crs, during the quarter, being a write down of the liability created for the acquisition of the balance 40% shares of SIS Henderson Holdings Pte Ltd as the final price expected to be paid for those shares is less than the estimated liability created for those shares in 2019.

As a result of the founding shareholder exercising his put option, the Group has strengthened and brought in a new management team and have decided to adopt a conservative approach to focus on reviving and growing the business. With approximately, S$ 25+mn in cash, new management structure and a clearly identified transition program, the business has a sound foundation and has not lost its inherent value. However, the Group, continuing its conservative approach, have, carried out a revaluation of the business on this basis and have decided to impair the amount of goodwill by an amount of Rs.276 Crs which is the amount by which the liability of the group towards the seller has been reduced as a result of his early exit. This impairment has been disclosed separately on the face of the Statement of Profit and Loss.

Depreciation, Amortisation and Finance Costs

The Group's consolidated **Depreciation & Amortization** amounted to Rs. 28.5 Crs for Q4 FY21 which was lower than Rs. 33.1 Crs for the same quarter last year driven by:

a) Winding down of amortisation of the intangibles in connection with acquisitions over a period of time

b) Freeze on discretionary capital expenditure during FY21

Finance costs for the Group amounted to Rs. 28.2 Crs, representing a decrease of (27.1%) over the same quarter in the year FY20. This is driven by:

c) Re-negotiation of our facilities leading to a reduction in the rate of interest of our existing working capital facilities by 270 bps in our India business; and

d) Lower average utilisation of working capital debt facility aided by strong debtors management and which is reflected in our OCF / EBITDA of 122.8%

Taxes & Profit after Tax

Operating PAT

The Operating Profit after Tax (Operating PAT) has been computed after adjusting for these amounts in order to explain the real/sustainable PAT:

Particulars (in Rs Crs)	Q4FY21	Q3FY21	Q2FY21	Q1FY21	FY21	FY20
Reported PAT	**102.2**	**99.0**	**108.1**	**57.9**	**367.2**	**225.5**
Less: one-off adjustments on account of adopting a reduced tax rate in FY20	-	-	-	-	-	(66.2)
Less: the effect of special items explained above	66.3	30.9	58.1	18.3	173.7	35.1
Operating PAT	**35.9**	**68.1**	**50.0**	**39.6**	**193.5**	**256.6**

Q4 and FY21: Financial Commentary

Accounting for the benefits under Section 80JJAA of the Income Tax Act, 1961

The key qualifying criterion for availing the tax benefits under section 80JJAA are an increase in the number of employees during the year and eligible employees completing a period of employment of at least 240 days in the year either in the year of recruitment or in the immediately succeeding financial year.

The revenue decline for SIS Group in Q1 and the early part of Q2 has largely been reversed and revenues are already showing an upward trajectory since Q3FY21. The SIS Group is back on the growth curve, and the employee headcount of the Company as at the end of March 2021 is almost back to the levels of March 2020.

However, the Company has decided to continue its conservative approach and has not accounted for any additional benefit under section 80JJAA pertaining to FY21 during the quarter and full year ended March 31, 2021. However, the Group continues to receive, and account for, the tax benefits under section 80JJAA which have accrued to the Group during FY20 and FY19 and which the eligible entities of the Group will claim in FY21 and FY22.

In the following years, the Group will also be eligible to claim benefits in respect of those eligible employees employed in FY21 and completing a period of employment of at least 240 days in FY22. **On a standalone basis, the Company's current tax rate continues to be NIL as a result of the benefits accruing under Section 80JJAA of the Income Tax Act, 1961.**

