Group Enterprises

A Market Leader in Security, Cash Logistics & Facility Management

Earnings Update

Q1-FY21

July 29, 2020

Earnings Highlights

Rs2,167 Cr
REVENUES

Rs121 Cr
EBITDA

Rs58 Cr
PAT

22.8%
ROE*

*based on pro-forma PAT

Rituraj Sinha
Group Managing Director

"The Covid pandemic and lockdowns have reinforced the essential need for our services, which are a business continuity imperative for a safe workplace and society. The Q1 results establish that our industry is less impacted and will recover quicker than many other sectors. Covid will also accelerate market share consolidation as customer focus is shifting towards expertise, reliability and market leaders. Given near term uncertainties, we continue to remain cautiously optimistic and will undertake prudent provisioning policies to factor for unforeseen surprises."

Notes from the Group Managing Director

National lockdown was the toughest test of demand and supply resilience

During the national lockdown we continued to operate all 330 offices and 17,000 sites across India and Overseas, and our Q1 revenue is a testimony to the predictability and sustainability of our business model. Our consolidated revenues for the quarter was Rs2,167 Crs which is a 7.9% increase YoY and a 1.9% decline QoQ. The marginal quarterly decline in revenues was on account of temporary volume reduction in segments like retail/ entertainment/ hospitality which account for less than 5% of our group revenues.

Supply chain was largely unaffected and the value of jobs with social security is up manifold. Our recruitment, training and collections were carried on digitally. Cash flows were much better than our initial estimates reconfirming customer's payment priority during crisis.

During COVID, Security has pivoted to access control for safe workplace acting as the first line of defence. COVID has also resulted in enhanced hygiene/ infection control consciousness - triggering significant demand for sanitation, disinfection and anti microbial treatments.

EBITDA impact temporary, on account of prudential provisioning of Rs54 Crs. Gross Margin intact across SBUs

Our gross margins continued to be stable across all our businesses reflecting increased pricing power and client focus on quality vis-à-vis pricing and a willingness to spend more for health and safety assurance.

We increased the provisioning this quarter, as a matter of abundant caution, to the tune of Rs54 Crs. This reflects higher provisioning for credit notes and doubtful debts. Additionally, we have deferred recognition for Rs34 Crs of government grants that we have received in our Australia, Singapore and New Zealand, as we try to work through the eligibility norms for that.

While we believe that a large part of above mentioned provisions may not be required, we have decided to be prudent in light of the broader macroeconomic uncertainty.

International Operations - counterbalancing India market volatility

The International business has stood out as the best performing segment in Q1. The international markets grew on the back of strong new order wins in Q1, supported by good margins and stronger than usual collections.

The Q1 growth has been aided by relatively stable macro conditions in Australia, Singapore and New Zealand on the back of a strong medical and economic response to the crisis. The governments in these markets have been proactive in support to businesses and workers through wage subsidies, credit guarantees, cash transfers etc.

While we continue to be cautiously optimistic like the rest of the business, our Q1 performance demonstrates the importance of having a diversified geographical profile.

Balance Sheet ready for uncertainty & growth with lower Net Debt and strong Cash Conversion

Despite the stress seen by our clients during the last few months, we have had strong cash flows and have ended the quarter with a decline in Net Debt over the previous quarter to the tune of Rs28 cr. Our interest coverage ratio of 4.0X gives us significant comfort on our balance sheet strength. Our Net Debt/ EBITDA stands at 1.31X, lower than Q4FY20.

Our cash flow generation this quarter is matter of great pride – we generated close to Rs98 cr in operating cash which translates to a 81% cash flow conversion from EBITDA. This has been the result of great discipline coupled with supportive clients.

With a strong balance sheet, we are well placed to capture the growth that is imminent for market leaders– both from an organic and inorganic standpoint.

