

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	386
12 month price target (INR)	470
52 Week High/Low	456/288
Market cap (INR bn/USD bn)	56/0.6
Free float (%)	27.2
Avg. daily value traded (INR mn)	44.9

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	72.13%	71.99%	72.09%
FII	12.43%	13.01%	13.17%
DII	5.83%	5.26%	5.25%
Pledge	0.00%	0.00%	0.00%

FINANCIALS

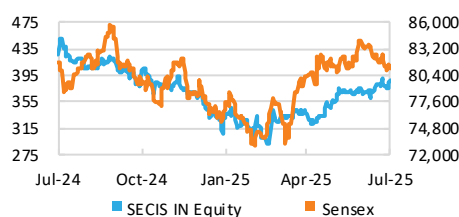
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	131,890	148,242	162,481	177,902
EBITDA	6,037	6,581	7,246	8,007
Adjusted profit	118	3,747	4,362	5,014
Diluted EPS (INR)	0.8	25.2	29.4	33.8
EPS growth (%)	(93.8)	3,078.5	16.4	14.9
RoAE (%)	13.2	14.4	14.5	14.5
P/E (x)	477.7	15.0	12.9	11.2
EV/EBITDA (x)	10.9	10.0	9.1	8.2
Dividend yield (%)	0	0	0	0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	148,242	162,481	4.7	5.6
EBITDA	6,581	7,246	1.2	2.7
Adjusted profit	3,747	4,362	0.5	4.3
Diluted EPS (INR)	25.2	29.4	0.5	4.3

PRICE PERFORMANCE



Steady performance across segments

SIS reported a decent set of numbers. Revenue for Q1FY26 stood at INR35.5bn (+3.5% QoQ/+13.4% YoY), ahead of our estimate of INR33.7bn. EBITDA margin stood at 4.3%, below our expectation of 4.6%, impacted by one-off costs in the international segment. PAT came in at INR929mn, broadly in line with our estimate of INR859mn.

India Security grew in line with expectations, reflecting continued momentum, while the rebound in the International Security segment exceeded expectations, and management expects growth to sustain. Margins are expected to improve by Q3FY26E, post absorption of SXP impact. We are tweaking FY26E/27E EPS by 0.5%/4.3%. Retain 'BUY' with a DCF-based TP of INR470 (earlier INR450).

International Security leads growth in Q1

SIS's revenue grew +3.5% QoQ/+13.4% YoY to INR35.5bn. EBITDA margin inched down to 4.3% (-52bp QoQ/-10bp YoY). India security revenue grew +1.7% QoQ/+9.2% YoY. New order-wins during the quarter stood ~INR380mn of monthly revenue, with a major contribution from the e-commerce, construction and manufacturing sectors. EBITDA margin decreased 22bp QoQ to 5.4%, impacted by ACR of back-office employees. OCF/EBITDA during Q1FY26 stood at 36.7%, impacted by the increase in DSO. International Security revenue grew +6.2% QoQ/+18.5% YoY driven by new-wins in the airport and energy sectors. EBITDA margin decreased 103bp QoQ to 3% led by certain one-off costs and lower events business. Adjusted for one-offs, EBITDA margin stood at 3.3% during Q1FY26.

Decoding facility management business

Facility Management revenue grew +1.2% QoQ/+12.1% YoY driven by new order-wins of ~INR250mn of monthly revenue in the energy, manufacturing, construction and automobile sectors. EBITDA margin expanded 12bp QoQ to 4.8% led by margin improvement initiatives and a gradual increase in the solutions business. Margin expansion remains the key focus area of management. On a consolidated basis, OCF/EBITDA was 105.7% while net debt/EBITDA ratio increased to 0.87x from 0.71x in Q4FY25, mainly due to a buy-back of INR1,500mn completed during the quarter.

Improving growth trajectory; maintain 'BUY'

Management highlighted its key focus areas going forward, which include driving revenue growth, improving operating margins, enhancing free cash flow generation, and strengthening the return ratios. We anticipate a revenue CAGR of ~10% over FY25–28E. Retain 'BUY' with a TP of INR470 (earlier INR450).