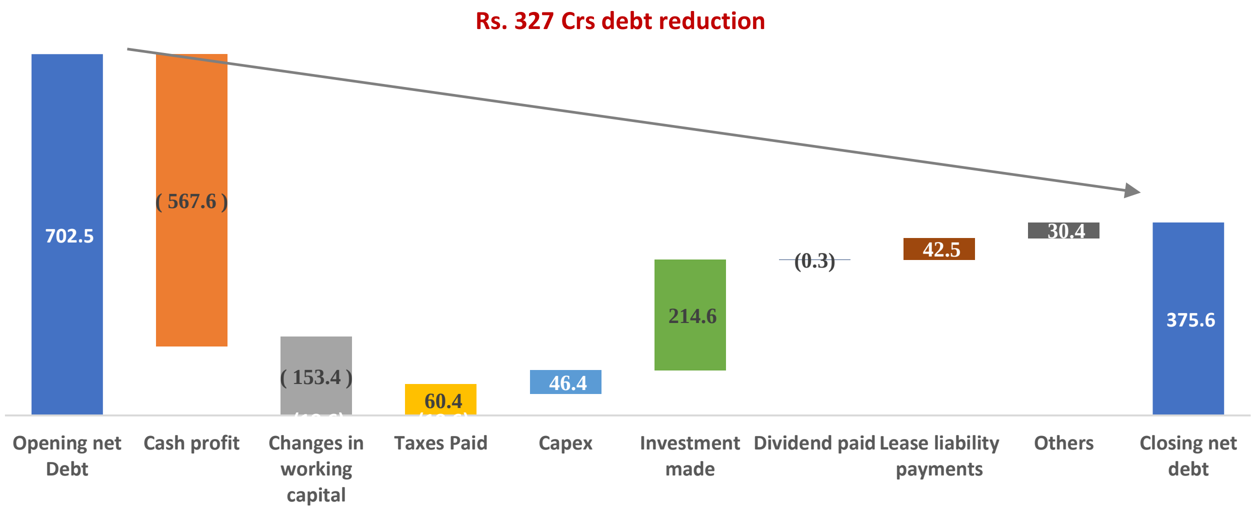
The current tax rate reflects the amount of tax the Company is expected to pay when preparing and filing its tax returns. The real effective tax rate reflects the current tax plus the deferred tax effect on timing differences. The current tax rate and real effective tax rate, is computed below:

Particulars (in Rs Crs)	Q1FY21	Q2FY21	Q3FY21	Q4 FY21	FY21
PBT	**20.8**	**24.4**	**23.7**	**16.6**	**85.6**
Current tax	0.1	(0.0)	(0.0)	(0.0)	0.0
Deferred tax effect on timing differences	(1.0)	(2.0)	(5.4)	1.0	(7.4)
Total tax items	(0.9)	(2.0)	(5.4)	1.0	(7.4)
Current tax rate	*0.5%*	*-0.1%*	*-0.0%*	*0.3%*	*0.0%*
Real Effective tax rate	*-4.4%*	*-8.3%*	*-23.1%*	*5.8%*	*-8.7%*

Leverage and Financing

Particulars (in Rs Crs)	March 2021			March 2020		
	India	Intl	Total	India	Intl	Total
Gross Debt						
LT Borrowings	223	519	742	197	433	630
ST Borrowings	417	5	421	537	5	542
Current Portion of LT Liability	176	16	192	28	14	42
Lease liabilities	55	58	114	60	51	111
Gross Debt	**874**	**598**	**1,472**	**822**	**503**	**1,325**
Less: Cash/Cash Equivalents	520	576	1,096	197	426	623
Net Debt	**353**	**22**	**376**	**625**	**77**	**703**
Net Debt/EBITDA	**1.54**	**0.08**	**0.72**	**2.09**	**0.35**	**1.35**
Gross Debt (on constant currency basis)	**874**	**492**	**1,366**	**822**	**503**	**1,325**

Net Debt Bridge from March 2020 to March 2021 (In Rs Crs.)



OCF/EBITDA - The group had the highest ever cash flows in its history. This was due to the immense focus of our commercial and controller teams, that we were able to achieve this in a tumultuous year that was FY20. They had a relentless focus on working capital management that is reflected in the OCF/ EBITDA of 123% for FY21. The group generated total operating cash flows of Rs. 640 Crs. This is an over 3X increase from the OCF of FY20

Net Debt/ EBITDA was **0.7** as of March 2021, which is a steep reduction from 1.35 in March 2020. We have maintained our Net Debt / EBITDA position at a level of < 1.0, inspite of a significant pay-out amounting to Rs.203 Crs for the purchase of the remaining 49% of shareholding in Southern Cross Protection Pty Ltd (SXP). This steady Net Debt / EBITDA was achieved by our continued drive to improve our cash realization and reduce the working capital.

