

Date: October 09, 2023

National Stock Exchange of India Limited
Exchange Plaza
C-1, Block G, Bandra Kurla Complex,
Bandra (E), Mumbai-400051

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

Company Symbol: SIS

Company Code: 540673

Dear Sir/Madam,

Sub.: Transcript and Video Recording – Analyst Meet

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In continuation to our letter dated September 15, 2023, please find enclosed the transcript of the analyst meet held on October 3, 2023.

Further, video recording and transcript of the event are available on the Company's website at <https://sisindia.com/investor-presentation/>.

Kindly take note of the same.

Thanking you.

For **SIS Limited**

Pushpalatha K
Company Secretary

SIS Limited



SIS Limited

Investor and Analyst Meet FY24

3rd October 2023, Sofitel, Mumbai BKC

Management:

Rituraj Kishore Sinha - Group Managing Director

Dhiraj Singh - CEO SIS India

Devesh Desai - Group CFO

Shweta Jain:

Good afternoon, everyone, and welcome to SIS's 2023 Investor and Analyst Meet. The last time we hosted an Analyst Day was way back in 2019, so it's really great to see everyone here in person. Thank you for your time and for your presence here. I hope you have all had the opportunity to browse through the kiosks, showcasing our solutions and the technology behind it. If not, please do so after the management presentation.

There will be a Q&A session after the management presentation and as always, we will upload the presentation on the Investor Relations section of the website for you to download. May I remind you to turn your phones on silent mode.

The management for SIS is represented by Rituraj Sinha, the Group Managing Director. We have with us the Group CFO, Devesh Desai. We also have with us the India CEO, Dhiraj Singh, and Bharat Bakhshi, the President M&A, IR & Ventures.

I now invite Rituraj for his opening comments.

Rituraj Kishore Sinha:

Hello everyone, a very good evening. And once again, a big thank you for coming all the way to join this session today. I'll tell you the good news first up. I'm going to keep it really brief and then Dhiraj will follow up with a quick run through slides. I'm sure you can see the slides in your own free time. We try and use the time for Q&A which I guess is what interests most of you.

So just as opening thoughts, when I was just on my flight here and they told me that before the slide deck, I need to say something. I was just thinking that October 2023 actually marks exactly six years since we got listed. And time has flown like it always does. And I was just trying to recap few things that I have been saying repeatedly since the IPO roadshow, all through this six-year journey. And maybe do a quick update on those aspects for you.

Some of you who have been covering SIS for a while must be familiar with this. For others, I'm sure it'll be more refreshing. But since the IPO roadshow, we got involved in the roadshow just pre-Demon. And at that point in time, it was quite hard to explain what we really do as a business because there was no listed peer in the true sense. And obviously the roadshow was less about the business and more about the industry itself and the prospects of the industry.

And through this period, I've said a bunch of things and just recapping how we've done and please don't take this out of context, but I'll just sort of verbatim repeat some of the things that I have said to the investor, analyst community in our past interactions.

So, I remember once when we were getting listed in the initial period, one big question was, how are you different from staffing? And that question would come up all the time and I would say that the fundamental difference is that we have recession resistant demand which basically means when COVID happens, demand for Security, Facility Management, Cash Management increases in most places because we are an essential service provider as against staffing where demand drops. We have a very interesting correlation with the economic cycle where when the economy develops at 6%, we grow 15%, 20% and when the economy declines 6%, 7%, we still maintain 1%, 2%, 3% growth.

So I've been saying this and I'm glad that in some way COVID helped us demonstrate that in the real world, that theory and concept and if I take you back in 2017, when we came to the roadshow, we were a ₹4,000-odd crore company. And in the six years, we are now a ₹11,000-odd crore company ballpark despite COVID and the various developments that have happened in the middle. So that says a thing or two about the resilience and predictability of this segment.

The second thing I've always said that, at least for me as a 70% plus owner in the business, I invest in this business, or I like this business because it's high growth with high ROCE. This is not a high-margin business. This is not a double-digit margin business. It is just a high-growth, high ROCE, high cash business. Right, and I'm so happy that since listing to 2017 to 2022, six years, through the various cycles of COVID, et cetera., we have maintained a ballpark return profile of 20%, 18%, 21%, hovering around that 20%.

So, we've demonstrated the fact that we are a high growth, high ROCE business. The only form of capital required in the business is working capital. So, when COVID happens and you slow down growth, the working capital requirement shrinks and therefore your return profile is maintained. When you grow faster, you need more working capital, but then again, the ROCE plays out in a similar fashion. So ballpark, if you're running this business right, you should be looking at a 20% return profile in this space.

The third thing I've always said that we are not a Security company, we are not just a Facility Management company, we are not just a Cash company. We see ourselves as a platform. I remember in 2017, during my IPO roadshows most people thought it's a Security company trying to do a few other things. Everything is option value. Today six years later, I'm very happy that people have acquired a sudden interest in our Cash business, also a sudden interest in our Facility Management business. So, some of that platform story, that, I mean Kashyap is sitting here, he used to be the lead banker on my IPO deal and I remember it was so hard to explain why we are a platform and how these things will build out etc., etc. But today we are the largest Security company in India and not just the largest, we are largest, we are ahead of the next competitor by roughly 30%. So that's a reasonable lead. In the Facility Management space, one of our friends here was just mentioning that UDS is getting listed. I wish them all good luck.

I'm happy to get some pure play Facility Management companies in the game. But if you talk about purely Facility Management, not ambulance management service and dial 100 service and background check service and blah, blah, if you remove all of that pure Facility Management, we are the largest FM company in this country, run rating more than ₹2,000 crore in revenue now. And we are pretty sure that over the next few years, we will build a significant delta between the number two player and us. So, it will become more evident. Third, our Cash Logistics business is the second largest in the country, suddenly we had a spurt of listings in the cash space. So it caught people's eye. But our cash business is 15% plus EBITDA margin business. No, it is not 30% EBITDA margin. I don't see us getting to 30%. But we are a 15% to 20% EBITDA margin business. More importantly, we are a 10% profit after-tax business for FY24. It is the second largest and it is the fastest growing in the space. It's a clear number two. So, the whole platform story that I was looking to pitch during IPO didn't find many takers. But now I guess the story is a little bit more evident. And people who have been following SIS would recognize that.

