



SIS Limited

Q1 FY26 Earnings Conference Call

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Moderator: Ladies and gentlemen, good day and welcome to SIS Limited Q1 FY '26 earnings call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Vineet Toshniwal, President, M&A and Investor Relations from SIS Limited. Thank you, and over to you, sir.

Vineet Toshniwal: Thank you very much. Hi, this is Vineet. Good afternoon to everyone and welcome to our Q1 FY '26 earnings call. I hope you all got a chance to look at the results, which were uploaded in the stock exchanges and company website last evening.

So let me start off with the headline. We've had a solid start to financial year '26 and we are for the first time, we have crossed INR 1,200 crore monthly revenue run rate, psychologically very important mark.

Now let's talk about all the segments, which are all showing very promising momentum, all the three segments. So, on a consolidated basis, the group has reported highest ever quarterly revenue of INR 3,549 crore, which is actually an increase of 13.4% on a year-on-year basis. India Security has reported its highest ever revenue at INR 1,460 crore, which is a 9.2% growth on a year-on-year basis. FM has also reported its highest ever quarterly revenue of INR 594 crore, which is 12.1% growth on a year-on-year basis. International, it has also reported its highest ever quarterly revenue of over INR 1,513 crore and happy to report that International standalone is now 1 billion AUD business on its own, which is a growth of 18.5% year-on-year.

Coming to profitability, we've been maintaining in all the calls that we are constantly on a path to improve margin profiles across all segments. Our focus on margin improvement is showing gradual results and in terms of rationalizing SG&A costs, in terms of better customer portfolio management. So, on a consolidated level, EBITDA has grown by 10.7% on a year-on-year basis to INR 152 crore and the margin stands at 4.3%.

India Security reported an EBITDA margin of 5.4%, which is similar levels as that of Q1 FY '25. Now Facility Management reported an EBITDA margin of 4.8%, which is actually 60 basis points higher year-on-year basis. Additionally, the segment reported its highest ever quarterly EBITDA of INR 28 crore, which is a 28% growth on a year-on-year basis.

Coming to International. The EBITDA margin for Q1 FY '26 was 3% compared to 3.4% in Q1 FY '25. The impact is because of restructuring costs and absence of some grants in Henderson in Singapore and some high-margin events, which happened in Australia, which are obviously seasonal, and they all happened in Q4 FY '25. While EBITDA was up 10.7% year-on-year, it was impacted by the decline in Security Services International segment on a Q-o-Q basis.

Now talking about PAT. Our PAT for this quarter is at INR 93 crore, which is a PAT margin of 2.6% and a jump of 44.7% on a year-on-year basis. This is driven by higher 80JAA benefits

and some higher other income also. Our ROCE has now improved from 11.8% a year ago to 14.1%.

Operational efficiency, talking about net debt and DSO. We are happy to report that our net debt is now at INR 540 crore, which is actually down by INR 483 crore in a similar period last year, June '25, which was at INR 1,023 crore. So this brings the net debt to EBITDA down to 0.87, which was 1.76 in June '25. OCF to EBITDA remains strong. It is at 105%. DSOs have improved by 6 days compared to June '25. Now we are at 68 days.

Update on Cash JV. As you would have read in the news also, we have now received approval from both SEBI, NSE, BSE for our IPO. We have a 1-year window now to proceed with the IPO.

As you know that we've been constantly looking out for investments in adjacent small businesses, start-ups. So, this quarter, we have invested INR 6 crore in preference shares of a Company named Adhikosh Financial Advisory Private Limited (Kosh). It's a fintech platform focused on providing joint liability group loans to blue collar workers across Tier 2 towns in India, Tier 4 towns in India.

So with this, let me end the opening remarks. On the call, we have Rituraj Sinha, Group Managing Director; Mr. Brajesh Kumar, our Chief Financial Officer, India; Mr. R S Murali Krishna, he is CEO, SIS International. So with this, now I turn over the call for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shaurya Punyani from Arjav Partners. Please go ahead.

Shaurya Punyani: What kind of growth are we expecting this FY '26 and if possible FY '27? Can we maintain our growth rate which we achieved in quarter 1?