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	35,485	31,299	13.4	34,279	3.5
EBITDA	1,521	1,374	10.7	1,648	(7.7)
Adjusted Profit	929	642	44.7	(2,234)	(141.6)
Diluted EPS (INR)	6.4	4.4	45.0	(15.5)	(141.4)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	131,890	148,242	162,481	177,902
Cost of revenues	110,304	121,252	133,079	145,918
Gross profit	21,587	26,990	29,401	31,983
Other expenses	15,550	20,409	22,155	23,976
EBITDA	6,037	6,581	7,246	8,007
Depreciation	1,638	1,719	1,826	1,951
Less: Interest expense	1,606	1,572	1,552	1,572
Add: Other income	681	805	911	1,018
Profit before tax	3,473	4,095	4,779	5,503
Prov for tax	556	573	669	770
Less: Other adj	258	271	298	328
Reported profit	3,176	3,747	4,362	5,014
Less: Excp.item (net)	(3,058)	0	0	0
Adjusted profit	118	3,747	4,362	5,014
Diluted shares o/s	149	149	149	149
Adjusted diluted EPS	0.8	25.2	29.4	33.8
DPS (INR)	0	0	0	0
Tax rate (%)	16.0	14.0	14.0	14.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
PBT growth (%)	11.1	17.9	16.7	15.1
Asset turnover (X)	3.3	3.6	3.5	3.5
EBIT margin (%)	3.3	3.3	3.3	3.4
EBITDA margin (%)	4.6	4.4	4.5	4.5
Net profit margin (%)	0.1	2.5	2.7	2.8
Revenue growth (% YoY)	7.6	12.4	9.6	9.5
EBITDA growth (% YoY)	3.3	9.0	10.1	10.5
Adj. profit growth (%)	(93.8)	3,078.5	16.4	14.9

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.0	6.0	6.0
Repo rate (%)	4.0	4.0	4.0	4.0
USD/INR (average)	72.0	72.0	72.0	72.0
Ind. Sec. growth (%)	8.1	10.2	10.3	11.3
Ind. Sec. margin (%)	5.6	5.4	5.4	5.4
Int. Sec. growth (%)	7.3	15.0	8.3	6.9
Int. Sec. margin (%)	3.6	3.3	3.4	3.4
India FM growth (%)	10.0	12.0	12.0	12.0
Cash log. growth (%)	10.0	12.0	12.0	12.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	477.7	15.0	12.9	11.2
Price/BV (x)	2.3	2.0	1.7	1.5
EV/EBITDA (x)	10.9	10.0	9.1	8.2
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	722	722	722	722
Reserves	23,357	27,104	31,466	36,481
Shareholders funds	24,079	27,826	32,188	37,203
Minority interest	0	0	0	0
Borrowings	15,016	15,416	15,616	15,816
Trade payables	821	1,114	1,205	1,301
Other liabs & prov	14,563	16,261	17,718	19,293
Total liabilities	57,976	64,113	70,225	77,109
Net block	3,746	3,326	2,501	1,552
Intangible assets	9,498	9,498	9,498	9,498
Capital WIP	56	56	56	56
Total fixed assets	13,300	12,881	12,055	11,106
Non current inv	1,394	1,394	1,394	1,394
Cash/cash equivalent	11,726	12,626	16,290	20,544
Sundry debtors	18,640	22,804	25,011	27,434
Loans & advances	3,121	3,121	3,121	3,121
Other assets	9,601	11,093	12,159	13,316
Total assets	57,976	64,113	70,225	77,109

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	3,176	3,747	4,362	5,014
Add: Depreciation	1,638	1,719	1,826	1,951
Interest (net of tax)	1,076	1,053	1,040	1,053
Others	1,470	(126)	(239)	(339)
Less: Changes in WC	62	(3,665)	(1,724)	(1,910)
Operating cash flow	7,423	2,727	5,265	5,769
Less: Capex	(1,402)	(1,300)	(1,001)	(1,001)
Free cash flow	6,021	1,427	4,264	4,768

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	13.2	14.4	14.5	14.5
RoCE (%)	13.0	13.8	13.9	14.0
Inventory days	1	1	1	1
Receivable days	52	51	54	54
Payable days	2	2	3	3
Working cap (% sales)	9.7	11.1	11.2	11.3
Gross debt/equity (x)	0.6	0.6	0.5	0.4
Net debt/equity (x)	0.1	0.1	0	(0.1)
Interest coverage (x)	2.7	3.1	3.5	3.9

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(93.8)	3,078.5	16.4	14.9
RoE (%)	13.2	14.4	14.5	14.5
EBITDA growth (%)	3.3	9.0	10.1	10.5
Payout ratio (%)	0	0	0	0

Q1FY26 earnings call highlights

India Security business

- VProtect business now services over 24,888 customer connections.
- Revenue grew on the back of new order-wins in the ecommerce, construction, manufacturing, BFSI and retail sectors.
- EBITDA margin was marginally impacted by the ACR of back-office employees.
- DSO increased by 8 to 76 days at the end of June 2025.