The fourth, a lot of times people question saying, way back when we were listing, close to 60% of our revenues came from international markets. So, a lot of people have questioned that, you're an international company, why should you be considered in terms of Indian multiples, etc. I'm very happy to say that share of profit wise, I'd say the International business is now sub 40% and it's rapidly moving towards sub 30%. So, it's no longer the color it looked like when we were trying to list.

I believe the International business is a natural hedge. It's very good. The COVID years established that. International business was the reason why in the first year of COVID, SIS grew 7% and in the second year of COVID, we grew 10% that was principally because the International business grew more than 20% on the back of COVID contracts and stupendous margins. So, we were intact through the COVID period, because International business is a natural hedge to India, and that was demonstrated during COVID. Nonetheless, I see International revenues and profits moving closer towards 30% or lower in near term.

Point number five, we are a cash generating business. Since IPO, we have returned ₹260 crore cash to our shareholders through dividends and buybacks. In our type of industry, ₹260 crore is a reasonable number. And if you look at it in terms of OCF/EBITDA, we have generated 60% operating cash to EBITDA, that's like a very high level six-year average. Some years it's been 35%, some years it's been 120%, but ballpark 50%, 60% OCF/EBITDA has been maintained. So, we've regularly churned out cash and also given a large part of it back to our shareholders.

Now, the sixth part, we haven't been able to talk a lot about Vision '25. I did start mentioning it in my one-to-one meetings, but I'm very happy that our Vision 2025, despite the COVID disruption has played along quite neatly, below expectations, below original plan, but still given the circumstances its played well, it had two components, one to build market share. We are number one, but we are number one with only 4% market share. We want to be number one with 10% market share at least. So, the whole push was to gain market share and the second was to migrate from 'services' to 'solutions'. Basically, using more technology, more automation to charge a premium and do a more sophisticated service delivery not just manpower. On both those platforms we have done well, and as I wrap up, I think on all these counts, SIS has maintained close to 18% to 20% growth, we have maintained 20% ROCE, we have maintained greater than 50% OCF/EBITDA, pretty much all that we wanted to do at the time of listing itself.

And now as I look ahead, I think India is in its best cycle for our business, and I see two reasons. Number one, the economic activity in capex is reviving on the back of government capex and private capex. So, every building that is coming up, every metro, every mall, every

factory, any construction, every square feet constructed, needs somebody to secure it, somebody to clean it, some cameras, some basic services are required. So, every square feet built in this country will need somebody like us to provide maintenance services.

And I think the volume, the sheer size of the market is growing exponentially, and the second big driver is that sooner than later, there will be a massive wage correction wave, which I anticipate, which will mean that all your existing contracts will get uprated. For the same contract to the same Sofitel hotel for the same manpower. If minimum wage goes up by 10%. We pass through that 10% to Sofitel hotel, and if we had an 8% markup on that, we get 8% on that additional 10%.

So, one, volume is increasing; second, price is likely to go up and I think we are entering the golden phase of this sector and myself and my team are super excited. That's why we are building all these new businesses, new technologies to help us scale.

And if there is one concluding thought that comes to my mind is that as you look to SIS in the future, you should look at an enterprise which is looking to build three \$1 billion businesses out of this ecosystem.

Thank you very much. Over to Dhiraj. He will run you through the slides. Thank you.

Dhiraj Singh:

Thank you, Rituraj. We have a lot of content in our slides. Obviously, we wanted to share so much. And I hope you got the chance to see some of the demonstrations of our real life business in the standees, if not, you can see that later. But I'll quickly run through the summary part of most of the slides. So, these are the agenda items for today. You met the participants.

So, we are the fastest growing Security and Facility Management Company. We are the number one in Security and now in Facility Management also. Number two in Cash logistics. Number one in Australia in Security. And in the top five in New Zealand and top five in Singapore.

If you look at the summary of our business, there are not too many businesses that have been around for 40 years, that have more than a billion dollars in revenue, which has about almost 3 lakh people, almost 95% client retention rates. Offices all across the country covering every district in India with 340 plus branches, delivering an

average ROCE of about 19%. Average OCF/EBITDA of about 60%. Revenues almost doubling in five, six years. PAT also going up more than double. 20,000 plus B2B clients. So that's the platform that Rituraj was talking about. We have a very large B2B platform right now. And delivering about 70,000 customer sites. Summary of this, there's a lot of intrinsic strength that's been built as a platform. And the numbers also reflect that. You're aware of the numbers.

Our revenues have definitely reached our expectations. Margin has taken a dip, largely because we continued our investment during COVID. We continue to invest in a lot of technology. But we are seeing sharp rebounds, especially in our Security business, which has gone up from 4.3% to 5.4% margin in just 1.5 financial years. And the other businesses are now following a similar trend.

We talked about the solutions mindset. Each of our segments, the key message that we are giving to internal people and to our clients, that we are not a manpower company by far. We are not just a services provider. We are a solutions provider. In Security, it is about providing a holistic Security solution for a client. Can be right from the risk assessment, consulting, investigation, to all the technology that's deployed both internally and externally, and of course the manpower part. So, this is just a list of things we deploy both internally as well as for the external customer.

We look at a lot of tools that are probably unknown to many of you here and those who can we'd like to invite you to our offices to have a firsthand look at it. But these are some of the applications, 'MySIS', these are all in-house developed propriety systems. 'MySIS' is for attendance, mTrainer is the digital training program that we have. The automated recruitment kiosk (ARK) and 'IOPS' for operations productivity. All of them have very, very specific tangible benefits not just to clients, but in our own operations productivity and efficiency.

It would be unfair not to talk about the people part in our business. People are the real capital in our business and I'm proud to say that we've paid a lot of emphasis to the development part not just for our non-billing staff, but even for our billing staff, people on the ground. We have a very, very stable management and leadership team, unlike many of our peers in the market. We have a management team with average of about 30 plus years of experience, mid-senior management

with almost 15 years and all our senior leadership across all SBUs have stayed with us for at least seven years to my latest knowledge. That is a sign of stability that we have.

Safety and well-being, ESG, EHS, these are not just buzzwords for us, these are things that we practice on ground, and we pay a lot of emphasis not just during COVID times, but during normal times too, and therefore we were recognized by GPTW also as one of the top five great places to work in India.

What are the drivers for growth? Rituraj talked about the minimum wage. That is the easy fixed annual that we do get the benefit from. Rapid urbanization that is happening. You come to Delhi, and you'll see so many buildings coming up again. And that's not just in the large cities, but it is extended now to the Tier 2, Tier 3 cities. All of these cities where we have a strong presence.