COVID Impact - Immediate Pain but Medium & Long Term Gain

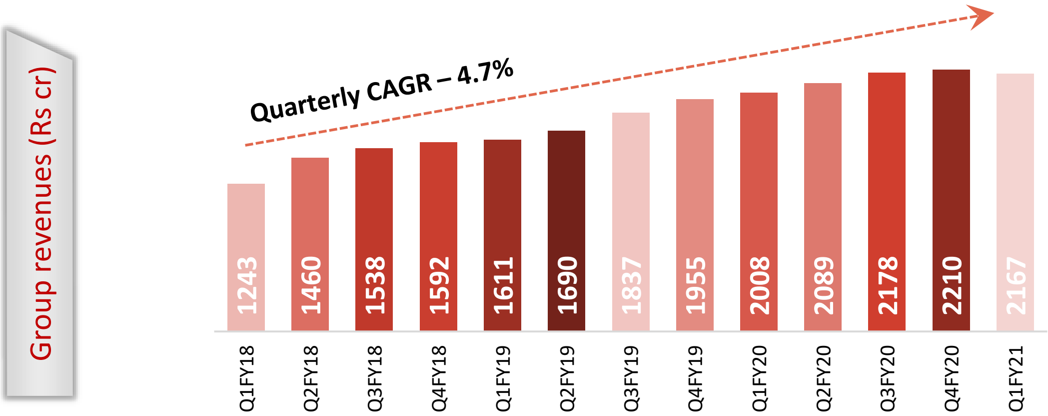
Customers - SIS has always prided itself on being a microcosm of the broader economy trends as we work with practically every business segment in the country, including 289 out of the NSE500 companies. Our diverse customer exposure and presence across the Tier A/B/ C centres has given us a valuable risk diversification. However, we are cognisant of the uncertainty, depressed investment and consumer demand. Volume recovery will depend on the underlying macroeconomic revival and short term growth will be focussed on market share gains.

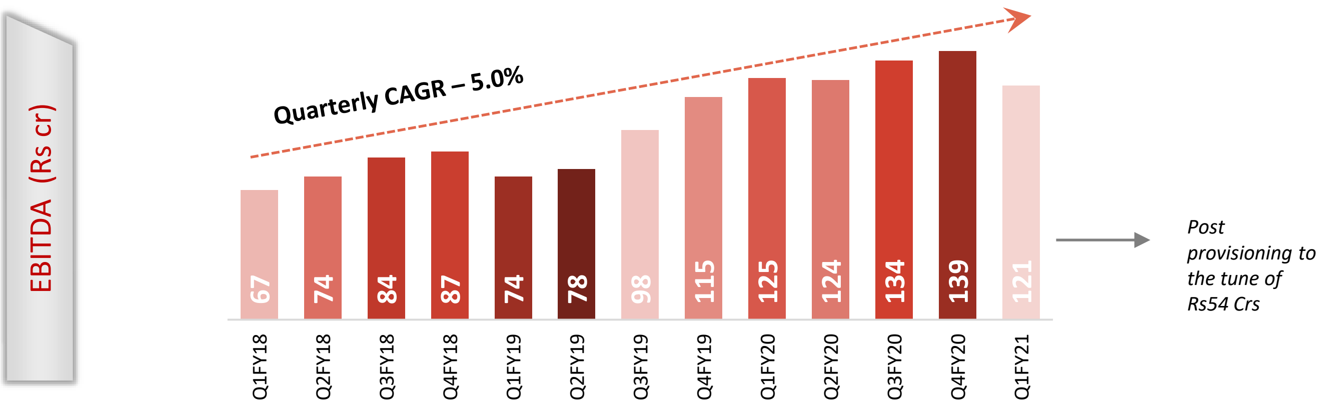
Employees – we have not seen issues arising out of labour migration, our attrition has been lower than normal. People are opting for job security over other factors. Job security is defined by two elements – job continuity (essential services) and social security cover. We will continue to prioritise EHS and invest in PPE, awareness training and preventive actions etc.

Competition – we believe that the coming 24 months will present many opportunities for inorganic growth with many mid-tier players stressed due to growth and cash flow issues which will be exacerbated by clients preferring higher quality top tier vendors. Our balance sheet and managerial bandwidth makes us uniquely positioned to capitalise on the opportunities this may present. For the next few quarters, however, we continue to be focussed on navigating through the current crisis and slowly building a deal pipeline.

Regulatory – governments are looking at labour reforms to create more flexibility in the labour markets while also tightening the implementation of the policies which we believe will create significant momentum towards formalisation and market share consolidation, improving quality standards and also spur the move towards tech enabled solutions.

All of these macro trends augur well with the SIS Group strategic objective of consolidating its market leading position in all our verticals, towards a more dominant market share over the next 3-5 years.