International Security business

- International business's top line reached an ARR of AUD1bn.
- In Q4FY25, had won large contracts in the train, airport and public sector and revenue started flowing in during Q1FY26; growth momentum is expected to continue.
- EBITDA impacted due to SXP restructuring costs and grants received in Q4FY25 to the extent of INR64mn.
- Certain one-time costs included contract initiation costs in MSS and SXP affecting margins.
- Delivered some high-margin events business in Q4FY25, which was not there in Q1FY26 and that also impacted margins.

Facility Management business

- Growth was driven by major wins in the energy, manufacturing, construction and automobile sectors.
- One SIS gained strong momentum in Q1FY26, reaching an ARR of INR1bn.
- EBITDA margin improvement was driven by cost control initiatives and a gradual increase in the Solutions business.
- DSO for Q1FY26 stood at 94 days; comfortable range is 90 days mark.

Other commentary

- Maintain 10% provisions on all the outstanding amounts.
- Expecting improvement in margins for FY26E driven by cost optimisation efforts and ongoing exercise of contract corrections.
- RoCE has improved from 11.8% in Q1FY25 to 14.1% in Q1FY26.
- Received approval from SEBI for listing out cash business, and have a window of one year for listing. The funds raised through the sale of shares will help SIS Limited reduce its debt further.
- As part of SIS Ventures initiatives, invested INR60mn in Adhikosh Financial Advisory (Kosh), a fintech platform focused on providing joint liability group loans to blue-collar workers across tier 2–4 towns in India.

Exhibit 1: Financial snapshot (INR mn)

INR mn	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ %	FY25	FY26E	FY27E
Revenues	35,485	31,299	13.4	34,279	3.5	1,31,890	1,48,242	1,62,481
Cost of revenues	30,176	26,499	13.9	28,121	7.3	1,10,304	1,21,252	1,33,079
Gross Profit	5,308	4,800	10.6	6,158	(13.8)	21,587	26,990	29,401
Others expenses	3,788	3,426	10.6	4,510	(16.0)	15,550	20,409	22,155
Total expenditure	33,964	29,925	13.5	32,631	4.1	1,25,853	1,41,662	1,55,234
EBITDA	1,521	1,374	10.7	1,648	(7.7)	6,037	6,581	7,246
Depreciation	416	427	(2.7)	384	8.4	1,638	1,719	1,826
EBIT	1,105	946	16.7	1,264	(12.6)	4,399	4,862	5,420
Interest	409	422	(3.0)	376	8.7	1,606	1,572	1,552
Other income	185	118	56.0	166	10.9	681	805	911
Add: Prior period items								
Add: Exceptional items	0	0		3,058		3,058	0	0
Profit Before Tax	881	643	36.9	1,054	(16.5)	3,473	4,095	4,779
Reported Profit	929	642	44.7	-2,234	(141.6)	118	3,747	4,362
Adjusted Profit	929	642	44.7	825	12.7	3,176	3,747	4,362
AT % of net revenues								
Cost of revenues	85.0	84.7		82.0		83.6	81.8	81.9
Other expenses	10.7	10.9		13.2		11.8	13.8	13.6
EBITDA	4.3	4.4		4.8		4.6	4.4	4.5
Net profit	2.6	2.1		2.4		2.4	2.5	2.7

Source: Company, Nuvama Research

Exhibit 2: Segmental breakdown (INR mn)

INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Sales											
India Security Services	12,150	12,866	13,030	12,957	13,235	13,681	14,033	14,173	14,417	8.9	1.7
International Security Services	12,427	12,591	12,453	13,219	12,760	13,473	13,829	14,236	15,125	18.5	6.2
India Facility Management	5,190	5,279	5,251	5,201	5,303	5,534	5,763	5,870	5,943	12.1	1.2
EBITDA											
India Security Services	662	737	800	719	720	767	774	800	782	8.5	(2.3)
International Security Services	503	498	488	572	432	444	530	576	457	5.6	(20.7)
India Facility Management	226	210	225	204	222	238	265	274	284	28.2	3.7
EBITDA margin (%)											
India Security Services	5.4	5.7	6.1	5.6	5.4	5.6	5.5	5.6	5.4		
International Security Services	4.0	4.0	3.9	4.3	3.4	3.3	3.8	4.0	3.0		
India Facility Management	4.4	4.0	4.3	3.9	4.2	4.3	4.6	4.7	4.8		

Source: Company, Nuvama Research

Company Description

SIS is a leading security services company in India and Australia enjoying leadership positions in cash logistics and FM services. The SIS Group offers solutions across service lines including security services (mainly manned guarding business) in India and Australia where it has expanded operations with the acquisition of Chubb Security Personnel Pty Ltd, which was later renamed and rebranded as MSS Security. It provides cash logistics through SIS Cash Services, a joint venture with Prosegur of Spain and the second largest cash logistics service provider in India. The company forayed into FM services by entering into an exclusive license agreement with Service Master for the Service Master Clean brand.