We are looking at now cross selling. We have three large platforms and we are now engaging in specific activities and projects for doing a lot of cross selling for bringing the 'One SIS' platform where we can offer all our services under one umbrella to our clients. And going after the top 1,000 companies in India. So that is the real market share that we want to establish in future. The new sectors that are coming up. Residential is a new sector that we want to focus on, in commercial offices and data centers, mining, in the manufacturing side. So, these are new sectors that we have entered, and we've entered very strongly.

I won't go into the macro details; you know about the macro data for India how it's; so that's the public and private expenditure that will definitely be a key driver. Industry consolidation, yes, has been a little slow, unorganized to organized, but with the new labor codes the compliance requirements will be higher, and that shift will happen more so.

So, coming to the specific verticals; - Security Solutions India, this business is now by far the largest and these are the data for the business, but the key number to look at is the increasing trend in the EBITDA margin percentage. That has been our key focus and we have experimented in the securities vertical, which the learnings we are going to carry forward to our other verticals. So, the numbers have grown from 4.3% to 5.4% in Q1 of this year and we expect the trend

to continue. There are a lot of margin initiatives that we have embarked upon for new contracts, existing contracts. We are looking probably with the maximum lens for the first time for our SG&A cost, and there is a lot of opportunity, because we focused more on the growth in the past few years. Now is the time to do a little step back and consolidate our back end, look at the synergies and optimize our SG&A. And that is an opportunity for the future. And we are already reaping the benefits of some of them.

VProtect is a business, I think I saw the kiosk out here. This is a business which we call alarm monitoring response services. It has huge value generation capacity. We started this five years ago. And in five years, I'm very proud to say that we are now the market leader in the e-surveillance market in India. We have delivered more than 17,000 sites as of now. We have an order book of more than 22,000 sites. So, this business is poised to grow by leaps and bounds, not just in the B2B market, but we will explore the B2C side also where there's no competition at all and there's demand.

In the Security Solutions – International business, we are number one in Australia, top five in New Zealand, top five in Singapore, as I mentioned. We don't want to go to other countries. We are consolidating in these markets. A lot of times we've been asked why international? Rituraj touched upon some of them. It is a great hedge for our overall global business, we saw that during the COVID period. Even in these markets where the GDP growth is in the 4% to 5% range or lower, we've always been growing at the high single-digits.

Inorganic opportunities come at far more attractive valuations and returns than in other parts of the world. The working capital cycle, the numbers are evident. We work on an average DSO of about 55. And obviously the access to low-cost funding, which helps us as a group. These are just some of the advantages, there are host of other advantages like expertise in airports, etc., etc. Fundamentally, it's a stable, solid business. We work under different brands. In Australia, it's MSS and SXP and SDS. And the new markets that we entered, for example, New Zealand, within five years, we are on track to grow more than 5x. So that's the kind of growth we can drive even in International markets.

Henderson, we have no hesitation in admitting, we made a few mistakes, but we are learning from our mistakes. And we are on the

path to profitability there. It's been a great turnaround. It's still work-in-progress. But we were hit by COVID. We were hit by unprecedented wage increases, which impacted our existing contracts in Singapore. But our team has been working actively on all fronts, and the turnaround is getting more and more evident.

Facility Management has been one of the rising stars for the overall group in the past few years. And not without reason, Facility Management is anything non-core to a business. Clients focus on the core business. Everything else is outsourced. So if we take the hospital sector, for example, the potential to grow compared to a per capita hospital numbers is almost 10x compared to China.

We as a group, we are working in more than 450 hospitals in India. And we are the market leader. So that is the room for expansion in just one sector. And similarly, we are market leaders in many other such growing sectors. Facility Management grew very rapidly during the COVID period also. Margin has taken a dip for various reasons, but it's stabilizing. And in Q3 and Q4, we expect to be moving upwards significantly.

Cash management has been a great turnaround story. If you look at the growth in revenue, it's grown almost 2x in the past three years. PAT has been more impressive almost 2.5x. The PAT percentage has grown by almost 630 basis points. And in all of this, the ROCE and ROE has seen a healthy around 19%, 20%. At the same time in Cash business, what has helped is we are moving away from the ATM business, towards more other value-added services. We are focusing more on cluster density, resulting in productivity. The tariff increases by the RBI, that's helped. We have far lower insurance costs now, far lower losses. All of these things have helped in this turnaround story. So, this is just a chart of how we've been growing on other non-core traditional services, new innovative solutions that are centered around what we call 'BOSS' - Bank Outsourcing Services & Solutions. And it has grown while at a CAGR of almost 17x in just five years, but this is still small to what we expect to happen in the near future.

M&A engine, we have been out of the news in the M&A side for the past three, four years for obvious reasons. You should hear some of it again in the coming months, but we've demonstrated our ability to acquire good businesses and then derive value from it, make it grow much faster than it was. These are some examples, but before that, we

have a very strict criteria of what we look at, not less than 20% IRR. It has to meet one of our thesis of either enhancing our market share, bringing a specific skill or solution or capability, or geographical footprint expansion. We have a structure in which we do our M&A deals, which protects us as well as gives an incentive to the promoters to align with the growth together with us.

So 'WeProtect', we bought the 50% stake from Prosegur. We pivoted the business model, focused largely on B2B, and we've achieved in just three years, a CAGR of almost 70% and reaching almost ₹100 crore in this year, that's a phenomenal achievement. Security Solutions International, I talked about earlier, is almost 4.5x, 5x growth in just four to five years. DTSS, when we acquired, I think it was actually less than ₹300 crore, but in that financial year, that was about ₹380 crore. It's clocked ₹1,100 crore. So, we have that, you might call it the secret sauce of acquiring businesses, integrating it, keeping people incentivized, motivating them, and then driving the growth path.

So that's the summary, I think Rituraj will also talk what will help in the future. But many of this we'll be happy to take in the Q&A. Thank you so much.

Question-and-Answer Session:

Shweta Jain: Thank you, Dhiraj for the insightful presentation. We will now open the floor for questions and answers.

Pritesh Vora: This is Pritesh Vora here from this side sir. Sir, can you talk about our debt and like long-term debt and short-term debt. What is the history behind it? Is it the acquisition led debt or and how do you see the debt level going forward?

Dhiraj Singh: So, Devesh has arrived just in time to answer that.