Consolidated Financial Results

Particulars	Q1 FY21	Q1 FY20	%age	Q4 FY20	%age
Revenue	**2,166.7**	**2,008.4**	*7.9%*	**2,209.7**	*-1.9%*
EBITDA - *see section titled "Special items"*	**120.9**	**124.7**	*-3.1%*	**138.5**	*-12.7%*
%age	*5.6%*	*6.2%*		*6.3%*	
Depreciation	23.6	23.7	*-0.2%*	27.8	*-15.0%*
Finance Costs	30.4	25.3	*20.2%*	30.7	*-1.0%*
Other income & share of profit/(loss) in associates	22.8	-2.1		47.9	*-52.4%*
Earnings Before Taxes (Operating & Normalized) – *see section titled "Special items"*	**89.7**	**73.6**	*21.8%*	**127.9**	*-29.9%*
- Depreciation & Amortization	4.9	5.8	-14.6%	5.3	-6.6%
- Finance costs	6.9	11.8	-41.7%	7.9	-13.2%
Earnings Before Taxes (Reported)	**77.9**	**56.1**	*38.9%*	**114.7**	*-32.1%*
%age	*3.6%*	*2.8%*		*5.2%*	
Tax Expenses	20.0	-12.0		7.3	
Profit After Taxes (Pro Forma)	**57.9**	**68.0**	*-14.9%*	**107.4**	*-46.1%*
%age	*2.7%*	*3.4%*		*4.9%*	
Add / (Less): One-off adjustments*	-	-6.9		111.3	
Profit After Taxes (Reported)	**57.9**	**74.9**	*-22.7%*	**-3.9**	*1579.8%*
PAT %age	*2.7%*	*3.7%*		*-0.2%*	
EPS	**3.9**	**5.1**	***-23.9%***	**-0.3**	***1510.2%***
OCF	97.9			113.1	
OCF to EBITDA	*80.9%*			*81.7%*	
Net Debt (with lease liabilities)	675.3	691.3		702.5	
Net Debt to EBITDA (LTM EBITDA)	*1.31*	*1.66*		*1.35*	
Net Debt (without lease liabilities)	558.1	585.0		591.5	

****adjustments relate to reflect the impact of new tax rates***
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 (proforma)**	
Total Growth - %age	**Q1 FY21 v/s Q1 FY20**	**Q1 FY21 v/s Q4 FY20**	**Q1 FY21 v/s Q1 FY20**	**Q1 FY21 v/s Q4 FY20**	**Q1 FY21 v/s Q1 FY20**	**Q1 FY21 v/s Q4 FY20**
Security Services - India	6.1%	-7.2%	-13.0%	-6.8%	-68.1%	-66.0%
Security Services – International (on a constant currency basis)	9.8%	3.5%	13.8%	-6.7%	118.8%	295.3%
Facilities Management	1.0%	-14.6%	-17.0%	-35.6%	-52.0%	-68.0%
Total of SIS Group	**7.9%**	**-1.9%**	**-3.1%**	**-12.7%**	**-14.9%**	**-46.1%**

Q1 FY21: Financial Commentary

Revenue Development

Consolidated revenue for Q1 FY21 was Rs 2,166.7 Crs; grew by 7.9% over Q1 FY20. Consolidated revenue for Q1 FY21 had a QoQ change of -1.9%

Business segment wise revenue growth for Q1 FY21 are as follows:

- Security Services – India grew by 6.1% over Q1 FY20 and had a QoQ change of -7.2%
- Security Services – International grew by 11.7% over Q1 FY20 and had a QoQ increase of 7.5% (9.8% and 3.5% respectively on a constant currency basis); and
- Facility Management grew by 1.0% over Q1 FY20 and had a QoQ change of -14.6%

The revenue for the quarter is net of special items amounting to Rs 38.4 Crs ***(see section titled "Special Items").***

Earnings Before Interest, Tax, Depreciation & Amortization

Consolidated EBITDA for Q1 FY21 was Rs 120.9 Crs representing a change of -3.1% over Q1 FY20 and a -12.7% change over Q4FY20. The EBITDA margin for the quarter was 5.6%, as against 6.2% in Q1FY20.

Business segment wise EBITDA change for Q1 FY21 on y-o-y basis are as follows:
- Security Services – India, had a change of -13.0%.
- Security Services – International, had growth of 11.8% (13.8% on a constant currency basis); and
- Facility Management – India, had a change of -17.0%

The Group continued to benefit from operating leverage and the relentless focus on profit improvement initiatives. The Group also implemented and achieved cost management measures which yielded a saving of Rs19.2 Cr. However, the EBITDA for the group for the quarter was impacted by the conservative accounting approach adopted by the Group by accounting for additional provisions amounting to Rs54.1 Crs and a deferment of revenue recognition to the tune of Rs33.8 Cr.

A detailed explanation is available in the section titled "Special Items"

Earnings Before Taxes

The Earnings Before Taxes for the Group were at Rs 77.9 Crs for Q1 FY21, compared to Rs 56.1 Crs for Q1 FY20, thus showing an increase of 38.9%.

