



Q3 FY24 EARNINGS UPDATE

30TH JANUARY 2024

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Q3 FY24

Revenue	EBITDA	Adjusted PAT*
₹3,073.4 cr.	₹151.4 cr.	₹79.1 cr.
		
5.8% Y-o-Y	19.8% Y-o-Y	16.5% Y-o-Y



“SIS reported the highest ever quarterly EBITDA at ₹151.4 cr. EBITDA margins of Security Solutions – India segment are back to pre-COVID levels. The Cash Joint venture business, which is the second largest cash logistics business in the country, reported its highest quarterly revenue and EBITDA margin in Q3 FY24”

Rituraj Sinha
Group Managing Director

Q3FY24: Focus on profitability is yielding results. Highest ever quarterly EBITDA

SIS ended Q3-FY24 with consolidated revenue growth of 5.8% y-o-y and consolidated EBITDA growth of 19.8% y-o-y. Q3-FY24 EBITDA Margin is 4.9%, an uptick of ~50 bps y-o-y. Additionally, we ended 9M-FY24 with a topline growth of 9.3% y-o-y and EBITDA growth of 21.9% y-o-y. Robust performance of the Security Solutions – India segment boosted the consolidated performance.

Security Solutions - India: Steering the ship. Relentless focus on profitability continues.

Security Solutions - India segment continued to demonstrate strong growth with Q3-FY24 revenue growth of 9.5% y-o-y. We reported the highest ever quarterly EBITDA at ₹80.0 cr., a growth of 37.0% y-o-y and EBITDA Margin improved to 6.1%, back to pre-COVID levels, in Q3-FY24 from 4.9% in Q3-FY23. The improvement in the EBITDA Margin can be attributed to our diligence in securing profitable contracts with minimum margin thresholds and filtering out low margin contracts.

Security Solutions - International: Henderson achieves operational profitability.

Henderson achieved positive operational profits during the quarter, reflecting the management’s commitment and continuous focus to turnaround our Singapore business.

Cash Logistics Solutions: Strong performance continues.

The Cash Logistics Solutions segment reported its highest ever quarterly revenue of ₹162.4 cr. for Q3-FY24, growth of 13.7% YoY, coupled with robust EBITDA Margin of 16.6%. The Cash Logistics segment, a bank outsourcing solutions provider, offers high profitability. The Board has decided to evaluate options to unlock value of the Cash JV for SIS

shareholders as currently we are unable to capture its value in our consolidated performance.

Significant cash returned to shareholders.

Since listing, till 9M-FY24, we have returned over INR 350 cr. to shareholders in the form of dividends and buybacks. We have been progressively paying out dividends and completed three rounds of buybacks. For FY24 we have completed a buyback of INR 90 cr.

SIS continues to focus on innovative solutions and technology to enhance employee retention and improve customer offerings.

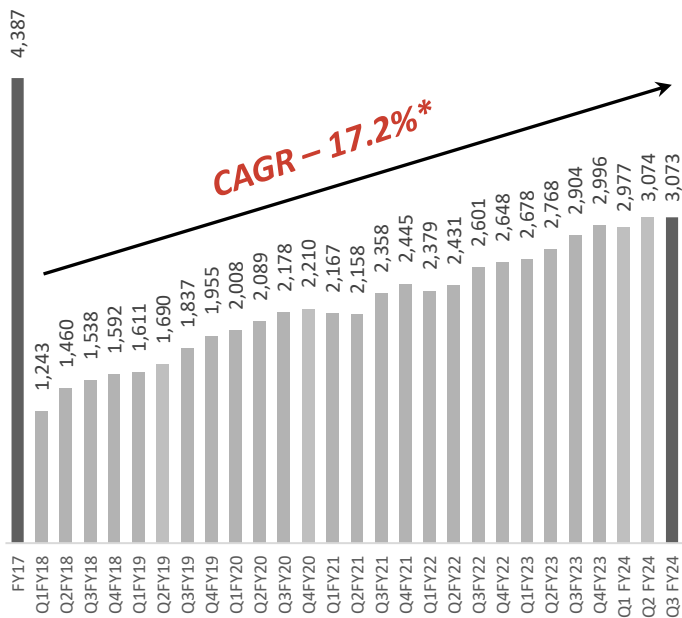
SIS’s commitment to its Ventures program continues, by emphasizing early-stage tech-enabled companies that offer synergistic adjacencies for customers or employees. In the same spirit, the Investment Committee approved an investment of up to Rs 3.5 cr. in Entitled Solutions in Nov. '23. Entitled operates a tech-enabled platform focused on assisting low-income workers in accessing financial, health services, and get support on statutory and government schemes. This is likely to enhance the retention of our blue-collar personnel by providing them an easy access channel for their financial needs.