Devesh Desai: Okay, so the debt is mainly of two parts. One is short-term debt which is working capital. Mainly we have the working capital in India because it's high growth and in the past, we've invested a lot in the working capital and we've taken short-term debt from the banks, mostly the cash credit and the working capital demand loan facilities in order to optimize the interest cost.

Long-term debt is primarily used for two purposes. One is for customer installation - Capex in the Facility Management business, in

the VProtect business. We have to install our equipment at the customer sites, and we fund it through borrowing and amortizing it over the tenure of the contract and match it with the loan tenure, so that there's a full matching between asset and liability. And in the International business and the NCD program in India, the long-term debt has been taken for funding acquisitions. And so that's the way we've generally played out our debt plan.

Shweta Jain: If you have any questions, please raise your hand. I think we have a question there.

Ganesh: So can I go ahead?

Shweta Jain: Sure.

Ganesh: Ganesh here. So, I just wanted to know about your Cash Logistics business. So, there is SIS-Prosegur and there is another Company, SIS Cash Logistics. So how do you differentiate? Is there any overlap between the two companies and what do they cater to?

Rituraj Kishore Sinha: Well, it's a little bit of history. We set up a, the original company was called SIS Cash, which we own 100%. And then Prosegur came on as a joint venture partner. So that became the joint venture company. And then both partners together through the JV company acquired in 2014 another company called Cisco. It was erstwhile SDB company. So we left it as two different legal entities because one was more focused on the South part of India. and the other one was more North and East. But that's history now. What's happened since 2016 is that we completely, operationally merged the operation. There is no duplication of back office, there is no duplication of branches, there is no duplication of even routes. They share routes. So, it's fully synergized business. It's just that we maintain separate legal entities. At some point in time, we will consider merging the legal entities as well. But you should see it as one business which is fully synergized.

Ganesh: A follow-up on that, since this is our main business, I mean the growth-wise, also EBITDA wise, are we looking to increase our stake in this business from Prosegur, I mean increasing the stake of SIS?

Rituraj Kishore Sinha: No, we're not looking to increase the stake. But yes, we will look at opportunities to monetize.

Ganesh: Okay, sir. And my last question on this would be with respect to ATM services. So, some of the companies in this area are stating that they can manage ATM right from the software end. So can you just comment on our capabilities to compete with them? Thank you.

Rituraj Kishore Sinha: Don't see us as an ATM services player. Other listed companies in this space draw 80% of their revenues from ATM servicing. We draw 18% of our revenues from ATM servicing. You know what Dhiraj was explaining, we are basically a Bank outsourcing services business. We have less than 18% exposure to ATMs. We believe that ATMs are on the decline. Currency in circulation is not. But ATMs are on the decline. Number of ATMs is not growing. Transactions per ATM per day is not growing and amount of money drawn from ATMs is not growing. So, certainly ATMs are on the decline quite clearly and we took a considered call starting 2018 post-demon to move away from ATMs and build a business which is non-ATM reliant. So, I think we're quite safe there and that's also the reason why SIS-Prosegur compared to its listed peers has grown better in the last two fiscals FY22 and FY23.

Shweta Jain: May I request you to introduce yourself before your question?

Bhavik Dave: Yeah, sure. Hi, this is Bhavik from Nippon. So, sir a couple of questions. One is I remember initially we used to talk about cross-selling in terms of the deepening of existing client relationships. If we can just talk about where we are on that journey. Point number two is on the Security management front, we used to have an alarm solutions that we used to work with, and that was a high margin business. It was a very small part of the business couple of years ago, where have we reached? Where do we see ourselves in that business over the next couple of years? Because that will help our margins to go up. And lastly on this, Security Management and the Facility Management, EBITDA margins. When can we hit that 6% and above, which we used to be pre-COVID like what would be the journey? Will it be FY 24 end, or will it be FY25 when we reach there?

Dhiraj Singh: So, on your first question about, well, I'll take the VProtect part, Alarms Monitoring. As I was mentioning in my presentation, we are going to be India's largest e-surveillance company in this year, largely on the back of B2B. But very few people are aware that we've now built a portfolio of more than 2,000 B2C clients just in the Gurgaon, Delhi, NCR region. No Company in the history had crossed more than

500. And we've done that in the past three, four years. So that business continues to grow on a run rating of more than 20% EBITDA. So, as you said, it's a high EBITDA contribution. So both on the growth side as well as EBITDA side, we've demonstrated what we set it out to be.

On the cross-selling part, that is a clear focus now. There are low hanging fruits. We had a cross selling % for the top 2,000 clients of about 4.5% till about 1.5, two years ago. We are now at about 6.5%. So, the improvement is still slow. We have a lot of room to grow. That is an opportunity. We are on that path.

Regarding the margin part, I think we've covered, but we've been given the guidance that around the Q4 and early part of next year, we should be around the pre-COVID levels for most of our businesses.

Bhavik Dave:

And lastly on the M&A, you mentioned we've been out of the M&A market for the last two, three years, rightly so if we can just explain, and you mentioned that International will as a proportion keep going down. So that means there will be some M&A in the domestic business. So, anything on that front, what are we looking at? Is anything on the Cards, Security, Facility Management? Which part of the business are we looking to add in terms of when we talk about M&A? And how big will that be in the sense, how much more debt can we take on a balance sheet, because it consistent around the ₹900 - ₹1,000 crore number?

Rituraj Kishore Sinha:

Well, as SIS has had a track record of acquiring companies, and I think we acquired the first company in 2008. And since then, we would have acquired more than 10 companies in India and overseas. Our M&A engine is effectively shut since COVID. Principal reason was that we needed to work off a sustainable earning number, sustainable EBITDA to be able to value anything. And FY23 was been the first year when there was no COVID related disruption. So, before that people were saying that because of COVID our numbers are down, hard to value, then people had temporary contracts so their numbers were looking very pretty, not sustainable, so hard to value. So, we've taken our time to wait.

Number two, we don't buy what's on sale. We actually have a list of 10 to 15 companies in all our sectors that we track very closely. We track them over five years, 10 years. There's no rush, we maintain the

equation. And as and when they come to market, we will look to pursue. So at this point in time, we are looking to pursue deals which allow us to move up the value chain in Facility Management. I'll talk more about it, but I think there are certain segments of FM space. Like healthcare FM was a massive opportunity and we spotted it early, we acquired 'Rare', which was a smallish business, but it was a predominant operator in healthcare. And I think that really, really helped during COVID years.