Other income & share of profit/(loss) in associates is largely comprised of:
a. the effects of unrealied currency translation amounting to Rs 27.1 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 Rs 8.8 cr in respect of the RDBs issued by the parent to its Australian subsidiary.
b. Interest income from bank deposits
c. The Group's share of the profit profit/(loss) in its associates amounting to Rs -0.3 Crs compared to Rs -2.3 Crs in Q1FY20 , driven by a significant improvement in the results of its joint venture for the Cash Logistics business and the conversion of the VProtect business into a wholly owned subsidiary of the Company

The Group's consolidated Depreciation & Amortization amounted to Rs 28.5 Crs for Q1 FY21 which was lower by Rs 0.9 Crs vs Q1FY20 . Finance costs for the Group amounted to Rs 37.3 Crs, representing an increase of 0.5% than Q1FY20. This is mainly due to the following:

a. Reduction in the true up of finance costs relating to future pay-out of the acquired entities consequent to the completed settlements for DTSS and SLV
b. Increase due to borrowings to facilitate subsequent tranche pay-outs to the entities acquired during FY 20, for DTSS and to fund acquisitions in New Zealand – these events took place in Q2FY20
c. Increase in working capital borrowings during FY20 due to general revenue growth across all businesses.

Q1 FY21: Financial Commentary (Cont'd.)

Special items

The EBITDA and EBT for the group for the quarter was impacted by conservative accounting approach adopted by the Group by accounting for additional provisions amounting to Rs 54.1 Crs and a deferment of revenue recognition to the tune of Rs 33.8 Crs. These were mitigated to some extent by savings on SG&A from cost management measures amounting to Rs 19.2 Crs

1) Conservative accounting for possible Credit notes, provision for doubtful debts and additional expenditure on PPE – Rs 54.1 Crs

While there was continued improvement on account of operating leverage and the savings from profit improvement initiatives, EBITDA was impacted due to the tune of Rs 54.1 Crs due to precautionary provisions for possible credit note, provisions for doubtful debts and significant expenditure incurred by the Group on personal hygiene and protective materials for our frontline employees.

a) In view of the prevailing uncertainties in the business and economic environment, the Group, as a matter of caution, has created provisions for possible issue of credit notes amounting to Rs 38.4 Crs to allow for possible cases where customers may seek to obtain discounts from us for a portion of the lockdown period.
b) Though we managed to maintain revenues at more or less the same level as the previous quarter, we have adopted a cautionary approach due to the prevailing business uncertainties and have created provisions for doubtful debts to the tune of Rs 14.7 Crs which represents delayed collection of certain invoices raised in Q4FY20 and Q1FY21.
c) The Group, proactively during the quarter, continued to issue and supply personal protection equipment and hygiene materials to its frontline employees and to all offices. These items cost the Group an additional Rs1.0 cr during the quarter.

2) Cost management measures implemented – Rs 19.2 Crs

In order to prepare ourselves for the drastically altered business environment and to mitigate the downsides, the Group implemented and achieved cost management measures on SG&A which yielded a saving of Rs 15.1 Crs compared to Q4 FY20 and Rs 19.2 Crs compared to Q1 FY20. These cost savings, helped to mitigate some of the impact of the EBITDA reduction.

3) Deferment of Revenue Recognition: Rs 33.8 Crs

Certain businesses in our Security Services – International business , have received, grants from their respective governments on the basis of the business meeting certain criteria as preliminarily assessed by the respective governments. Since the grant qualification criteria are complex, we are engaged in assessing and quantifying the true eligibility to receive those grants and may also need to engage with the government for the same. Pending the outcome of that assessment and finalisation of discussions with the respective governments, we have, as a matter of abundant caution, not recognised such grants as revenue and continue to carry them in the Balance Sheet. As and when we reach certainty on those grants, we will release them into the Profit & Loss Account. The amount of such grants received but not recognised as income is Rs 33.8 Crs

Taxes, Net Income and Earnings per Share

The Group has, during the financial year ended March 31, 2020, decided to adopt the option (Section 115BAA of Income Tax Act) of the lower effective corporate tax rate of 25.17% (including surcharge and cess) for those entities in the group which have been incorporated in India. However, the group continues to receive 80JJAA tax benefits even on adoption of the reduced effective tax rate.

<u>Accounting for the benefits under Section 80JJAA of the Income Tax Act, 1961</u>
During Q1 FY21, the number of employees has not increased, which is a key qualifying criteria for availing the tax benefits under section 80JJAA. As of the result of the prevailing uncertain business situation arising out of COVID, it is difficult to estimate with any degree of certainty the increase in the number of employees which the Group can expect to achieve during the whole of FY21.