Rituraj Sinha: Well, I think we do not guide specifically towards what growth or margins we will achieve. That is not what SIS generally does. But I think a good way to assess SIS performance is to look at the chart that is provided on Page 4 of our earnings note, where we give out a quarter-on-quarter revenue growth trend and quarter-on-quarter EBITDA growth trend since listing, which is Q1 FY '18. So, if you see those charts, you will note that since listing in FY '18, '19, SIS has maintained a 14.8% CAGR on revenue and a 13.4% CAGR on EBITDA growth despite Corona and all other things that have happened in the last 7, 8 years. So I think that would give you some direction.

Shaurya Punyani: And so we are expecting improvement in margins since we are looking at focusing on margins. So should we expect some improvement this year?

Rituraj Sinha: Yes.

Moderator: The next question is from the line of Shrinjana Mittal from MS Capital.

- Shrinjana Mittal:** A couple of questions. One is if you can help me with some numbers. You guys used to report the cash logistics business financials as well in the press release. So if you can just help me with a few numbers of the cash logistics business for this quarter and last quarter?
- Rituraj Sinha:** Well, as you would be aware that because of the regulatory restrictions, once we have filed for DRHP and listing process, we have restrictions to share information with regard to performance. I can only assure you that we maintain the trajectory and we are in good hands.
- Shrinjana Mittal:** Okay. Got it. Understood. And just one more question. On the international business in the last four, five quarters, there has been a pickup. So has it because of any new business wins? If yes, can you just highlight upon that? Like is it like a recurring business, which has come? And what is the current cadence looking like? And what are we expecting going forward on the international business?
- Rituraj Sinha:** So I would like to draw your attention to Page 11 of our earnings note, SIS gives out substantial details every quarterly earnings note. You will see that last quarter, we reported significant wins in the Sydney Trains in defence sector and in Canberra Airport. Those contracts have basically come online in the first quarter, and that is what is driving the revenue jump. And these trends are not one-offs. These are long-term contracts.
- Moderator:** The next question is from the line of Pradyumna Choudhary from JM Financial Family Office.
- Pradyumna Choudhary:** Sir, my questions are very basic. I just wanted to understand the growth drivers in the business. You spoke about looking at the historical performance to just give some sense of the kind of growth the Company can continue. But what really is helping this growth? What are the major drivers there? And yes, that's the first question?
- Rituraj Sinha:** So fundamentally, growth in any environment or any business is a function of volume and price. So if you look at our growth broken down, the first factor that drives our growth is the minimum wage escalation. All our contracts are prorated, all our pricing is prorated to minimum wages. So, for example, if minimum wages is INR 100 and it gets revised to INR 110, for us, we re-rate our contracts basis that INR 10 change. So the first layer of growth is always the minimum wage change.
- The second layer of growth is basically the economic activity. When there is any kind of construction, for example, whether it's a public utility like a metro or a private residential complex or a manufacturing facility or an educational or healthcare establishment, it cannot operate from construction stage itself without security, without cameras, without FM. So any kind of economic activity in this country needs private security.
- We are basically sector agnostic, we are geography agnostic, we are sector agnostic, we are season agnostic. So basically, these services are required. And I think a great testimony to that fact is even when India suffered during COVID with lockdowns, etc., in the first year of COVID, FY '21, SIS grew 7%. In the second year of COVID, we grew 10% organically, and that happened predominantly because the service demand is very inelastic.

So as economic activity grows, we grow even when economy comes to a standstill, demand for our service still remains resilient. The third layer for growth is obviously the market share that we pick up from our competitors. So that's Layer 3. So these are the 3 factors that you can broadly consider as revenue drivers.

Pradyumna Choudhary: And what would be the reason for market share gains?

Rituraj Sinha: Well, I mean, we acquire market share basis better services, better compliances. We are the largest in this industry. We still only represent 5% odd of the market share despite being the largest in the country, and we aspire to move to a 10% market share. So in the top 10 cities, we are constantly using metrics to track market share evolution. Use of technology also is a big factor in helping us acquire greater market share.

Pradyumna Choudhary: Okay. Whenever like any company or any entity is going to choose a security service, what are the biggest factors it looks at?

Rituraj Sinha: Well, I think the distinguishing factors for selection of a service like ours is basically inherent capability or expertise in the space. People don't want to entrust security to somebody who's a new entrant or somebody who's going to experiment on their side. So I think past experience is extremely important. Credentials are very, very important.