Right now, we are looking at certain other niche areas in the FM play, where we see a massive opportunity in the next five to 10 years. So the deal size is not going to be humongous, but we know we're looking at accretive transactions. And overall, you must remember that our focus in terms of M&A is India.

Bhavik Dave: And Facility Management.

Rituraj Kishore Sinha: No, not really like it could be Security, it could be FM, it could be Cash. It won't be outside these three domains. So, the first rule is we don't buy what we don't know. That's the first rule. We are not experts at everything, we don't buy what we don't know. Number two, when we acquire, Dhiraj, put out the base case IRR thresholds that we have. And number three, the rational. Rational has three components. It has to increase my market share in an attractive market in the sense that India is growing at 15%, 20%. But several pockets in India are growing 30% year-on-year. So anything that allows me to consolidate market share in those seven pockets I will buy. Similarly, everything in India is growing, but there are things like healthcare, residential, etc., etc. which are growing where the CapEx spend allocation is significantly higher. They are building like premium real estate and therefore is very attractive.

So, we acquire market share in a customer segment. Not just in a geography, in a segment. And third thing like Dhiraj explained, acquiring service portfolio gaps, services that we currently don't offer, but are within our gamut. So, we acquire for these reasons and I think we have a sort of a tried and tested approach which worked well for us even during COVID. I mean just to put facts on the table. During COVID years, we did settlement of four M&A transactions where we made the last parts of the payment, and because our deal structure was linked around the earnings, we did not get washed away because of

pre-COVID commitments. So I think we have a fair bit of experience here, but baby steps and India focused.

Bhavik Dave:

Thanks.

Atul Mehra:

Yeah, hi. Atul Mehra, Motilal Oswal Asset Management. Just one question on the margin side. So, what has really led to decline in margins for the last three to four years? And in your opinion, as you say, that these margins will increase going forward, what are the sustainable trends that you see, which lead you to this belief around much better margins going forward? Thanks.

Rituraj Kishore Sinha:

So, I think SIS was maintaining 6% plus margin in India and roughly 4% margin International markets pre-COVID. That was FY20 last quarter. Through the COVID period, the impact on our business was very limited. In India, revenue decline was only marginal. FM was sharper, but other businesses didn't lose much. What really happened is that even as we were able to fend off the price reduction pressure, because we became essential services during lockdown, etc., we were operating where our customers were locked in their houses. You know, we fended off the pressure to reduce our pricing. We protected our gross margin. But then there were a lot of COVID-related expenses, like vaccinating 2,83,000 people, just giving out masks to 2,83,000 people at regular intervals. If you multiply that cost, they just blow out completely. So, there were a lot of COVID-related expenses initially, but the other travel and other GA expenses had shrunk. Then came a phase where the COVID-related expenses went away, but the GA completely came back full strong, and we also invested a lot in sales force and everything to pump the business back on.

So, I think there's been a lot of turbulence in the below gross margin line section, but that's behind us. I think what's important is that India Security has demonstrated its ability to move from roughly 4% EBITDA margin few quarters back to close to 5.5% already. So they are well on their way to get to 6%. I don't see any reason why India Security should have that problem. FM is moving along a little slower. FM has taken on certain bad contracts in the desire to bounce back post-COVID, which were not intelligent calls, and they are paying a price for that. So that will take a little bit more time to clear out. But I still believe that whatever damage is there on the gross margin line of FM is recoverable. It's like 1%, 1.5% at max. And then SG&A will

level out as they grow. They should come in the 6% range, but it'll take a little longer.

The Cash business has been intact around 15% EBITDA margin throughout, so there was no compression there. And the International business has gone back to its historical reality of ballpark 4% between 4% and 4.5%. So overall if you ask me, I don't see any reason why we would not go back to pre-COVID level of margins. If you tell me which date, if you ask me that, that's a little hard to call out, but I think you should focus more on the trend and that should give you enough directional comfort.

Atul Mehra: Thank you.

Mohit Surana: Sir this is Mohit from AlphaBox Advisors. Again, on margins front. Just comparing with global peers, because there are no listed Security peers in India. So, I was looking at Securitas AB as well as ALSOK in Japan. Their EBITDA margins are comparatively very high at least 500 to 700 basis points higher than SIS for Security services or Cash logistics, International or India business. I just wanted to understand why there is such a steep gap between the India business and...

Rituraj Kishore Sinha: How much did you say Securitas EBITDA was?

Mohit Surana: It's at least 500 basis points higher than SIS. It's on an average for last seven years.

Devesh Desai: Sir, that's been just in 10.5%

Rituraj Kishore Sinha: 10.5%?

Mohit Surana: Yes.

Rituraj Kishore Sinha: I think you should go back and check your numbers. I will sell SIS and buy a Securitas stock!

Mohit Surana: If that's the case...

Rituraj Kishore Sinha: Sir historical numbers in this space EBITDA margin wise are ballpark 5% to 6% for G4S and Securitas. The Cash business like Prosegur Cash business will report close to 10% EBITDA margin. If you look at our Cash business, we are doing 15%. If you look at our FM and Security business, we were doing 6%. So, we are not materially different from International per se. But I will send you the notes.

- Mohit Surana:** Sure. We can exchange our notes later on.
- Rituraj Kishore Sinha:** Yeah. But I'm pretty sure that Securitas is not double-digit margin business.
- Mohit Surana:** Maybe. Okay, I'll get back to you on this. I have just one more question. Since because of our focus on tech, just wanted to know how much is the revenue contribution from the tech-enabled solutions and where do we see it going over the next two, three years? How much will the contribution be going forward?
- Dhiraj Singh:** So, as we expected the EBITDA contribution from tech is more and we are tracking both the revenue and the EBITDA contribution. As of now, the revenue contribution is just in the high single-digits and the EBITDA contribution is now more than in the double-digits for sure.
- Mohit Surana:** Thank you.
- Rituraj Kishore Sinha:** We will be reporting that shortly;.
- Ganesh:** Hi, this is Ganesh again. So I wanted to know, to get a flavor about this 80CC and JJAA. Does our competition, local competition also have this kind of benefit? And if yes, ideally speaking after 2020, 2019 say the increase in, the market share gains should have been higher. So can you just give me some flavor around this?
- Devesh Desai:** So, I don't understand the correlation between market share and 80JJAA?
- Ganesh:** In the sense sir, what I wanted to emphasize is that if suppose they don't have this benefit, we should be able to push them out of market in terms of pricing because we have that.
- Devesh Desai:** So, let's understand what 80JJAA is. 80JJAA is like a tax break, if you have a net increase in the number of employees at the end of the year compared to the beginning of the year. And that's when you get an 80JJAA benefit. It is not restricted to Security or FM business. It is across the board. Every Company, every sector in the country is eligible for this benefit, provided they meet certain criteria.
- The basic criteria is that the net number of employees at the end of the year should be more than that at the beginning of the year. The salary should be less than ₹25,000 on average per month. They must have spent 240 days in your business consecutively, either over one year or

over two consecutive financial years. They must be new entrants into the workforce. And they should be paid by a Bank transfer only. So there are multiple conditions to be met. Any reasonably sized Company, any reasonably organized Company, if it's growing will end up meeting those conditions and end up getting these benefits, provided that average monthly salary is met.