Continuing our mission of serving our customers with the most innovative solutions our investee company, StaQ, deployed its AI-driven audio and video analytics software, Jarvis, to the existing cameras in Ayodhya for the Ram mandir inauguration. SIS is the official private security provider to the Ram Mandir Trust in Ayodhya. SIS is well positioned to secure and protect religious and heritage sites across India combining trained and experienced security personnel with advanced technology solutions.

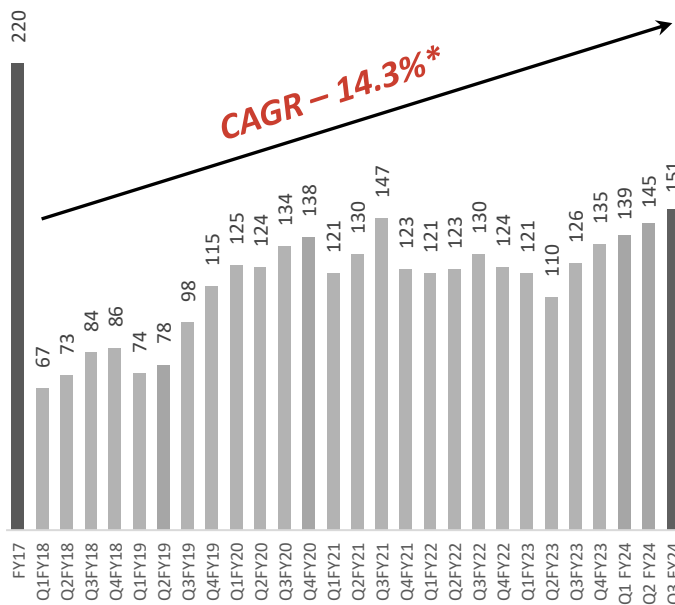


Quarterly Trend (₹ cr.)

Revenue

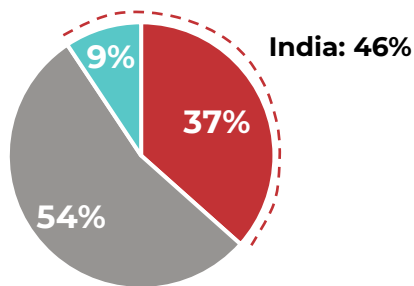


EBITDA

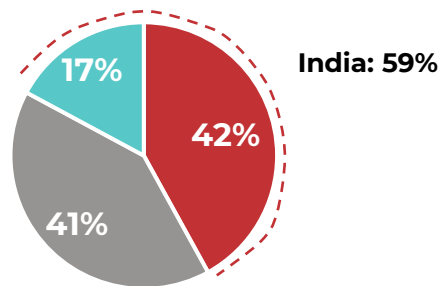


FY17-23 CAGR

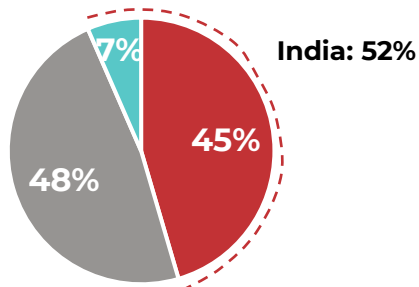
FY17 Revenue Contribution



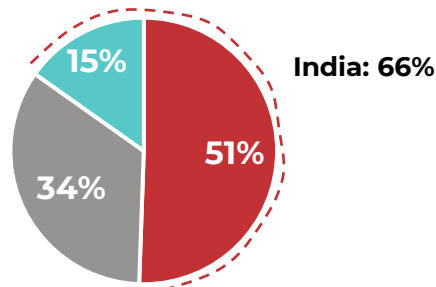
9M FY24 Revenue Contribution



FY17 EBITDA Contribution



9M FY24 EBITDA Contribution



■ Security Solutions - India

■ Security Solutions - International

■ Facility Management Solutions



Particulars (In ₹cr.)	Q3 FY24	Q3 FY23	Y-o-Y Change %	9M FY24	9M FY23	Y-o-Y Change %
Revenue	3,073.4	2,904.3	5.8%	9,123.8	8,350.1	9.3%
EBITDA	151.4	126.4	19.8%	434.9	356.9	21.9%
EBITDA Margin%	4.9%	4.4%		4.8%	4.3%	
Depreciation	41.0	33.3	23.3%	115.4	93.1	24.0%
Finance Costs	40.4	31.0	30.6%	107.9	83.2	29.7%
Other income ¹	12.3	4.3	185.7%	45.4	21.7	109.2%
Earnings Before Taxes (Incl. Grants)	82.3	66.5	23.8%	257.0	202.3	27.0%
Less: Acquisition-related costs / (income)						
– Depreciation & Amortization	0.6	1.0		2.3	2.8	
Earnings Before Taxes (Reported)	81.7	65.5	24.6%	254.7	199.5	27.7%
EBT Margin%	2.7%	2.3%		2.8%	2.4%	
Tax Expenses	44.7	-37.9		52.9	-53.9	
Profit After Taxes (Reported)	36.9	103.4	-64.3%	201.7	253.4	-20.4%
Reported PAT Margin%	1.2%	3.6%		2.2%	3.0%	
EPS	2.5	7.1	-64.2%	13.8	17.3	-34.5%
OCF	169.0	1.3		136.2	-23.4	
OCF to EBITDA%	111.7%	1.1%		31.3%	-6.6%	
Net Debt	1,057.6	990.1		1,057.6	990.1	
Net Debt to EBITDA	1.86	2.06		1.86	2.06	