The second thing is supply chain capability. I mean, SIS is backed by 20-plus training academies across the country. We have probably the largest training infrastructure in this industry. That becomes a massive distinguishing factor. The third distinguishing factor would be tech adoption, whether it's electronic security hardware or software to organize something as simple as baggage X-ray or something as simple as visitor entry and exit or something as basic as parking, vehicular movement, etc. So these are the 3, 4 things that matter a lot.

And then for large national customers, the network matters a lot because, let's say, a bank is looking for a security vendor. They will have a discussion out of their office in Bandra-Kurla in Mumbai, but they're actually looking at somebody who can give them services in Arunachal and Andhra Pradesh from next week onwards. So without network, you cannot do that. So then in large contracts, network is a fourth factor that comes into play.

Pradyumna Choudhary: All right. And another one, like how are we really priced compared to our competitors? Is it more or less similar or do we tend to command a premium? How is it really happening?

Rituraj Sinha: I don't think I can take questions around pricing strategy of the business on an investor call. So if you want to know, fundamentally, I think you should take time out to visit one of our offices and get a first-hand feel.

Vineet Toshniwal: Pradyumna what we'll do is we are available as IR. So maybe we can connect more offline because there are a lot of other people in the line also who would like to take other questions. I hope we've answered you.

Moderator: The next question is from the line of Rama Krishna Neti from Zen Wealth Management Services.

Rama Krishna Neti: Just a couple of questions. Can you please share some more details with respect to your SXP restructuring costs? And over a period of time in the future, what is it that we can expect from this entire exercise? That is the first question.

Second question is, as an entity at SIS entity level, both domestic and international combined, what is your aspirational operating margin range? Like I have been observing that over the last few years or quarters, we have been narrowly operating in that 4% to 5% kind of a range. So internally, what is your aspiration from an EBITDA margin perspective? And what is it that you have to do if you have to actually aspire for higher margin range?

And finally, as somebody who is actually as an indirect proxy to the economy, if you can share your thoughts like last one quarter or two quarters, what has been the status with respect to the economic activity in the country? That will be helpful from an insight perspective?

Rituraj Sinha: Thank you, Rama Krishna. So first response is around SXP. SXP is our mobile patrols business in Australia. It is roughly \$130 million, \$140 million per annum business. There were certain issues with regard to management and the decisions they took. Effective May, we have let go of the CEO and a few other senior persons concerned. As of right now, we are exiting a significant number of existing contracts, which are not so profitable, closing a few offices and at the same time, letting go of some key senior management who have not performed in line with expectations. What that does is that you have a lot of one-off costs that are coming through. There are also some contract corrections, which are long-term cost fixes that are impacting P&L. As of right now, the SXP business actions have just started in Q1. We expect that this will take at least two quarters to settle down. So, you can expect turbulence with SXP numbers right up to Q3. But we are very sure that we have a plan in place, and we will prune the business down a little bit, maybe \$10 million smaller, but we will have a much more profitable and stable business in another 3 to 6 months' time. So that's what's happening with SXP. That is what is dragging the international margins down temporarily.

The second question is around what is our aspiration on, when you said operating margin, I assume you're talking about EBITDA margin, EBITDA margin. SIS in the past has demonstrated its capability to deliver 6% EBITDA. We believe that our business model allows us to continue to deliver 6% with some scale benefits, also some cost efficiencies that we are working on. So overall, if you ask me what is your aspiration in terms of EBITDA margin, I would say we want to go back to the 6% EBITDA margin mark as we have previously demonstrated.

Last question around economic activity. I think if I look at my numbers, in India, across segments, we have continued to pick up contracts, types of contracts also included. So I believe that economic activity in India is fairly resilient. I don't see a downturn or a change. There might be certain pockets that might have witnessed some slowdown. There's upcoming elections in Bihar. It's not a very major market for us, but maybe in that part of the country, things have slowed down. Government procurement continues to be strong. Major manufacturing, we have picked up contracts last quarter with Tata Steel, with Aditya Birla. I think core manufacturing looks stable. IT looks strong, but not growing as much. We don't see that kind of new demand or booming demand coming from IT. Overall, I don't see a big change, long story short.