So, it's not that this is a tool to throw out competition or to increase market share. No, it's not really a tool for that. But this is an incentive which comes naturally because we grow naturally. We are not growing because of that, only because of the incentive. You're not recruiting people only because we're getting their incentive. We are getting the incentive because we're naturally growing our business and naturally recruiting more number of people to manage our business.

Ganesh: That's what I meant to say, sir. Because we are a growing Company, it should be a virtuous cycle, right? Because our competitors are not growing to that extent. Similar, anyway, I got your point.

Devesh Desai: So, they will not get that kind of benefit, they will get some benefit. Maybe not to the extent we get it.

Ganesh: My related query was on the tax aspect of it. So how is this, we take the tax write-off in form of tax assets, and they are supposed to be written off in the future years, accounted for in the future years, how do we deal with it?

Devesh Desai: Are you talking about the accounting treatment?

Ganesh: Yeah, accounting treatment in the P&L?

Devesh Desai: So fundamentally on 80JJAA, you get a benefit of 30% of the amount you have paid for those employees. You get a tax deduction every year for three years of 30% of the amount you have spent on those additional employees which have been recruited during the particular year. So every year you get basically a three year deduction from your income as long as this section continues. So, in FY24, I will get a deduction of 30% of what I spent in FY22, 30% of what I spent in FY23 and 30% of what I'm going to spend in FY24. Now, as far as accounting is concerned, because of the way the accounting standard reads, it says that any benefit which is related to the current year and which you will get in the subsequent years are to be treated as a deferred tax asset.

So, what we do is if I am going to get a ₹3 benefit, tax break in this year, I will take a ₹3 benefit this year and I will create a deferred tax asset of 3 into 2, ₹6. That deferred tax asset is brought down every year. So, every year what is happening is like a cycle. You keep on running the cycle and you keep on balancing it. So, every year on a net basis, on accounting treatment, you are only accounting for that year's benefit because the three years benefit has been accounted in the first year. So, that is how the accounting treatment works.

Ganesh:

Sir and my last question would be on the business structure of the Company as a whole. So, how do you see the cost structure of our Company in terms of fixed cost versus variable cost, can we model our Company as linearly growing where we grow with the number of employees or is there an inherent operating leverage in the cost structure?

Dhiraj Singh:

The entire services business works on the operating leverage as the primary advantage. And all our businesses are now reaching or have reached that equilibrium level where we should start seeing a lot of the operating leverage kick in. We have intentionally, for example, in our Facility Management business, we have four or five entities, business entities for various strategic reasons and that has helped us grow much faster. So, our focus had been on growth every year. But we realize that any moment we start synergizing the SG&A structure of these different entities and which we are looking at now, the operating leverage will start kicking in much faster. So yes, that is going to be something that we'll see the advantages of.

Ganesh:

Thank you.

Rahul Jain:

Hi, here in the first row. Yeah, this is Rahul Jain from Dolat Capital. My question is pertaining to what are the new set of avenues you're targeting from a growth perspective. Are you trying to touch the opportunity on a very large manufacturing base as a nation that we are trying to set up into? And maybe also on the high margin businesses like some of your peers are into, maybe which are around these services or BPO or the tech side of the business?

Rituraj Kishore Sinha:

So, two dimensions, number one is the network itself, you need to really cover the market. So, I think if you look at, there's a map out there, you will see that SIS maintains more branches in India or covers India, different manufacturing areas and cities and semi-urban areas

more deeply than any of our competitors like G4S has 80 branches, we have 160 just in SIS. If you add other Security companies, you will have more than 200 branches. So, but we maintain this because we wanted to grow faster. So, we have penetration in all the manufacturing hubs, whether they are auto manufacturing hubs, auto ancillary manufacturing hubs, cement clusters, sugar clusters, whether there's mining pockets, whatever it is, SIS maps it by district.

So, that's what we do. We try and track by district, volume of market, our share, and therefore whether we need to have more branches in that area or not. So that's done at a very, very micro level. The second question you asked is what new technologies and what new services, higher margin services you are in. So, on the Security side, there's an example of VProtect. It's a 20% EBITDA margin business. It's no longer small. It's roughly ₹100 crore in annual revenue, ₹150 crore in annual revenue, and it's delivering 20% EBITDA margin. We believe there is potential to take it to ₹500 crore in the near-term, become the largest in that space, not just on the B2B side, but also experiment a little bit on the B2C side, because as guards become more expensive, people don't want to have a full-time guard.

Number two, people are more technology friendly. They order taxi on app, they order food on app, they order groceries on app. They want to have even Security on app. You know why there's somebody standing 24/7 at their gate. So, I think that's the 20% plus margin business we are developing.

On the Facility Management side, like I said, we are looking to acquire and invest in higher margin FM plays, which are moving up the value chain because in the M&A segment, I don't want to talk more about it at the right time we will discuss.

In Cash again, we are providing so many Banking services today, Currency Chest Management, for example where we provide the machinery, we provide the manpower, we provide the audit facility, and we charge the Bank per bundle of counting, sorting, verification. So Currency Chest operations that generally a Bank has traditionally done is being manned and managed by us, even as the space is theirs. So, I think there are various services like this which are higher margin services which we constantly keep pursuing and approaching. On the Cash side, for example, we are now contemplating getting into the CSP side, customer service points for Banks. So there's a lot of these

ideas that we keep contemplating which but which are strictly within our domain. We are not sort of jumping into completely unrelated areas for higher margins.