Note 1: Includes share of profit/(loss) in associates / JV's.

Revenue, EBITDA, and PAT Growth Development by Business Segment

Business Segments	Revenue Growth		EBITDA Growth		PAT Growth	
	Q3 FY24 v/s Q3 FY23	Q3 FY24 v/s Q2 FY24	Q3 FY24 v/s Q3 FY23	Q3 FY24 v/s Q2 FY24	Q3 FY24 v/s Q3 FY23	Q3 FY24 v/s Q2 FY24
Total Growth - %						
Security Solutions – India	9.5%	1.2%	37.0%	8.6%	-42.4%	78.8%
Security Solutions – International (on a constant currency basis)	1.6%	-1.3%	1.1%	-2.2%	-28.8%	-35.1%
Facility Management Solutions	5.6%	-0.5%	14.5%	7.4%	-74.7%	-69.7%
Total of SIS Group	5.8%	0.0%	19.8%	4.8%	-64.3%	-50.9%



Revenue Development

Consolidated revenue for Q3 FY24 was INR 3,073.4 cr.; grew by 5.8% over Q3 FY23. Consolidated revenue for Q3 FY24 was flat on a q-o-q basis.

Security Solutions – India reported a 9.5% growth y-o-y on the back of new wins of more than INR 18 cr. of monthly revenue during the quarter with major contributions from the BFSI, Energy, Retail, Healthcare, and Hospitality sectors.

Facility Management Solutions segment continued its growth momentum during the quarter with a revenue increase of 5.6% y-o-y. This growth was primarily driven by new wins of around INR 9 cr. of monthly revenue in the Real Estate, Education, Government, Manufacturing, and Health sectors.

Security Solutions – International reported a 2.1% growth y-o-y in revenues. On a constant currency basis, the International Security segment reported revenue growth of 1.6% on a y-o-y basis. This growth was primarily driven by new wins in the Mining, Education, Manufacturing, Retail, and Real Estate sectors.

Business segment wise reported revenue growth for Q3 FY24 is as follows:

Particulars (in %)	Change % Q3 FY24 vs. Q3 FY23	Change % 9M FY24 vs. 9M FY23	Change % Q3 FY24 vs. Q2 FY24
Security Solutions – India	9.5%	12.8%	1.2%
Security Solutions – International	2.1%	4.5%	-1.1%
Facility Management Solutions	5.6%	12.6%	-0.5%

Earnings Before Interest Tax Depreciation & Amortization (EBITDA)

Consolidated EBITDA for Q3 FY24 at INR 151.4 cr. was a 19.8% increase compared to Q3 FY23.

While there was a continued improvement in the margins of Security Solutions – India from 4.9% in Q3 FY23 to 6.1% in Q3 FY24, the EBITDA margin of Security Solutions - International was flattish at 3.9% in Q3 FY24, due to downsizing of a contract by one customer and the loss of one contract in Australia. EBITDA margin of Facility Management Solutions increased to 4.3% in Q3 FY24 y-o-y driven by profit improvement initiatives.

Business segment wise reported EBITDA margin movement for Q3 FY24 is as follows:

Particulars (in %)	Q3 FY24	Q3 FY23	YoY Change	Q2 FY24	QoQ Change
Security Solutions – India	6.1%	4.9%	120 bps	5.7%	40 bps
Security Solutions – International	3.9%	4.0%	-10 bps	4.0%	-10 bps
Facility Management Solutions	4.3%	4.0%	30 bps	4.0%	30 bps

Earnings Before Taxes (EBT Reported)

The reported Earnings Before Taxes for the Group were at INR 81.7 cr. for Q3 FY24, compared to INR 65.5 cr. for Q3 FY23, an increase of 24.6%.

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

- The effects of unrealized currency translation amounting to INR (4.3) cr. in respect of the RDBs issued by the parent to its Australian subsidiary.
- Interest income from bank deposits; and the Group's share of the profit/(loss) in its associates and other gains and losses.