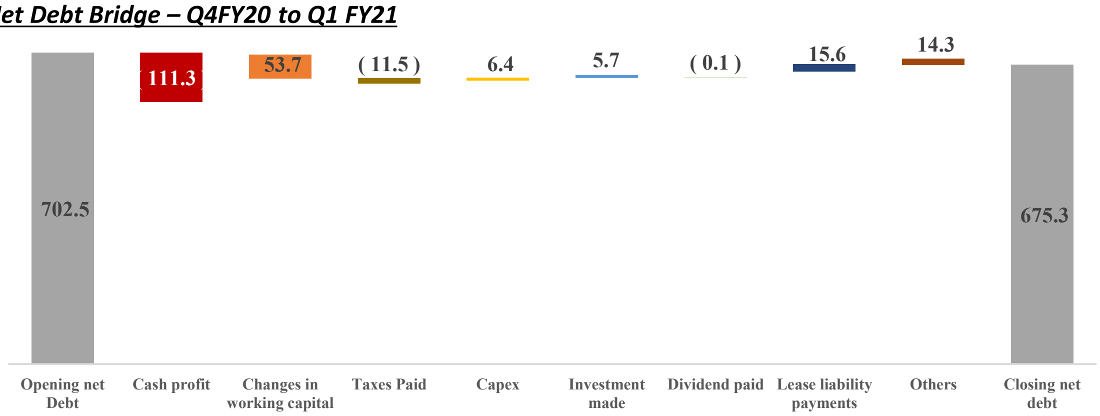
While we believe that incremental headcount addition will happen from H2FY21 onwards, assuming that such a growth does not materialise, the Group has, therefore, adopted a cautionary approach and has not accounted for any benefit under section 80JJAA for the costs related to the number of eligible employees expected to increase during FY21. However, the Group will continue to receive and account, in FY21, for the tax benefits amounting to Rs 56 cr which have accrued to the Group for the number of eligible employees increased during FY20 and FY19.

Leverage and Financing

In Rs Crs.	June 2020			March 2020		
	India	Intl	Total	India	Intl	Total
Gross Debt						
Long-term borrowings	49	32	81	197	433	630
Short-term borrowings	547	458	1,004	537	5	542
Current Portion of LT Liability	181	14	195	28	14	42
Gross Debt	**777**	**503**	**1,280**	**763**	**452**	**1,214**
Less: Cash and Cash Equivalents	202	520	722	197	426	623
Net Debt (pre-lease liabilities)	**575**	**(17)**	**558**	**565**	**26**	**592**
Add: Lease liabilities	60	58	117	60	51	111
Net Debt (with lease liabilities)	**635**	**41**	**675**	**625**	**77**	**703**

Note: The reduction of long term borrowings, and the increase in short term borrowings, is caused by the classification of our borrowings from NCDs in India and NAB in Australia as short term, under the accounting standards, as both are due for repayment in April 2021 which is less than 12 months from now. We will engage with the lenders at the appropriate time to rollover these facilities.

Net Debt Bridge – Q4FY20 to Q1 FY21



Debt – largely working capital

A large part of our debt is working capital debt which tends to increase with the rapid business growth that we are seeing for the past few years. When the business growth moderates, the cash generation improves resulting in lower Net Debt. Our international business is case in point where we consistently generate strong cash flows.
SIS is uniquely positioned as 47% of our revenue are in International markets generating robust FCF which helps balance aggressive growth capital requirements in India.

Leverage comfortable

Despite the prevailing uncertain business environment we were successful in bringing down our Net Debt by around Rs28 cr across the group.

Our interest coverage ratio (ICR calculated as EBITDA/ Interest expense) was 4.0 at the end of Q1'FY21 which continues to be higher than the ICR of companies in BSE500 (excluding banks, financials, and oil and gas companies).

Similarly, our Net Debt/ EBITDA as on June 2020 was 1.31, is also lower than 1.35 in March 2020. Our focus on achieving optimum financing strategies and cash flows keeps our leverage comfortable and places us in a strong position to achieve further growth with the headroom that we have.

Cash flows and collections

We generated Operating Cash Flows of Rs98 Cr in Q1 which resulted in an OCF/ EBITDA of 81% which is significantly higher than our long term average cash flow generation. This is due to the single minded collection efforts by our teams and also supportive clients who view our services as indispensable during these tough times. Despite the significant stress faced by clients, they have been very supportive keeping in view the crucial nature of our services and our DSOs were only 6 days more than our March ending average of 59. With the economy slowly unlocking, we are confident of a pull back in our DSOs to historical levels.

Access to Attractive Financing

SIS has the unique advantage of being able to tap international sources of funds because of its Australia balance sheet. Our blended cost of borrowing across India and International is around 7.1% which has also seen a decline over the past couple of years.

Recently, the Group has arranged additional lines from its bankers to cover any short term or temporary liquidity constraints it may face. While the Group's relentless focus on ensuring a steady operating cash flow ensured that we have not had to resort to utilising those additional lines, it is noteworthy that all these additional lines were secured at all-in costs lower than existing lines in the range of 25-50 bps.

Security Solutions – India

The India Security Solutions business comprises five entities - our flagship SIS security business, SLV, Uniq, Tech SIS and Vprotect. All the group companies showed remarkable fortitude in the toughest quarter for the Group since inception.