Net Debt during the year reduced by Rs.327 Crs. The reduction in net debt and strong cash flow generation reinforce the high cash generating capabilities of our business, especially in times of modest growth where additional working capital needs are muted.

NCD refinanced at significantly lower rate - Against the backdrop of our improved credit rating we were able to refinance our earlier NCDs of Rs. 150 Crs through a fresh issuance of Rs. 190 Crs during the quarter at a coupon of 7.90%. which is a significant reduction from the existing coupon rate of 9.50%. The existing NCDs of Rs.150 Crs have been repaid in April 2021 on maturity. After this repayment, the gross debt of the Group is lower by Rs. 113 Crs (assessed on constant currency basis) against March 2020, at Rs. 1212 Crs.

Security Solutions – India

The India Security Solutions business comprises five entities - our flagship SIS security business, SLV, Uniq, Tech SIS and Vprotect. We are the largest security solutions company in India. All the group companies showed great resilience in the toughest year for the Group since inception.

The business currently operates across 182 branches and has 155, 028 employees.

Steady demand recovery continues

The segmental revenues for FY21 were Rs3,488 Crs which is close to Rs3,528 Crs revenues in FY20. For Q4 the revenues were Rs 901 Crs which is a 1.3% increase over Q3FY21. The revenues after taking a dip till July 2020 have been seeing a steady uptick from August 2020 and the subsequent festival season. The March '21 monthly revenues for the segment were Rs.309 Crs.

The in-elastic nature of our demand has been re-inforced during FY21. The security vertical, already at pre-Covid levels, is now poised to get back into historical growth patterns led by new customer segments, newer solutions and greater demand for one-stop solution providers.

Big wins in Tech solutions

In FY21, we have leapfrogged our technology solutions business in India. Our alarm monitoring and response business "vProtect" has won orders to take the business close to 13000 sites, a 3X increase over the previous year. This will make us among the top 3 players in e-surveillance in India. We believe that we are poised to grab leadership position in the industry with a strong team and nationwide execution capabilities. Similarly, in our system integration business at TechSIS, we have ended the year with our highest ever revenues.

Gross margins and EBITDA stable

Gross margins have been marginally lower this year on account of expenditure on PPE/Covid Welfare/ training/ additional food and accommodation needs of employees. Streamlining of cost and overheads and enhanced productivity have kept EBITDA margins healthy at 5.5% in FY21. Despite lower minimum wage hikes this year and additional provisions taken early on in FY21, the margins have been robust and we believe that with steady revenue recovery and operating leverage, we will be able to get back to historical margin levels soon.

Completion of Uniq acquisition

In April 2021, we finished the acquisition of the balance stake in Uniq paying Rs52 crores in addition to the Rs51 crs we paid for the first 51% in February 2019. Our earnout linked exit mechanism ensured that our total payout was restructured to account for the current business performance and growth.

Strong collections continue

We have managed to rein in DSOs towards the end of the year to 68 days, after a spike to 81 in Q1 and 77 in Q2. Strong credit control policies, focussed efforts on collections and embargo on certain customer segments for new business have led to a steady improvement in working capital position. The OCF/ EBITDA for the security vertical was 170% which is a fantastic effort by our teams in these testing times.

Particulars (in Rs Crs)	Q4 FY21	Q4 FY20	*Change YoY*	Q3 FY21	*Change QoQ*	*FY21*	*FY20*	*Growth*
Revenues	**901.3**	**924.3**	***-2.5%***	**889.4**	***1.3%***	**3,488**	**3,528**	**-1.1%**
EBITDA	**44.2**	**49.5**	***-10.8%***	**50.8**	***-13.1%***	**190.2**	**210.9**	**-9.8%**
EBITDA%	***4.9%***	***5.4%***		***5.7%***		***5.5%***	***6.0%***	
Share of group revenues	***36.9%***	***41.8%***		***37.7%***		***38.2%***	***41.6%***	
Share of group EBITDA	***35.8%***	***35.8%***		***34.6%***		***36.5%***	***40.5%***	

Security Solutions – International

The International security business comprises four entities - MSS and SXP in Australia, Henderson in Singapore and Platform4Group in New Zealand. We are the market leader in Australia and a top 3 player in Singapore and New Zealand. The International security business currently has over 8,816 employees.