The Group's consolidated Depreciation & Amortization amounted to INR 41.6 cr. for Q3 FY24, was higher than INR 34.2 cr. for the Q3 FY23 due to capital expenditure on installations in our VProtect business and amortization of capitalized cost in respect of new business application platforms.



Finance costs for the Group amounted to INR 40.4 cr. which was higher compared to the same quarter last year of INR 31.0 cr. driven by increase in the interest rate, caused by higher interest rates during the year and capital expenditure on installations in our VProtect business which were financed by bank borrowings.

On a y-o-y basis our effective interest cost increased by 0.3% which is lower than bank rate increase of 0.6%.

Taxes & Profit after Tax (PAT)

The reported Profit after Tax for the Group were at INR 36.9 cr. for Q3 FY24, compared to INR 103.4 cr. for Q3 FY23. Given that the deferred tax accounting for benefits under section 80JJAA changes from quarter to quarter due to changes in the PBT and the movement / addition of eligible employees, Adjusted PAT for the quarter (without considering the deferred tax impact of these benefits) grew by 16.5% on y-o-y basis.

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.

Due to the flat revenue for SIS Group during the quarter the Group has not accounted for any additional benefit under section 80JJAA pertaining to FY24 during the quarter.

We continue to receive, and account for, the tax benefits under section 80JJAA which have accrued to the Group during FY22 and FY23. In FY24, the Group is also eligible to claim benefits in respect of those eligible employees employed in FY23 and completing a period of employment of at least 240 days in FY24.

On a standalone basis, the Company's current tax rate continues to be close to NIL because 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 ₹cr.)	Q3 FY24	Q3 FY23	Q2 FY24
PBT	102.4	75.2	33.0
Current tax	-0.2	1.3	-0.2
Deferred tax effect on timing differences	-2.0	-9.6	-5.6
Total tax items	-2.2	-8.3	-5.7
Current tax rate	-0.2%	1.7%	-0.5%
Real Effective tax rate	-2.2%	-11.0%	-17.4%



Cash flows, Leverage (Net Debt) and Return Ratios

- **Net Debt / EBITDA** was 1.86 as of end of Q3 FY24, which declined compared to 1.93 as at end of Q2 FY24. This was driven by improved working capital management during the quarter.
- **OCF/EBITDA** on a consolidated basis was 111.7% for the quarter due to improved working capital management and tax refunds received during the quarter.
- **Return Ratios:**
 - Consolidated Return on Capital Employed (ROCE) is 12.0%.
 - Return on Equity (ROE) stood at 12.2%.

Q3 FY24 Cash Flow:

Particulars (in ₹cr.)	IND - SEC	INT - SEC	FM	Consolidated
PBT	106.1	21.0	13.2	81.7
Cash Profit	80.8	50.2	23.1	154.3
Changes in working capital	-3.3	42.8	-10.6	27.3
Taxes paid	-22.3	17.1	-7.4	-12.6
Net Operating cash flows	55.2	110.2	5.1	169.0
Capex	-20.3	-19.9	-3.9	-44.1
Investments made/realised	1.5	0.0	0.0	1.5
Other items	73.6	3.6	0.0	-3.3
Net Investing cash flows	54.8	-16.3	-3.9	-45.9
Borrowings, net	-10.0	10.9	7.5	18.1
Lease liability	-5.1	-6.5	-0.8	-12.4
Interest paid	-19.6	-7.5	-3.6	-31.0
Other items	-106.3	-5.9	-50.6	-90.1
Net financing cash flows	-141.1	-8.9	-47.6	-115.4
Net change in cash flows	-31.0	85.0	-46.4	7.7
EBITDA	80.0	48.8	22.5	151.4
OCF/EBITDA%	69.0%	225.7%	22.7%	111.7%