The business currently operates across 170 branches and has 141,469 employees.

Essential services leading to revenue stability

The March 24th MHA order classified Private Security as Essential services recognising our role and need in the crucial phase – alongside sectors like banks, healthcare, pharma, ecommerce etc. This enabled us to operated uninterrupted pan India, across customer segments. Coupled with our vast presence in non-metro cities, where impact was lower than urban areas, helped demand stability.

The segmental revenues for Q1 were Rs 858 Cr which is a 6.1% growth YoY while being a 7.2% decline over Q4FY20.

The revenues have seen a marginal drop in Q1 on account of volume variation. There has been a steep decline in client attrition over the average of FY20 – clients are hesitant to change vendors during this crucial phase with a marked preference for larger, financially stable market leaders.

Gross margins intact - Robust collections

Our gross margins have held up despite a bleak macro economic climate. Our clients have stood by us and they are prioritising payments to essential service vendors.
The segmental EBITDA for India security was Rs 46.2 Cr which is a YoY decline of 13.0% and a QoQ decline of 6.8%. The EBITDA impact is on account of increased provisioning for credit notes and doubtful debtors as explained earlier

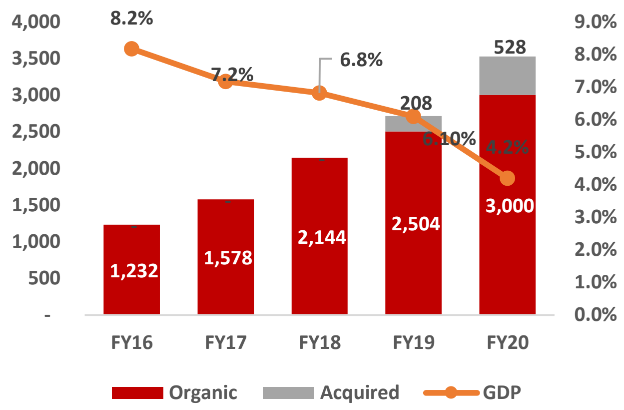
Mantech Solutions Edge

Security is the first line of defence against Covid. SIS has launched two new solutions for ensuring that employers are able to offer a safe and secure workplace to their employees - Safe and Secure Access and Virtual Covid Marshall (detailed below). Both of these solutions have seen strong traction with customers are we secured 220 recurring orders since April 2020

COVID – major trigger for Consolidation

The next 12-24 months are going to present many opportunities for organic consolidation as customers prefer branded & reliable vendors, and government labour reforms spur formalisation. Our balance sheet gives us the comfort to launch new solutions, build M&A pipeline and hire best talent to capture the eventual demand recovery.

in Rs Crs	Q1 FY21	Q1FY20	Change YoY	Q4FY20	Change QoQ
Revenues	858.1	808.4	6.1%	924.3	-7.2%
EBITD	46.2	53.0	-13.0%	49.5	-6.8%
EBITDA%	5.4%	6.6%		5.4%	
Share of group Revenues	39.6%	40.2%		41.8%	
Share of group EBITDA	38.2%	42.5%		35.8%	



AI/ ML based CCTV video analytics for compliance checking for masks, social distancing, hygiene, disinfection, thermal scanning, and Arogya Setu

SAAS model, with Go-live in 24 hours using existing camera infra, no addl capex

Contactless employee and visitor entry.
Disinfection of bags and vehicles
Isolation rooms and signages
Safe & organized PPE Distribution

Security and Intelligence Services (India) Limited
A Market Leader in Security
An SIS Group Enterprise
An SIS Group Enterprise

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 9,000 employees.

Stellar performance in troubled times

The International business has been the standout vertical this quarter with revenues of Rs 1020 Crs which is a QoQ increase of 7.5% and a YoY increase of 11.7%.

The international business has been relatively less disrupted due to the Covid pandemic with Australia not having any national lockdown. New Zealand has declared itself as Covid free. These countries have been also seen strong incentives by the governments to support workers and businesses aiding a steady recovery.

Despite reduced activity in the Aviation segment and certain segments like retail and tourism linked segments, provision of special ad-hoc security, strategic medical & emergency response services helped offset the revenue reduction from affected segments.

Robust Margin performance continues

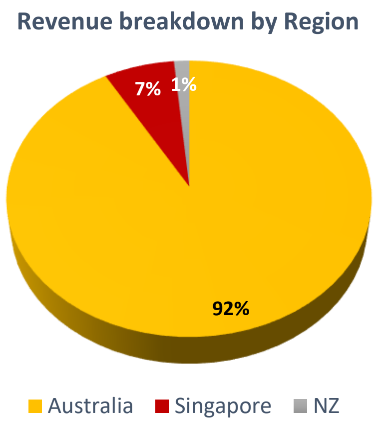
The segment generated EBITDA of Rs 60 crs which was a 6.4% decline QoQ but a 11.8% increase YoY. The margins are similar to Q1FY20. Margins in Q4 are usually higher due to significant event based revenues in Australia.