Rama Krishna Neti: And can I ask one more question? Is that okay?

Vineet Toshniwal: Yes, go ahead, please.

Rama Krishna Neti: Yes. So actually, I am new in terms of, I have started researching on the company since last 2 quarters. On the Australian operations and the Singapore operations, I understand SIS was having some issues in the past. So as I understand from the annual report and other publicly available sources, just wanted to confirm where are you with respect to those challenges and how those particular segments are positioned now from a futuristic growth perspective?

Rituraj Sinha: I think fundamentally, if you are researching SIS, you would have noted, we report on Page 4 of our earnings note every quarter, the India to International mix. So as of the latest quarter, Q1 FY '26, 70% of our EBITDA comes from Indian operations. And roughly 60% of our revenue comes from Indian operations.

India is growing fairly well, and we believe that we will be in double-digit growth this year. Probably next quarter result will make it more clear whether it is initial double digits or mid-double digits or how it's looking. As far as International is concerned, we do not have any significant crises, I would say, in the International part of the business as well.

MSS, as you have noted earlier, is growing very strong. International security reported a 19% year-on-year growth in first quarter. They have done exceedingly well on growth. There are challenges around SXP and the margins of SXP, but that is one out of the four SBUs. Our international business is approximately AUD 1 billion annualized.

Like I said earlier, SXP is close to 100 something. So let's put it that the problem lies in 10% of our international business or maybe 3%, 4% revenue of our global business. So, I don't think there is something that should rock the entire boat.

Moderator: The next question is from the line of Subir Sen from Aditya Birla Sun Life AMC Limited.

Subir Sen: A couple of questions. Can you give us some color on the DSO for FM business? And last quarter, you had mentioned about the impairment in Henderson, SLV, UNIQ and ADIS. Can you give us some color on the EBITDA and cash flow generation run rate in these businesses now and whether these businesses are performing more or less in line with what management expectation is?

The annual report also came out later after the quarter 4 results. So, in the annual report, we had mentioned something like more than 1 year trade receivables, almost 10%, 11% on a consolidated basis, INR 215 crore versus INR 1,996 crore of receivables. So can you give us some color on this number as of now and whether this kind of a number is a steady-state number, it will remain at all points in time or is it that management is making more efforts to collect the receivables, which are more than 1 year?

Rituraj Sinha: So firstly, if you see our 31st March results or even the 30th June results, you will see very strong cash generation, more than 100% cash generation in both quarters. So obviously, we are collecting strongly. That is how our OCF to EBITDA is 100% plus. As regards to DSO, you will

see that our DSOs overall, for the facility management business, I think you're asking particularly is 94 days.

If you see the trends and trajectory even for the past few quarters, it has hovered around 90-day mark. It may have exceeded maybe three, four days, and I'm sure that the team will bring it back to the 90-day mark. But that's the broad range for FM, 90 days DSO is what you should bear in mind.

As far as Security in International is concerned, the business has historically maintained close to 50 to 55 days DSO. It is now 49 days. So I think that is fairly in control. I don't see a problem there. And SIS in India has historically maintained 70 to 75 days DSO. It is now at 76 days. So maybe 1 or 2 days over the line, which I'm sure will come back. So I don't think there is a big problem on the DSOs.

As regards to the receivables, which are more than 1 year old, these are largely receivables from PSUs and Government entities. Some of these contracts have expired. They have extended settlement exercises that involve compliance documentation, reviews, etc, etc.

Of the overall receivables outstanding, we generally maintain 10% plus as provision, which is above and beyond the general guidelines. And our historical experience has also been that this provision is significant and adequate given the nature of business that we operate. To conclude, I'll only say that the outstanding above 1 year is always top of CFO's agenda and we are all driving towards lowering that number. But I don't think that we are either underprovided or the number which is outstanding beyond 1 year is alarming.

Subir Sen:

Okay. And some color on the 4 units, Henderson, SLV, UNIQ and ADIS as to how they are performing now in terms of cash generation and EBITDA versus what management budgets are?