Rahul Jain:

Yeah, just a small clarification on the manufacturing side when I was asking. I was trying to understand that very large manufacturing projects which are coming. For example, lets say an Apple project where you may have very high concentration, high people's strength kind of a setup, more on those part I mean to say.

Rituraj Kishore Sinha:

We are the largest industrial Security provider in the country. Apple stores that you see here in BKC and elsewhere, are all SIS secured stores, Apple has been a long-standing customer. Apple has in India outsourced its manufacturing to more than one third-party manufacturers. We work with at least one of them. So, I think manufacturing is a space we cover very closely because it is what saved SIS, SIS revenue during COVID years shrunk by less than 5% in Security segment. Our next two competitors lost 20% ballpark revenue because they were too IT services and soft services, new economy sector dependent. We are too brick and mortar traditional industry dependent. So, what saved us is our operations in Tier 2, Tier 3 cities and in manufacturing and mining. What hurt the likes of a G4S and Securitas was working too much only with multinational IT and BPO type companies. So, we stick close to our core and we continue to work there.

Rahul Jain:

Thank you.

Unidentified Analyst:

Sir, in the presentation there was a point made about organized, a shift to organized happening slower than expected. So, can you just throw light on who exactly are these unorganized players? I mean are they like the local politician kind of thing or something like, I mean very micro regional players?

Rituraj Kishore Sinha:

The difference as far as I'm concerned, when I use the term organized versus unorganized, it basically means social security compliant, social security non-compliant. I mean you can run a small company and do it very well and there is no reason somebody should call you unorganized because you are small. That's not how it works, anybody who is social security compliant, who is paying minimum wage, PF, ESI, bonus, gratuity, irrespective of scale of operation is an organized operator. And it could be a very large operator which is into trouble

with PF department or in trouble with GST for non-compliance. Now that in my sense is in our nomenclature, an unorganized operator.

Unidentified Analyst: Sure, just a follow-up on that. I mean, please correct me if I'm wrong, but I'd read somewhere that in this industry there is some licensing requirement to provide Security services. So wouldn't that licensing requirement already take all this PF and all into account or is it like some sort of disconnect in the Government departments at the back end?

Rituraj Kishore Sinha: Well, that's a great question. India enacted the Private Security Agencies Regulation Act in 2005, and it's been in implementation since 2008. So yes, you do need a license in every state to operate private Security services. As far as compliance is concerned, the move has been slightly slower because PSARA, the act is controlled by Home Ministry, and all the other regulations are controlled by Labour Ministry like minimum wage, PF, ESI, bonus, gratuity. So, there is a little bit of a disconnect there which a lot of people do take advantage of, but I think it's a matter of scale. Beyond when you run a business of a certain scale, you cannot get away not paying your GST or not paying your PF. The departments come after you, because we are large employers. But somebody managing really small operations, 1,000 people, 2,000, 5,000 people, for them to show up on the radar it takes a little bit of time. So yeah, the compliance at the bottom end is low. So if you visualize this sector, when I talk to my managers, I ask them to visualize the sector as a very flat pyramid. It has a very wide bottom and a very small top and it's very flat. So what I mean by that is that Security business with more than 2,000 crore annual revenue are only two. Licensed Private Security companies in India are more than 15,000. So, there's no barriers to entry. There's barriers to scale. People can't handle scale. That's why we showcase all these technologies, because without this you cannot manage 283,000 people.

So, our mantra, I mean I'm so sorry, I'm boring you with all these operational details, but our mantra right now is what we call QACA, Q-A-C-A, Quality Assurance Compliance Assurance. That is what we are selling to our customers. Quality assured services and compliance assured services.

Unidentified Analyst: Thanks.

Aasim Bharde:

Hi, I'm Aasim from Dam Capital. I just wanted to hear your thoughts on where does working capital eventually stabilize going forward. Because India business will be the faster growing business. So mathematically the working capital will look as its worsening on the balance sheet side. But is there anything maybe theoretically with industry potentially consolidating will working capital in India come off, because competitive intensity comes off by any chance? Or basically I just want to understand your OCF/EBITDA conversion. That improves from wherever it is in FY23. What will drive that eventually? Would it be more focused on margin expansion or is there anything on working capital?

Devesh Desai:

No, you're right that working capital intensity otherwise will drive the EBITDA conversion to OCF. And it is not really an EBITDA issue, it's a working capital management issue. And you will find seasonal fluctuations. You will find as and when large contracts come in, to some extent we may have to put in more working capital during those large contracts, especially during the initial phases of the contracts, where let's say it's a large Government contract or a large tender, which we have won.

Initial one or two months you spend and are trying to figure out the invoicing of the documentation and other process, and you end up putting in more working capital. But over a period of time in Security business, it should stabilize at the 60, 65 days mark. And in Facility Management, it should settle down around the 75 or so mark. Yes, we've been a bit off on that last couple of quarters, but we don't see why we should not be back in that range very soon.

Aasim Bharde:

But since you are a growing company, this thing will keep happening.

Devesh Desai:

Okay, so let me answer that also. So, at different ranges of growth, you have different kind of conversion and working capital requirements. If you add that 10% growth, you will achieve more than 80% OCF conversion. If you are in the 10 to 20% range, you will easily exceed 50%, 60%, 70% is the range you can get into. If you have over 20% growth, then you could be 50% or less. So yes, the number of the amount, the DSO, and the rate of growth both drive together to determine what that OCF conversion is going to be. So yeah, this is something which will, but there will be some calibration around this, but we don't see why we should not reach our minimum target of 50% OCF conversion of EBITDA.

Aasim Bharde: Okay. I mean, can you just mention what is the working capital level in your Cash management business?

Devesh Desai: So, in the Cash management, a couple of years back, our DSO was 110, today it is 83.

Aasim Bharde: And just lastly on the M&A strategy that you guys plan to do, so it will all be all bite size acquisitions, so I'm assuming you will not need to raise Cash or anything for it?

Rituraj Kishore Sinha: Yeah, it will be bite-sized mostly.

Aasim Bharde: Sure. Thanks.

Unidentified Analyst: Sir, just a question on your FMS business. Would it be possible to dissect your FMS by the kind of services that you offer or the industries that you cater to, number one? And number two, you did mention about the scope for operating leverage coming from the SG&A side in the FMS, but is there a room for an operating leverage given the kind of contracts that you have in the FMS? I don't know if it's mapped to the number of people deployed or is it mapped to the size of the facility, and hence there could be a scope for an operating leverage? Just trying to understand on that.