Highest ever growth recorded

The International business has recorded its highest historical growth rate ending the year at Rs. 4,530 Crs in revenues which is a 22.3% increase over FY20 (10.7% in constant currency basis). Over the previous quarter, the revenues has increased 5.3%.

All our international markets are on a sound economic and health footing and the countries are back in regular operational mode. These countries have also given significant monetary and fiscal benefits to the industries and their working population which have kept demand strong. Developed/ mature markets across the world, see more government outsourcing, which is a healthy buffer in a weaker economy and private sector downturn.

Q4 is a historically strong quarter in Australia and NZ with many special events (sports and entertainment). This year too these have contributed healthily to the revenues.
As anticipated, the Covid surge requirements have not fallen steeply but continue to steadily give us revenues, albeit on a smaller scale than earlier. Some of these revenues streams are likely to continue in FY22 too.

Highest EBITDA margins in recent years

The EBITDA margins during FY21 have been the highest in the past many years. The temporary Covid contracts came in at a much higher margin than normal while the regular business had steady margins. We have managed to reduce spends on travel and other overheads through productivity improvement measures such as attendance, centralised NOC to improve margins.

All these have helped EBITDA margins sustain above 6% across the region.

Continued robustness in cashflows

Strong collections and customer prioritisation ensured that our DSOs were lower at end of FY21 (41 days) compared to FY20 (45 days). All the regions are showing strong collection trends. This shows the confidence that clients have on our ability to service them through trying times. Our total OCF/ EBITDA for the international business was 91%.

The international performance in FY21 showcases the importance of having a distributed and diversified geographical mix of business. Our developed market presence has been a vital strength of our portfolio and has been a great counterbalance to the vagaries of the Indian economy.

Apart from its core features of steady growth, strong cash flows and high return ratios, the strong macro-economic situation in these countries enables good growth prospects even during weaker years.

Particulars (in Rs Crs)	Q4 FY21	Q4 FY20	*Change YoY*	Q3 FY21	*Change QoQ*	*FY21*	*FY20*	*Growth*
Revenues	**1,253.0**	**949.0**	***32.0%***	**1,189.7**	***5.3%***	**4,530.3**	**3,705.6**	**22.3%**
EBITDA	**73.3**	**64.1**	***14.4%***	**83.9**	***-12.7%***	**291.9**	**227.0**	**28.6%**
EBITDA%	***5.8%***	***6.8%***		***7.1%***		***6.4%***	***6.1%***	
Share of group revenues	***51.2%***	***42.9%***		***50.5%***		***49.6%***	***43.7%***	
Share of group EBITDA	***59.4%***	***46.3%***		***57.1%***		***56.1%***	***43.6%***	

Facility Management Solutions

The facility management business comprises DTSS, SMC, RARE Hospitality and TerminixSIS. We are the second largest FM business in the country. The FM business currently operates across 92 branches and has close to 55,656 employees.

Revenue impact from a few key segments

The revenues for the FM vertical for FY21 were Rs. 1,127 Crs which is a 12% decline over FY20. This is a fairly creditable achievement despite the steep hit the business took on segments like Railways, hotels, retail, airports and IT sector, which were operating minimally for most of the year. New clients in the pharmaceutical & healthcare sector and manufacturing space were useful in reducing impact from the above segments . The FM business has been on a recovery path from September 2020 onwards.

The segment had a strong Q4 with QoQ revenue growth of 4.5%. The March '21 revenue run rate for the segment was Rs102 Crs as against Rs117 Crs in March '20.

Order flows provide clear roadmap towards recovery

With most major customer segments steadily recovering, there is a steady revival of service volumes. DTSS and SMC are inching back to normality with new orders of over Rs. 2.5 Crs per month and we are establishing a good base for FY22.

Rare Hospitality, our specialty healthcare FM company has been showing strong YoY growth on the back of continued wins in the healthcare segment and currently service some of the biggest Covid hospitals in the country.

Terminix SIS had a very strong year with revenue growth of 25% and on the back of strong wins in the area of disinfection and sanitization. At 21% EBITDA margins for FY21, the business had a breakout year which puts it firmly on the path of being a leader in the sector.