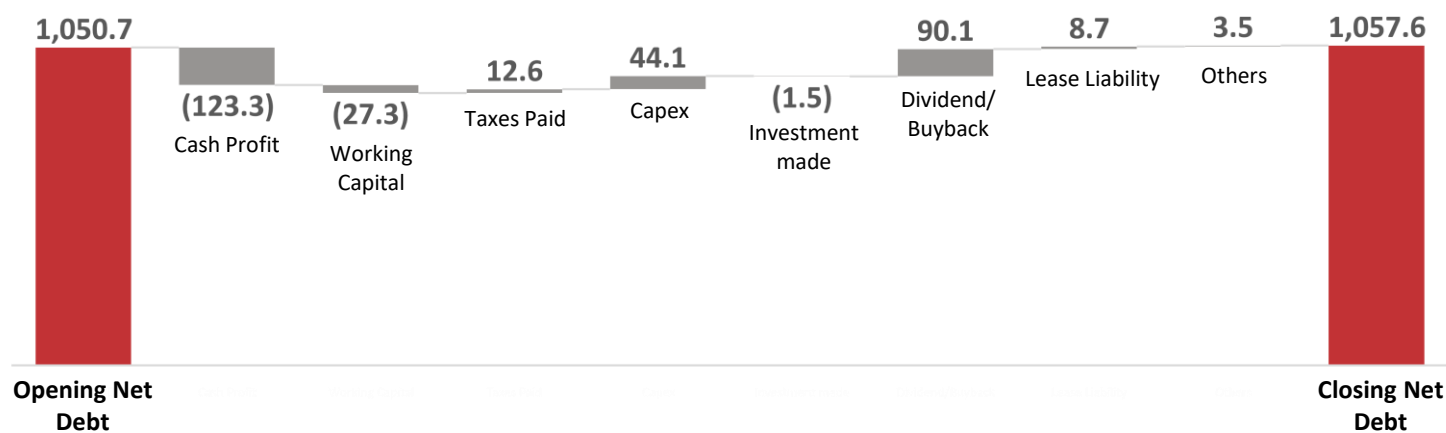
Leverage (Net Debt)

The movement in Net Debt for Q3 FY24 is provided in the table and chart below:

Particulars (in ₹cr.)	December 2023			September 2023		
	India	Intl	Total	India	Intl	Total
Long-term borrowings	228	510	738	231	480	711
Short-term borrowings	863	19	882	855	23	878
Add: Lease liabilities	79	49	129	81	52	132
Gross Debt	1,170	578	1,748	1,166	555	1,721
Less: Cash and Cash Equivalents	265	425	691	345	326	671
Net Debt	905	153	1,058	822	229	1,051

The increase in Gross Debt in International Security INR terms is due to changes in the exchange rate.

Q3 FY24 (October '23 – December '23) Net Debt Bridge (in ₹cr.):





The Security Solutions - India segment comprises of five entities.

We continue our leadership position as the largest security solutions company in India.

- The business currently operates across 184 branches and has 1,85,082 employees.
- **Highest ever quarterly revenues:** The segmental revenues for Q3 FY24 were INR 1,318 Cr. which was a 9.5% growth over Q3 FY23, thus continuing the growth momentum. Our new order wins during the quarter were more than INR 18 cr. of monthly revenue. Major wins during the quarter came from the BFSI, Energy, Retail, Healthcare, and Hospitality sectors.
- **Highest ever quarterly EBITDA:** The segment has reported the highest-ever quarterly EBITDA of INR 80.0 Cr. in Q3 FY24 a 37.0% increase y-o-y. EBITDA margin for Q3 FY24 was 6.1% compared to 4.9% in Q3 FY23. EBITDA margins have been increasing for the past several quarters delivering an improvement of 120 bps y-o-y, reached pre-COVID levels. This improvement was driven by focused execution of margin management initiatives.
- **Staying ahead on the technological curve:** The demand for advanced technology-based security solutions continues to rise with the advancement of technology and complex customer requirements.

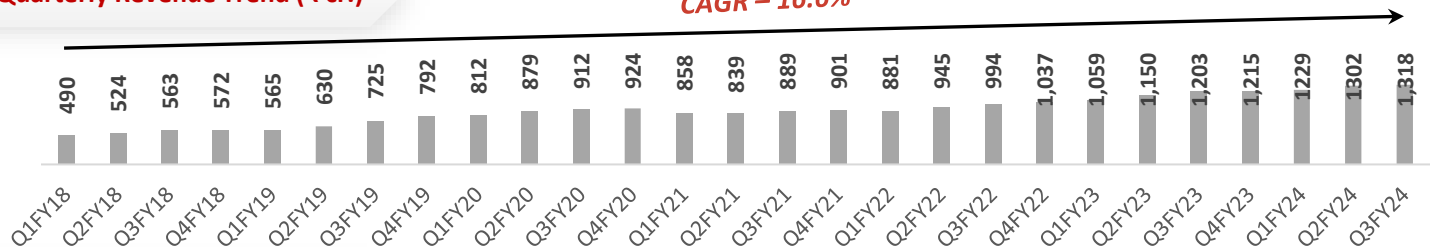
We introduced the latest cloud recording technology in our Alarm monitoring and response business, thus reducing the dependency on NVR/DVR and hard disks at sites. Our VProtect business continues to grow, with more than 2,300 new installations during the quarter, and now services over 21,000 customer connections.

- **Strong Cashflows:** DSOs reduced by 1 day at 84 days at the end of December 2023 compared to September 2023. The business reported a strong OCF/EBITDA of 69% during the quarter driven by efficient working capital management and tax refunds.