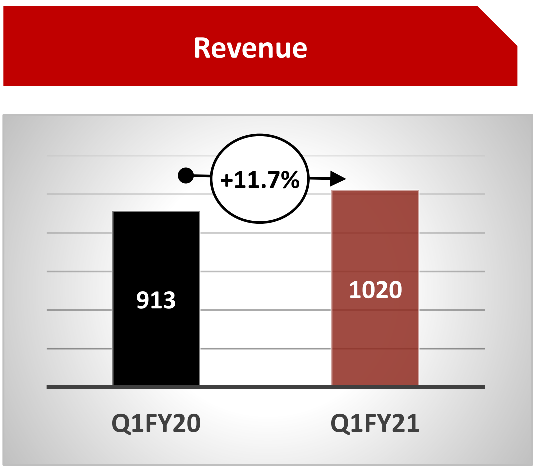
Demonstrating a stable EBITDA margin, despite higher provisioning, indicates the continued operational excellence of our international business units.

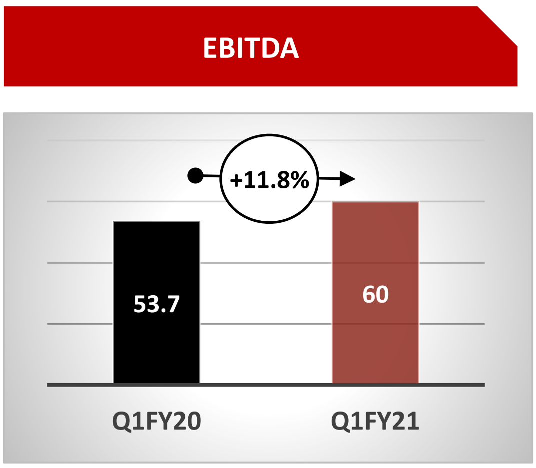
International operations continue to generate robust cashflows

The International segment continued its excellent DSO track record which was at 47 days at the end of June 2020. Though there is a minor increase in DSOs in Q1 usually, the strong collections in Q1 this year re-iterate the “essential” nature of our services and recognition by the clients of the crucial services rendered by us.

in Rs Crs	Q1 FY21	Q1FY20	Change YoY	Q4FY20	Change QoQ
Revenues	**1019.9**	**913.4**	**11.7%**	**949.0**	**7.5%**
EBITDA	**60.0**	**53.7**	**11.8%**	**64.1**	**-6.4%**
EBITDA%	**5.9%**	**5.9%**		**6.8%**	
Share of group Revenues	47.1%	45.5%		42.9%	
Share of group EBITDA	49.6%	43.0%		46.3%	







Segment Update

Facility Management Solutions

The facility management business comprises DTSS, SMC, RARE Hospitality and TerminixSIS. We are the second largest and fastest growing FM business in the country. The FM business continued its strong growth as the fastest growing vertical in the group. The FM business currently operates across 92 branches and has close to 54,000 employees.

Covid turning point for FM industry

Covid is likely to be an inflection point for the facility management sector with cleanliness/ hygiene/ disinfection becoming a business continuity imperative for senior management as they look to make their factories, offices and establishments safer for the employees and customers.

Greater frequency of cleaning schedules, better quality equipment and materials and more professional vendors, are trends that are likely to spur formalisation and market consolidation in a sector that is beset with unorganised, poor quality suppliers.

The revenues for the FM vertical were Rs292.7 Cr which is a YoY increase of 1.0% and a QoQ decline of 14.6% primarily on account of offices and railways being shut. With volume recovery visible, we believe that the FM sector will revive quite quickly in Q2. Based on market trends, we estimate that monthly operating expenditure on hygiene management will witness a sharp uptick across customer segments.

Gross margins stable

Gross margins are intact while EBITDA margin for the segment was 5.1% against 6.2% in Q1FY20 due to higher provisions and credit notes assumed for added caution as described earlier. With Q2 seeing a lot of businesses unlocking, we expect to see a sharp recovery.