Rituraj Kishore Sinha: So, I guess, Dhiraj, will help me with this, but broadly on the Facility Management side, our primary customers are manufacturing, commercial spaces, hospitality, and healthcare. So, these are some of our primary segments. They are all large spaces. There are two types of contracts, input-based contracts and outcomes-based contracts. Outcome-based contracts are basically where I agree a service level agreement and then I plan my manpower or chemicals or machines as per my requirement, I deliver a certain quality to you, you pay me per square feet per month. There is also input-based contract where the customer says, no, no, no, I know what it takes. I need so many people from you, I need these machines, I need these chemicals and just get the job. So, there are both types of contracts.

I think as far as gross margin is concerned; more automation means higher margins. Increasingly, there is uptake of automation in Facility Management, hygiene sanitation by and large. I believe post-COVID, FM has also become more a hygiene thing. It's a workplace safety or a customer safety type thing. It's not just cleaning that it used to be pre-COVID. So, I think if you ask me now and pre-COVID, I see an

increase in per square foot expenditure through input-based or outcome-based. People are willing to spend more for safety and this happening across sectors. And I believe that in the coming years, as the businesses scale from ₹2,000 crore to ₹3,000 crore, etc., you will see significant operating leverage coming through not just at the SG&A line, but also on some large contracts where we can use more mechanization. So, there is significant opportunity at both lines.

Unidentified Analyst: Again in the FMS, any percentage of business coming from public infrastructure like the airports or the railways that you currently have? And do you think this business could be high on margins or probably the similar levels?

Dhiraj Singh: So our different entities focus on different segments. That is the way we don't conflict. So ServiceMaster focuses on sectors like railways. Airports are done by both ServiceMaster and DTSS. But we have a mandate, a limit that we don't want to cross beyond 20% and we are within that range for the overall Government contracts. Having said that, our Government contracts are strictly for Central Government contracts or Central Government PSUs. We do not touch the State Governments, State PSUs and definitely run away from any municipality contracts. The other part to your question on soft services and hard services as typically classified in FM. So our hard services business segment, we were less than 4% until about three years ago. That's the technical services. Now it's about 10% and technical services by itself would make us in the top three technical services also in the country. So we are bringing both soft services as well as the technical services in our gamut.

Unidentified Analyst: Thank you.

Unidentified Analyst: Sir can you talk about a little bit on the Cash Management business, like what is our right to win here? What is the number of pin codes we serve? What is the amount of, like say, what kind of activity we do here and what kind of Cash numbers we handle and how do we charge in this business? Is it the amount of Cash handled, or distance covered in terms of pin code? Some little bit more flavor about this business. How does this business look like? Whom do you compete within this business and what are your competitive advantage vis-à-vis the competitor? Thank you.

Rituraj Kishore Sinha: So, I'll give you a different set of metrics. For us, it is not a Cash logistics play now. For us, we have more or less transformed into a Bank outsourcing type service provider. So, we are not trying to cover maximum number of pin codes in the country or anything like that. We are basically focused on route density, profit per route. What is the revenue per route. What's the cost per stop is what we work on. That's our key metric. If there's a route of let's say a vehicle goes to pick up Cash from 20 doorsteps or let's say 10 doorsteps, fills up to 2 ATMs on the way, carries some other thing on the way and there does 18 stops in a route in a day, what is the cost per route? What is the revenue per that route? What is the cost per stop? What is the revenue per stop? That's how we work.

We do not believe in a logistics business that there is any price for pan India presence or largest or biggest. I think it's all about route density and route profitability. So those are our metrics. And like I said, we are not ATM focused. Our view is that ATM is a dying stream. We are focused on Bank outsourcing. We do not like to work with MSPs. We are focused on contracts which are directly between us and the Bank. We are not focused on fixed price contracts. We want contracts which have escalation for minimum wage, fuel, other such things in case these get bumped up, we have some kind of coverage. So there are a few material differences between the current listed peers and how we run our business. And so when the time comes, when we are little closer to monetization, I'll talk more head-to-head comparison to give you insights.

Alok Deshpande: Hi, can I go ahead? Hi, Alok from Nuvama. Two, three questions. First, now after FY23, you know we had three years where many sectors went through abnormal growth or abnormal decline. FY23 is the first normal sort of steady-state revenues for many of your client sectors. Now, for your four businesses, how do we see the glide path for the next two, three years in terms of growth trajectory? What can it be for the India Security business? What can be for Facility Management? And secondly, when you mentioned about the Facility Management, weaker margin contracts sort of going out of the system, will that affect the growth trajectory in anyway?

Rituraj Kishore Sinha: Well, I'll go one by one. I think the broad guidance for SIS we've maintained since listing is 20% growth, 20% return on capital and greater than 50% OCF/EBITDA. So, right up to Vision 2025 end,

which is FY25, we will work with the same matrix. That's our goalpost. That's how we model our business. Security, I think, is heading to pre-COVID levels of margins. Growth, again should be at market or above market, which is in the 15% ballpark range.

Facility Management, I think they have grown very, very well in the last two years. They have done like 30% in one year and 40% in the next year. I think it's for them, it's time to churn. You have to clean up certain contracts that were taken up in so haste, I think their bigger priority is fixing their margins for the moment. So I think their growth will be significantly slower than that 30%, 40%. But I think clearly the priority is to fix up the margins on the FM side.

On Cash, I think we grew 40% last year. This year again we will grow ballpark 20% plus range and EBITDA margin remains hovering around 15. I don't see the EBITDA margin going up drastically in the near-term, so that's pretty much that.

As far as International is concerned, International I'd say would go back to the pre-COVID numbers. So, it's basically single-digit growth and you know ballpark 4% EBITDA. So that's how I see it in the immediate term. Obviously, when we make our Vision 2030 plan in the next 18 months or so, we'll come back and talk about how things will change. I think there was a question on the other end about working capital. One of the points Devesh made and it's very important for people to note that you cannot grow at, when we said that we will grow at 20% we were a ₹4,000 crore Company. Now we are like 3x that size. So, percentage of growth may look different for the '25 to '30 period but obviously the absolute value, rupee value of growth will still be huge like last year we grew ₹1,300 crore. This year ballpark similar, this is without any M&A. There is no M&A in this. As we grow slower, more working capital will be eased. So OCF will go up.

Alok Deshpande: Thanks.

Operator: Any questions? If we have no further questions, then we can close the session. Thank you all.

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