Particulars (in ₹cr.)	Q3 FY24	Q3 FY23	Y-o-Y Change %	Q2 FY24	QoQ Change %
Revenue	1,318.0	1,203.2	9.5%	1,302.0	1.2%
EBITDA	80.0	58.4	37.0%	73.7	8.6%
EBITDA%	6.1%	4.9%		5.7%	
Share of group Revenue%	42.9%	41.4%		42.4%	
Share of group EBITDA%	52.9%	46.2%		51.0%	

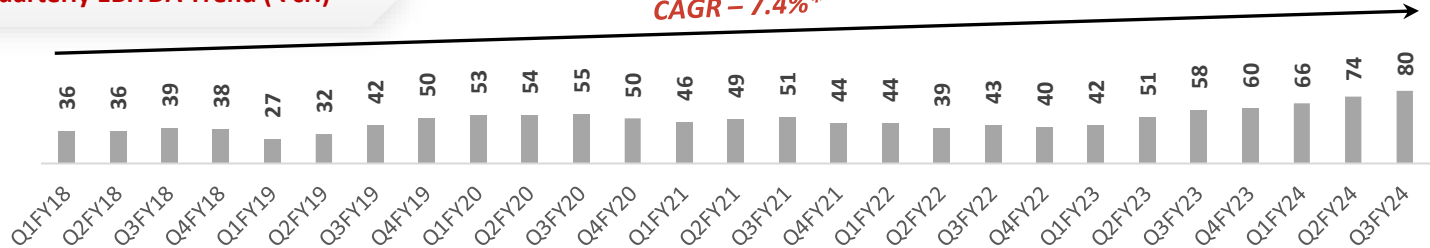
Quarterly Revenue Trend (₹ cr.)

CAGR – 16.6%*



Quarterly EBITDA Trend (₹ cr.)

CAGR – 7.4%*



FY17-23 CAGR





The Security Solutions - International segment comprises of four entities.

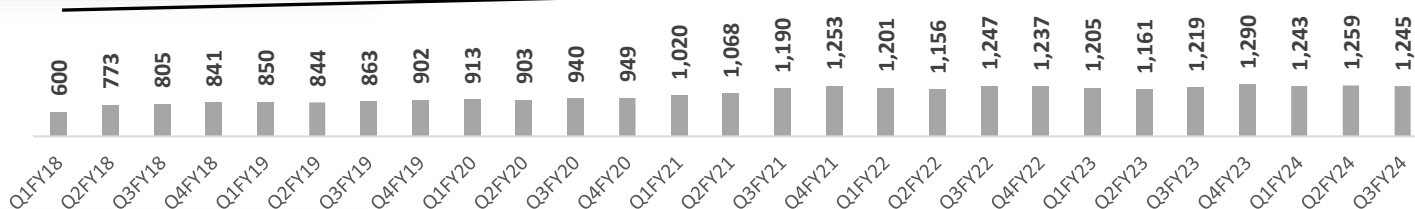
We continue to be the market leader in Australia and a top 3 player in New Zealand.

- The International security business currently has 9,498 employees.
- **Stable Margins:** The EBITDA margin for Q3 FY24 was 3.9% compared to 4.0% in Q3 FY23. EBITDA margins remained flattish during the quarter despite customer attritions during the quarter primarily driven by the margin improvement initiatives including SG&A rationalization and contract-level reviews.
- **Henderson turnaround:** Henderson achieved break-even and reported operational profits during the quarter, reflecting the management’s commitment and continuous focus on turnaround of our Singapore business. Cost rationalization, shredding of unprofitable contracts along with new business growth led to the turnaround efforts.
- **Strong Cashflows:** DSOs marginally increased from 52 days at the end of September to 53 days at the end of December which was largely due to the Christmas and New Year break. However, the business reported a very strong OCF/EBITDA of 226% during the quarter driven by efficient working capital management and tax refunds.

Particulars (in ₹ cr.)	Q3 FY24	Q3 FY23	Y-o-Y Change %	Q2 FY24	QoQ Change %
Revenue	1,245.3	1,219.1	2.1%	1,259.1	-1.1%
EBITDA	48.8	48.3	1.2%	49.8	-2.0%
EBITDA%	3.9%	4.0%		4.0%	
Share of group Revenue%	40.5%	42.0%		41.0%	
Share of group EBITDA%	32.3%	38.2%		34.5%	

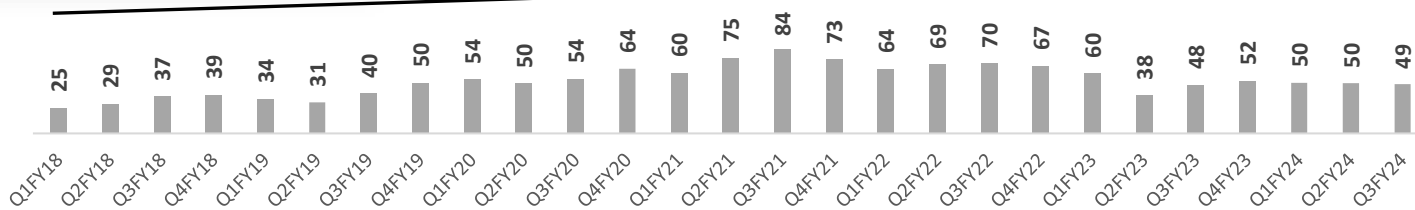
Quarterly Revenue Trend (₹ cr.)