Rituraj Sinha:

So the goodwill impairment was on Henderson predominantly. That was like 90% of the entire impairment. That I have explained in the past, it was basically a mismatch between what we paid for the business and what we had initially provisioned pre-COVID for the second tranche. As of right now, Henderson is a breakeven business, and it continues to maintain a \$50 million annualized plus revenue. So, I think in the consol scheme of things, it's not a very large business, but we are very happy that it is growing reasonably over the last year, and it has enough cash reserves to support its growth, \$20 million of whereabouts on its own books, and it is breakeven already.

Subir Sen:

Okay. And just one last question. In some of the sub-segments like electronic surveillance and alarm monitoring or even pest control, what has been the experience now and what is the aspiration going forward? Because some of the businesses are big, but is it that there is an aspiration to grow some of these subsegments into much larger segments? Is there an opportunity? And how much in what time frame will that happen?

Rituraj Sinha:

So, our FM business at this point in time is INR 50 crore annualized. But still within the FM segment compared to other competitors, we would be in the top 3, top 4 companies in the country. So pest control is a highly profitable business. Unfortunately, it is not a very large

business. It is not the largest pest control company in the country, it is still maybe USD 50 million, USD 60 million. So INR 400 crore of whereabouts, I would say. And they are a clear market leader with a lot of acquisitions. We are in the top three, four with barely INR 50 crore of revenue. Can this business be grown? Yes, our 5-year plan on this business is looking to double the scale of this business. But do we see it becoming an INR 1,000 crore business? Not really. We'll be happy to operate a pest control business, which is in the range of INR 100 crore. It is more important for us more than the profitability or the size. It is a very complementary service with our facility management services. So, wherever we are doing facility management, there is a need for pest control as well, and we want to keep it in-house. So that's the strategic rationale why we continue to operate and we have taken 100% control of the pest control entity.

Moderator: The next question is from the line of Shiv, an Individual Investor.

Shiv: This employee cost, which I'm seeing, right, from 2014 to 2025, it is hovering around 81% to 84%, because as an investor, my theme thesis of SIS was that we will adopt ManTech. We are a solution-based Company. We shouldn't be measured by headcount. So this 81% to 84% employee cost, if it comes below, I don't know this, am I seeing the metrics in the wrong way, I'm sorry. And how should I interpret that the ManTech or technology has really benefited SIS? These numbers 81% or 80%, can it become 70%? How should we see the impact?

Rituraj Sinha: Well, I think SIS is pushing forth in the last few years towards higher use of technology, which is definitely more profitable than a basic guarding service. But the nature of the business is such that there is still a very significant manpower component because predominantly, the cost of manpower, the monthly wage cost in India is artificially low. It is probably amongst the lowest in the world, which is a great thing for some sectors. But in our sector, what that does is that customer uptake of technology is restricted because manpower is still very, very cheap. Like you, we also believe that this has to change, like it has changed in other developing markets. Over the course of the next few years, this has to change. India cannot keep its minimum wage low. Several States in the country still maintain INR 10,000, INR 12,000 as monthly pay, and they call it fair pay. So I think wage rate has a big bearing on tech uptake. I agree with you completely that our technology, our share of revenue that comes from technology services hasn't gone up as quickly as one would like. But you will appreciate that this is more to do with customer willingness.

I often quote an example, banking sector, I think all of us till about 10 years back were all active ATM users. In 2015, every time you visited an ATM, you would have seen a guard standing outside in ATM. Now there are fewer instances of that. And that's because we helped the banking space to move away from manpower security into alarm monitoring and response where they have security without a full-time guard on site. Now banking extremely conscious over about cost. It has been a sectoral level change. Can I say the same for manufacturing in India? The answer is no. For healthcare, for hospitality and so many other sectors, we haven't seen that pace of change. But sooner than later, we believe as the wage rate goes up, people will be forced to consider more tech and hopefully, that should change the mix, but as of now, completely with you that the rate of change is way below one would have liked.

Moderator: The next question is from the line of Siddharth Misra from Fidelity International.