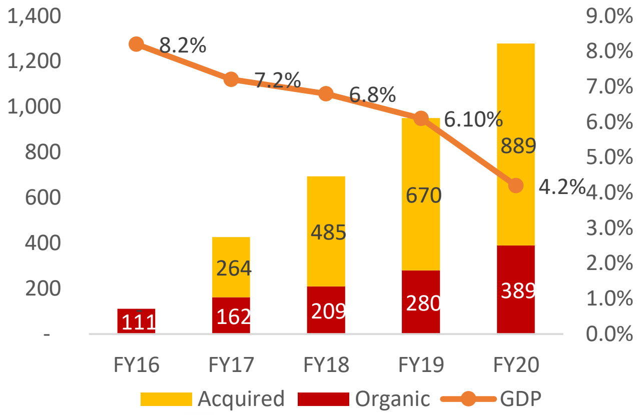
From FM to Hygiene and Safety Assurance

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 companies in their operations and maintenance. With the largest sales force in the country across the group, we are confident of gaining in market share with our new offerings and sales drive.

Healthcare priority for India

Our focus on healthcare and pharma is bearing fruit, especially in the post Covid environment. We service over 300 hospitals across the group currently. Hygiene and sanitisation have acquired priority post-Covid. Coupled with healthcare infrastructure being rapidly scaled up to meet the infra gaps in the country, we are confident that our healthcare focus will aid in further market share gains.

in Rs Crs.	Q1 FY21	Q1FY20	Change YoY	Q4FY20	Change QoQ
Revenues	**292.7**	**289.7**	**1.0%**	**342.6**	**-14.6%**
EBITDA	**15.0**	**18.1**	**-17.0%**	**23.3**	**-35.6%**
EBITDA%	**5.1%**	**6.2%**		**6.8%**	
Share of group Revenues	13.5%	14.4%		15.5%	
Share of group EBITDA	12.4%	14.5%		16.8%	



Intensive Sanitisation of all areas
Smart surface disinfection program
Infection prevention and control
Safe disposal of waste
Disinfection Assurance & Reporting

Compliant (Regulatory, EHS) manpower solutions to support companies in enhancing production efficiencies through provision of technical staff, F&B, waste and energy management services etc.

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 2300 cash vans and 54 vaults covering over 300 cities across India.

Portfolio rationalization and revenue mix helped

Though there was a slight dip due to lockdown in the month of April, revenues bounced back subsequently and June 2020 revenue was close to January 2020 levels. In crises, cash becomes the preferred medium for most homes.

Our revenue diversification helped with only 27% of our revenues coming from the ATM segment. We also won some strong orders delivering valuable cargo and Door Step banking added valued clientele including Trichy Toll Plaza.

Amongst the various players, we had least disruption in operations which helped us maintain business continuity for all our clients.

Margin increase – stable collections

Costs were controlled through better route optimisation and SG&A overheads savings. The segment generated EBITDA of Rs5.8 cr at 8.1% margin in Q1FY21 as against 4.3% margin in Q1FY20. The continued focus on costs and portfolio rationalisation has borne fruit with the margins steadily inching up. The Cash Logistics vertical, across the world, has the highest margin profile with operating margins between 15-20% and our margin trajectory in SIS Cash gives us momentum in that direction.

Despite stress on cash and operations, SIS Cash managed to be self sustaining from a cash flow point of view with no support needed from the JV Partners.

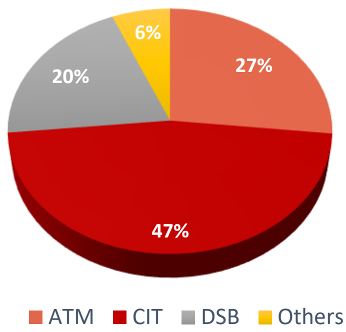
Price escalation delayed – Consolidation likely

With the Banking sector coming under pressure, the price negotiations for the ATM segment have been put on the backburner by the banks for another 2-3 quarters. While we continue to be hopeful of an early resolution on the price discussions, we have reduced our dependence on the ATM business.

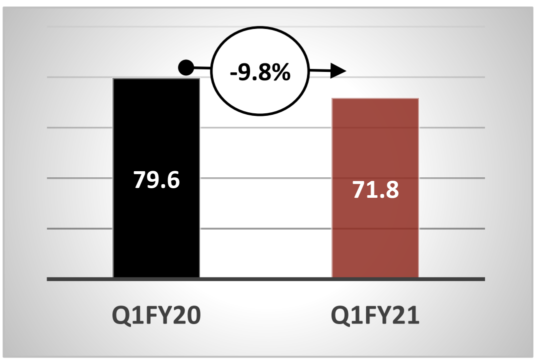
Organic market share consolidation is likely with delayed reset of ATM pricing putting weaker players under stress.

in Rs Crs	Q1 FY21	Q1FY20	Change YoY	Q4FY20	Change QoQ
Revenues	71.8	79.6	-9.8%	82.2	-12.7%
EBITDA	5.8	3.4	68.4%	5.2	11.5%
EBITDA%	8.1%	4.3%		6.3%	

Segmental revenues



Revenue



EBITDA