CAGR – 10.1%*



Quarterly EBITDA Trend (₹ cr.)

CAGR – 8.9%*



*FY17-23 CAGR%





The facility management solutions segment comprises of five entities.

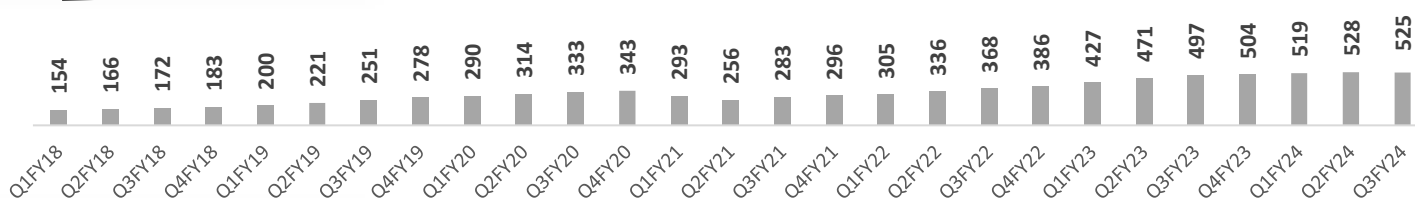
The Group operates the largest FM business in India.

- The FM business currently operates across 109 branches and has 79,830 employees.
- **Moderate growth in revenues:** The segmental revenue for Q3 FY24 was INR 525 Cr., a 5.6% y-o-y growth, thus continuing the growth momentum. Our new order wins during the quarter were around INR 9 cr. of monthly revenue. Major wins during the quarter came from across sectors including Real Estate, Education, Government, Manufacturing, and Healthcare.
- **Margin improvement initiatives:** The EBITDA margin for Q3 FY24 was 4.3% compared to 4.0% in Q3 FY23. EBITDA margins were increased due to the shedding of low-profit contracts and overhead management. Margin improvement continues to be the key focus of the management.
- **Increasing demand for solutions:** With improvements in technology and increasing customer awareness and ESG requirements there has been an increasing demand for solutions with changing solution delivery dynamics., SIS has also implemented the use of IoT, AI, and data analytics etc.. We are also working on solutions focusing on renewable energy adoption, reduction of carbon footprint in facilities etc. With the growth of integrated commercial and residential real estate, the demand for large integrated solutions providers like SIS is likely to grow further.

Particulars (in ₹cr.)	Q3 FY24	Q3 FY23	Y-o-Y Change %	Q2 FY24	QoQ Change %
Revenue	525.1	497.3	5.6%	527.9	-0.5%
EBITDA	22.5	19.7	14.5%	21.0	7.4%
EBITDA%	4.3%	4.0%		4.0%	
Share of group Revenue%	17.1%	17.1%		17.2%	
Share of group EBITDA%	14.9%	15.6%		14.5%	

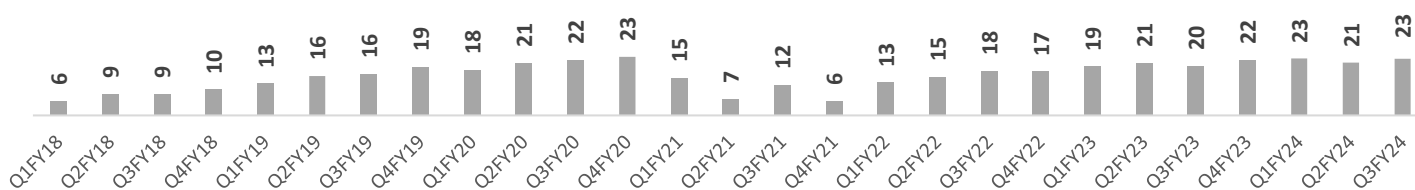
Quarterly Revenue Trend (₹ cr.)

CAGR – 23.0%*



Quarterly EBITDA Trend (₹ cr.)

CAGR – 19.7%*



*FY17-23 CAGR%





The Cash Logistics Solutions segment comprises of two entities

The cash management business is a JV, set up in 2012, 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 3,000 cash vans and 50+ vaults covering over 300 cities across India.
- **Bank Outsourcing Solutions provider:** Our Cash Logistics Solutions business has now evolved into a Bank Outsourcing Solutions provider. Currently, over 70% of our contracts are directly with the Banks.