- Siddharth Misra:** On the international business after the restructuring, which you're doing, where should we see the margins because it's much lower than historical levels right now. And also in the other segments, how should we think about the EBITDA margins going forward? And the second question is around your, how should we think about the effective tax rate for the Company in this year and going forward as well? So these are my two questions?
- Rituraj Sinha:** Okay. So, I'd request Murali Krishna, CEO for the International business to take your question up on the margin for the international business. And Brajesh, the CFO, will answer your question around the effective tax rate. Murli?
- R. S. Murali Krishna:** Siddharth, this is Murli here. So on the international business, what you see right now is a temporary blip owing to two factors. One, of course, we spoke about the restructuring. And the other thing is also that we have onboarded close to about \$100 million to \$115 million worth of new contracts into the business, largely being Defence and Sydney trains.
- Now that, as you, when the business comes in, there is initial onboarding cost that happens, which technically drags, and it takes a couple of quarters for it to kind of turn around. And similarly, for the SXP business, which we said that we are currently in the process of restructuring, the whole idea was that if you look at SXP in the past two to three years, they have had some fairly rapid growth from approx \$70 million to \$145 million, which is fairly good in an International market. But as you grow, came along some of these businesses, which are hurting the bottom line, we are restructuring those as well. And as part of the process, we are doing some restructuring on the people front as well. So, on the larger portion of the business, we would like to get back to the old EBITDA margins. And with respect to SXP, we would like to come sharper than what we would be, what we have reported in the last few quarters.
- Rituraj Sinha:** So Siddharth, just for your reference, I'm just to reconfirm, SIS International on a steady-state basis before all the turbulence was reporting 4% to 4.5% EBITDA margin. I think what Murli and I both believe is that we will come back to that broad range at the top end of that range, hopefully, once the restructuring is done. But that is International business, is a 4% to 4.5% EBITDA margin business. Security in India and FM in India are shooting for 6% EBITDA margin. And I think we are reasonably confident that we are moving in that direction in the coming quarters. Now coming to the effective tax rate, Brajesh is here to address your question.
- Brajesh Kumar:** Siddharth, Brajesh this side. So as far as effective tax rate for India business is concerned, till now we are close to 0, and we believe that going forward also, this will remain, position will remain the same, considering the fact that 80JJAA is giving this benefit to us. And because of that, our taxable income comes to zero. Regarding this quarter, if you can see the current tax, we have reported INR 7.6 crore. That is mainly because of intercompany dividend, which has taken place in Q1. On that, we have to pay tax. But as far as other business income is concerned, our tax rate is close to zero because of the benefit we are getting under 80JJAA. But this trend expected to remain the same in the future also. Presently 80JJAA benefit is there for us.
- Siddharth Misra:** And what about on the consol level? Like how should we think about it?

- Rituraj Sinha:** I think the consol level, you should expect 5.5% to 6% is what directionally we are moving towards. As of right now, we are probably 1% short. I'm talking about EBITDA margin. If you talk about tax, like Brajesh said, I think we want to continue.
- Brajesh Kumar:** No, he's talking about International.
- Siddharth Misra:** I'm talking about the total effective tax rate actually. So I got your answer on the India business, but how should we think about International consol effective tax rate, like how should we think about it?
- Brajesh Kumar:** So International, we are paying 30% tax. There is no such 80JAA benefit.
- Siddharth Misra:** On the consol level, is there a number which you are thinking about the number percentage?
- Rituraj Sinha:** I think, Siddharth, the consol level is more like 3% for this quarter.
- Moderator:** Thank you. The next question is from the line of Vicky Waghvani from Guardian Capital Partners. Please go ahead.
- Vicky Waghvani:** I wanted to know more about the new employment linked incentive scheme of the Government of India, how it will benefit us?
- Rituraj Sinha:** Sorry, could you repeat that?
- Vicky Waghvani:** Sir, recently, Government of India has announced employment linked incentive scheme for new employees. What would be the benefit for us, please, if you can tell?
- Rituraj Sinha:** Well, at this point in time, I don't think we are in a position to comment on that because we have not received any formal ministerial or departmental notification that specifies exactly how the scheme operates. We have been picking up from media multiple news reports, but we haven't got a Government notification as yet. We are aware that the ELI scheme was proposed to be effective 1st of August. What I can tell you today, having yet to see the notification is that if there is any scheme that is intending to reward employers for job creation, formalization, then SIS as amongst the largest employers in the country definitely stands to gain. But exactly the extent of gain and whether these schemes are designed more towards benefiting the employer or they are designed more to benefit the first-time employee directly through DBT, we are unclear about this. But we welcome the ELI program, and we believe that if it works for other employers, it should work for us.
- Vicky Waghvani:** Okay, sir. Sir, one more question I had regarding the new investment in preference shares of INR 6 crore in Adhikosh that you had announced. Please, if you can elaborate on that?
- Rituraj Sinha:** Well, SIS maintains a corporate VC program, which is primarily targeted at synergistic adjacencies. What we are looking for is start-ups which can substantially improve value addition to customers or can improve the experience for our employees, blue-collar employees. These are the two domains where we are tracking start-ups.