Investment Theme

Since FY13, SIS has clocked ~18% sales CAGR. We expect this outperformance to peers to extend as the company aces on all critical success enablers, viz. i) scale; ii) reinvesting in core business; iii) pan-India presence; and iv) expansion in tier II-III cities, among others. SIS's market leadership position in Australia is also likely to remain unchallenged. Furthermore, SIS's domestic FM segment shall see a huge ramp up in the next few years.

Key Risks

We have based our estimates and target price on assumptions, which factor in consistent market share gains in the Indian manned guarding business for SIS over next six to seven years. Failure to consistently gain market share poses downside risk to our estimates and target price. Any slowdown in the Australian economy leading to lower demand for security services will pose downside risk to our Australia business assumptions. Higher-than-expected pricing intensity in security services business may exert pressure on our margin assumptions and pose downside risk to our estimates.

Additional Data

Management

CEO	Rituraj Sinha
CFO	Devesh Desai
COO	AK Prasad
Other	Devdas Apte
Auditor	Saxena & Saxena

Holdings – Top 10*

	% Holding		% Holding
Sinha Ravindra	38.28	360 one AMC	2.35
Sinha Rita Kish	15.61	Vocational Skil	2.12
Sinha Rituraj K	10.90	Steinberg India	2.08
Sinha Rivoli	3.17	Emirate of Abu	1.63
FIL Ltd	2.99	Nippon Life AMC	1.51

*Latest public data

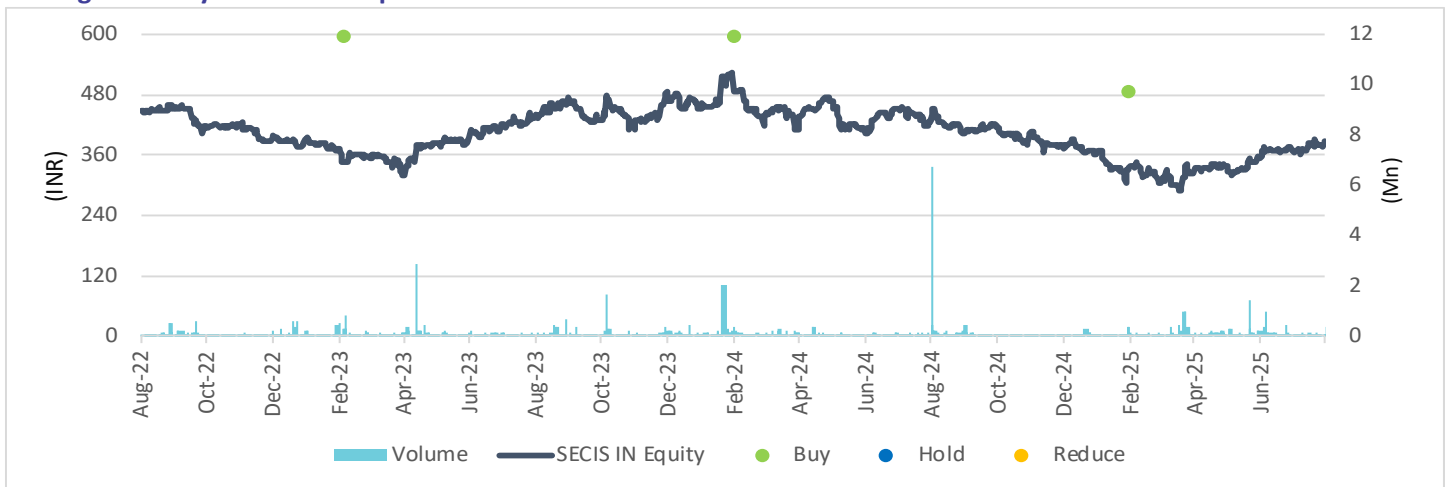
Recent Company Research

Date	Title	Price	Reco
01-May-25	Focus remains on margin expansion; <i>Result Update</i>	337	Buy
29-Jan-25	Margin improvement efforts paying off; <i>Result Update</i>	333	Buy
29-Oct-24	Margin expansion remains key focus; <i>Result Update</i>	386	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
29-Jul-25	Qess Corp	Growth to rebound; margins surprise; <i>Result Update</i>
21-May-25	Teamlease Services	Regulatory headwind constrains growth; <i>Result Update</i>
20-May-25	Qess Corp	Growth hurt by NBFC headwind; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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