We are at the forefront of industry innovation, with the traditional ATM business contributing only 20% of our revenue and is a profitable line of business. The JV introduced QR code based DSB pick-up along with Green DSB among other innovative solutions such as bullion management, man behind the counter (PEGE), value cargo, Cash today, and Cash Process Outsourcing (CPO). These innovations have showcased a revenue growth of 60% in Q3 FY24 y-o-y. Our DSB business is now the third largest in the country.

- **Highest ever quarterly revenues - Strong growth momentum continues:** The segmental revenue for Q3 FY24 was INR 162.4 Cr. which was a 13.7% growth y-o-y, thus continuing the growth momentum. The revenue growth during the quarter is primarily driven by growth in the Cash in transit (CIT) segment.

Additionally, conversion of ATM routes to RBI/MHA compliant routes is in progress. Currently over 90% of the ATMs we service have been converted to RBI/MHA compliance. The average realization per ATM ranges between INR 11,000 – INR 12,000 for Q3-FY24.

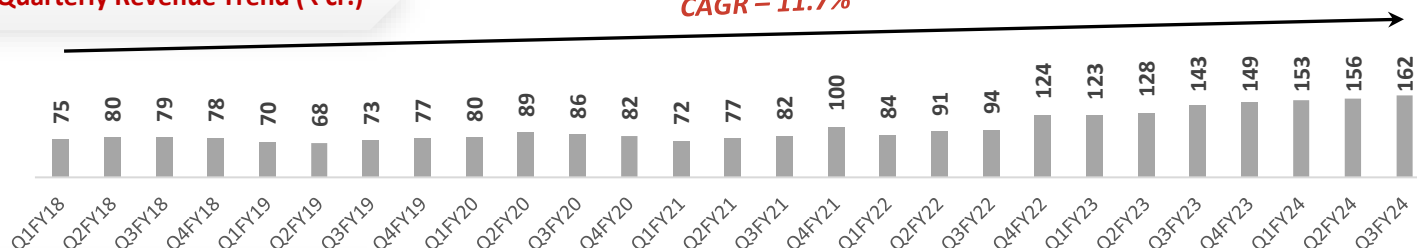
- **Highest ever quarterly EBITDA:** The segmental EBITDA for Q3 FY24 was INR 27.0 Cr. with an EBITDA margin of 16.6% an increase of 140 bps y-o-y. This increase was primarily driven by RBI/MHA conversions and increasing innovative solutions revenue. EBITDA is likely to improve going forward with new contract wins that focus on bank outsourcing and will enable us to win high margin contracts. PAT was at INR 13.9 Cr., a 453.9% growth y-o-y.

- **Best ever Cash collection cycle:** DSOs remained stable at 78 Days at the end of Q3-FY24, down from 85 days as at the end of Dec. '22. Improving profitability combined with improvement in cash collection cycle has led to further improvement in financial performance.

Particulars (in ₹cr.)`	Q3 FY24	Q3 FY23	Y-o-Y Change %	Q2 FY24	QoQ Change %
Revenue	162.4	142.9	13.7%	156.3	3.9%
EBITDA	27.0	21.8	24.0%	25.2	7.0%
EBITDA%	16.6%	15.2%		16.1%	
PAT	13.9	2.5	453.9%	13.2	5.1%
PAT%	8.6%	1.8%		8.5%	

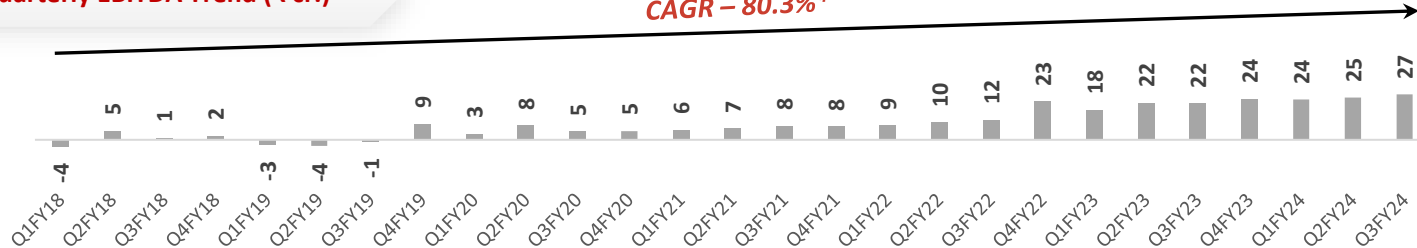
Quarterly Revenue Trend (₹ cr.)

CAGR – 11.7%*



Quarterly EBITDA Trend (₹ cr.)

CAGR – 80.3%*



*FY17-23 CAGR%