Now Adhikosh runs a Fintech platform by the name of Kosh, K-O-S-H, which is basically a joint liability-based on-demand loan, early salary access type of business. We believe that this is a substantial benefit to our 300,000 employees, enhances the employee experience. Because they are a subscriber-based model, we believe that we will be able to add significant value to Kosh.

However, we have taken a very small investment in Adhikosh. Our shareholding would not even be 5% of the entire asset. It is to allow them to pilot on SIS employee base and for us to add value to them. But at the same time, SIS takes no obligation on its books of any kind with regard to lending operations, whether it is to SIS employees or otherwise.

Vicky Waghvani: Okay, sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, due to paucity of time, that was the last question for today. I now hand over the conference to Mr. Rituraj Sinha for closing comments.

Rituraj Sinha: I think there is Subir who wants to ask a question. Can you please...

Vineet Toshniwal: Do you have a follow-on question is it?

Moderator: Okay. I will take the next question. The next question is from the line of Subir Sen from Aditya Birla Sun Life AMC Limited.

Subir Sen: Just wanted to check, Rituraj, your views on 80JAA. Basically, what happens if Government discontinues this? How will it impact us? And what is your guess? Is it possible that Government can discontinue such a scheme, which is basically helping employers like you who are actually giving employment to this category of people?

Rituraj Sinha: My friend, I'm not in the business of second-guessing what the Government might do, especially in a time where we have people slapping tariffs on tweets and Truth Social and International diplomacy is at a very interesting juncture. I honestly would be shocked to see Government of India, which is trying to address unemployment as its number one challenge, discontinue incentives towards job creation. But can I guarantee that or forecast that? Well, I'm not the right person to make comments on that. But it'd be an exceptional case if Government of India takes away incentives around job creation.

Moderator: As there are no further questions from the participants, I now hand over the conference to Mr. Rituraj Sinha for closing comments.

Rituraj Sinha: Thank you very much, everyone. Like Vineet mentioned, I think we made a great start to the financial year FY '26. All 3 engines are firing on growth. International has grown, so has Security in India, so has FM in India. Even as I can't comment on cash, I think they are in good shape.

As regards to the margins, on the Indian side, we clearly see a nose up situation. Margins should move up. And we hope that in the next few quarters, you'll be able to witness that. On the International side, like I said, it is going to be a little bit wobbly when we restructure SXP because of one-off costs. And that is likely to continue for the next two quarters. So, you might

want to factor that. But please remember that SIS is predominantly an India business and almost 70% plus, I think by the end of the year, more than 75% plus of our EBITDA will come from India. And as long as India is in good shape, it will carry the extended business through.

As regards to cash flow, I think we have continued to report strong cash flows last quarter and this quarter. Our net debt-to-EBITDA stands at 0.8. And we believe that this is a good time to not only step up our organic growth, but also initiate our inorganic growth initiatives and hopefully add momentum to FY '26 as the first year of our 5-year vision plan, Vision 2030. So I think that's a quick summary on where we stand.

I will come back and talk to you more about the Cash listing and unlocking of value for our shareholders in the coming quarter. Hopefully, by that time, we will have greater clarity on the timing and the size, and other details. We believe that the Cash IPO will make SIS the first business services entity to have multiple listed platforms under common ownership.

And these are market-leading entities. SIS Prosegur is the second largest Cash Company in this country. So it is a meaningful operation. As of right now, the true value of our shareholding in that business is not reflected in the share price and probably that is a reason for concern for our many, many shareholders, particularly retail shareholders, and we'll be very happy to create and unlock value for them through this IPO. So I think lots happening in FY '26. Stay tuned, and I look forward to keeping in touch. Thank you very much for your time, attention and patience.

Moderator:

Thank you. On behalf of SIS Limited, that concludes this conference. Thank you for joining us, and you may disconnect your lines.