From FM to Safety Assurance and Production Support Services

We estimate that monthly operating expenditure on hygiene management will witness a sharp uptick across customer segments as a fallout of the Covid crisis. To capture the potential increase in client spends on hygiene and cleaning, we have launched new solutions to pivot to smart surface disinfection and anti-microbial treatments.

Similarly, we have also initiated production support services to assist manufacturing, warehousing and ecommerce companies in their operations and maintenance. The newly passed labour reforms provide further impetus to the outsourcing of production support services and the SIS' group penetration in the core sector will help us exploit this opportunity.

Particulars (in Rs Crs)	Q4 FY21	Q4 FY20	*Change YoY*	Q3 FY21	*Change QoQ*	*FY21*	*FY20*	*Growth*
Revenues	**295.7**	**342.6**	***-13.7%***	**283.1**	***4.5%***	**1127.3**	**1280.2**	**-11.9%**
EBITDA	**5.7**	**23.3**	***-75.5%***	**12.1**	***-53.0%***	**39.4**	**84.3**	**-53.3%**
EBITDA%	***1.9%***	***6.8%***		***4.3%***		***3.5%***	***6.6%***	
Share of group revenues	***12.1%***	***15.5%***		***12.0%***		***12.4%***	***15.1%***	
Share of group EBITDA	***4.6%***	***16.8%***		***8.3%***		***7.6%***	***16.2%***	

dusterstotalsolutionsservices An SIS Group Enterprise

ServiceMASTER Clean An SIS Group Enterprise

RARE HOSPITALITY An SIS Group Enterprise

TERMINIX SIS Secured from pest...Assured by world's best

Cash Logistics Solutions

The cash logistics business is a JV with Prosegur of Spain, a world leader in cash solutions. We have a 49% holding in the JV which is the second largest cash logistics business in India. We operate over 2,000 cash vans and 54 vaults covering over 300 cities across India.

Revenue growth despite pruning of portfolio

Over the past two years we have prioritised high quality clientele and contracts and have done a lot of portfolio cleanup, especially on the ATM side. This has resulted in our ATM business coming down to just around 23% of total revenues right now. Despite this, the segment was able to show a 2.3% revenue growth this year and an even stronger end to the year with the Q4 revenues up 44% over Q4 of FY20.

We have aggressively reduced our ATM exposure and have expanded our retail business significantly to over 16,000 points currently. Similarly our cash processing business has seen encouraging growth, after winning a contract from SBI for managing currency chests.

The macro has also favoured the market with the cash circulation at 16% of GDP which is one of the highest in recent history. People resort to keeping larger amounts of cash in times of emergencies.

The business was able to balance any declines in the retail business by adding new revenue streams like value cargo and bullion business.

Pricing uptick + Cost measures led to margin upsides

The segment continued its strong EBITDA margin trend with overall margins for the year at 8% thus reinforcing the high EBITDA potential of the segment. Across the well organised mature markets, the cash logistics industry is a double digit margin industry and this year's results reinforce this.

We are pleased that our margins have been so strong despite an increase in fuel costs by 22%. All the measures – tariff increases, portfolio rationalisation, efficient route planning and proactive cost control have aided margin increase

The cassette swap regulation of the RBI has slowly started taking off in parts of Delhi with reasonable price escalation. We are hopeful that this will slowly take off in the rest of the country.

While a broad-based price renegotiation with banks is still long overdue, we have been able to get pricing increases on a few of our contracts.

Organic consolidation

There has been a steady tariff increase that many banks have been signing upto and this has been due to better bargaining power by the suppliers on the back of exiting of weaker players and organic consolidation of market share among the rest. We believe that this will play out further over the next few years and will aid industry restructuring, and a better pricing and operational environment

Particulars (in Rs Crs)	Q4 FY21	Q4 FY20	*Change YoY*	Q3 FY21	*Change QoQ*	*FY21*	*FY20*	*Growth*
Revenues	99.8	69.1	*44.4%*	81.9	*21.8%*	330.4	322.9	*2.3%*
EBITDA	7.9	5.2	*52.4%*	8.2	*-3.7%*	28.4	28.4	*0.0%*
EBITDA%	*7.9%*	*7.5%*		*10.0%*		*8.6%*	*8.8%*	