Date: May 10, 2023

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

Company Symbol: SIS

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

Company Code: 540673

Dear Sir/Madam,

Sub: Transcript of the Earnings Call – Q4 & FY23

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

Please find attached the transcript of the earnings call for Q4 and FY 2023 held on May 4, 2023. The transcript is also available on the Company's website at https://sisindia.com/financial-results-presentations/.

Kindly take note of the same.

Thanking you

For **SIS Limited**

PUSHPA LATHA KATKURI Digitally signed by PUSHPA LATHA KATKURI Date: 2023.05.10 18:54:02 +05'30'

Pushpalatha K
Company Secretary

A Market Leader in Security, Cash Logistics & Facility Management

SIS Group Enterprises

SIS Limited (SIS)

Q4 & FY23 Earnings Conference Call Transcript

May 4, 2023

Moderator: Ladies and gentlemen, good day and welcome to the SIS Limited Q4 & FY '23 earnings conference 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 the 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 the conference over to Mr. Bharat Bakhshi, President, M&A, Investor Relations and Ventures from SIS Limited. Thank you and over to you, Mr. Bakhshi.

Bharat Bakhshi: Good afternoon everyone, and welcome to our Q4 and FY '23 earnings call. Along with me, I have our Group Managing Director, Rituraj Sinha, and our Group CFO, Devesh Desai. I hope everyone has had a chance to look at our results and the earnings note which has been uploaded on the stock exchanges and our company's website.

We are very happy to report that the business continues to show strong revenue growth, with the growth rates now heading back towards pre-COVID levels. On a consolidated basis, as you've probably seen, we grew revenues by almost 13% in FY '23. India Security grew almost 20%, facility management grew by 36%, and our cash logistic JV, which we do not consolidate, grew by 38% over last year. So very strong growth across all segments in India.

The international business was pretty much flat over last year, but this was in spite of a lot of the one-time COVID-related contracts falling off. So basically, international was able to pick-up other business to compensate for the one-time contracts falling off. And even with these international numbers included, as I mentioned, on a consolidated basis, the overall revenue still grew almost 13% over last year, which we feel is a very good outcome, showing very strong business growth across all segments.

On the margin front also, as guided by earlier, margins are now steadily increasing. Over the course of the last two quarters, our EBITDA margins have increased by 50 basis points. Earnings per share for FY '23 are 7.1% higher than in FY '22.

The other good news is that this quarter also saw strong cash generation, with consolidated OCF-to-EBITDA for the quarter at 144%, allowing us to repay approximately INR 83 crore of debt subsequent to the quarter end. Our net-debt-to-EBITDA from 2.06x in the previous quarter is now down to 1.75x, which is again a good outcome, given interest rates have been going up. So overall, we are very happy with the business momentum.

We will now turn it over for Q&A.

Moderator: Thank you. Our first question comes from the line of Koushik Mohan from Ashika Stock Broking. Please go ahead.

Koushik Mohan: Hi, sir. Congratulations for the great set of numbers. So, sir, I just want some clarity on your operating margins and what is your guidance for the future operating margins, as well as how is your growth in the other part of the business, which is non-related to employees on the automation part of it, AI?

Devesh Desai: This is Devesh here. So, as you can see from the results we published, we have had good growth in all segments, both in revenue and on the operating margins. As we had guided earlier, we are slowly, steadily going back to the pre-COVID levels of margin and this is another quarter of EBITDA growth which we have delivered. The second question was on guidance; at this point, we are not giving any guidance, so I'll leave it at that. But I would only like to say that we will continue working on improving the margins and revenue growth. Hopefully, we'll be at similar levels of this year, but at this point, we are not giving any guidance.

Bharat Bakhshi: If I may just add one sentence to that is that, as Devesh said, you know the focus continues to be on increasing the margins and as we mentioned on a call a couple of quarters ago that we thought we had hit the lowest and things would keep moving up. And as I mentioned in the initial commentary that margins have moved up last two quarters, I think at a high level, we can say we expect the trend broadly to continue because we are focusing quite a bit on the margin front, but as Devesh said, we don't have any exact guidance that we normally give out. But yes, we do see the improvement, hoping to continue. I hope that answers your question.

Koushik Mohan: Yes. I have another question. Sir, how about the sales? How are you looking at your sales? Is there any promise of orders that you have it in your hand currently? Because once any one Bank gets in a tie up with you, they actually stay for a long time. So, I just wanted to understand what is the average duration that the client is staying with you as well as what are the expectations that with these existing clients, what do you expect for the coming future?

Bharat Bakhshi: So actually on clients, yes, we are seeing very good client additions, both new clients as well as existing clients who are increasing their business with us across all segments. Again, whether it's security, whether it's facilities or cash, we don't have much client concentration. As you're probably aware, we have many thousands, almost 10,000 clients in the security side itself, so there is very low client concentration. In terms of contracts, again, it varies a lot. Some of these get automatically updated. Some come up for renewal on a basis. But on average, you can say typically about three years or so is, again, on average, how long we have these contracts. But as I said, I think the bottom line is that we have very less client concentration, and we are seeing good traction across all segments of the sectors we cover.

Devesh Desai: So, I'll just add to what Bharat said. So, while a typical contract length or average contract length would be three years, we've had a number of clients who've been with us for a number of years with several extensions. So, some clients have been there for 15 years or 20 years, 10 years. So, there's a large spread of clients who've been sticky with us, and they give a strong base for our business on a year-to-year basis.

Koushik Mohan: In the history, you have guided that you wanted to become a 10% market share in this business. And according to my understanding, the entire security system is growing at a 25% CAGR. So, in that case, if you wanted to be the 10% of the market and if the market is growing at only a 25-percentage level, so what is your actual points that you're putting forward that you'll be achieving them? What are your growth drivers that you're expecting this will be achieved for you?

Rituraj Sinha: Hello, this is Rituraj here. I think, let me correct you. I don't think the security market is growing by 25%. I don't follow where you got that data point from. The security industry growth ballpark during the last two years after COVID was subdued, it has grown definitely close to 12%, 14% this year. And against that, SIS has grown 20% this year, which basically means that you picked-up market share in the process. We believe that if this exercise is repeated over a cycle of next few years, our market share, which is currently sub-5%, can move up. And then with a few strategic acquisitions, our ambition is to lock ourselves into a 10% market share in India. That is a function of both organic development over a few years, not one, two, but several, as well as some strategic M&A.

Koushik Mohan: Got it, sir. I have a last and final question, sir. It's on the taxes. You have a lot of benefits on the taxes side. Sir, if you can put two, three benefits that majorly contributes to your tax benefits?

Devesh Desai: So if you look at the earnings note, it's given a note on the major tax benefits we have, which is under Section 80 JJA of the Income Tax Act. It is fairly well explained it in a bit of detail. So, I would request you to kindly go through that. And if you have any questions after that, we will be happy to answer you.

Koushik Mohan: Sure, sir. Thanks for this. I'll come back in the queue if I have questions.

Moderator: Thank you. Our next question comes from the line of Athreya Ramkumar from Ithought PMS. Please go ahead.

Athreya Ramkumar: So, I just wanted to ask you about the cash management business, which is now close to 17% of our EBITDA. And in the press release, it states that it's driven by doorstep banking and cash in transit. So, I just want to know, what are the trends which are driving this growth? And going forward in the future, are we targeting, will the growth come from the same areas or are we targeting, other segments of cash management?

Rituraj Sinha: See let me first correct you. Our cash business is not the typical cash Company. And I say that because less than 20% of our revenue comes from ATMs. 80% of our revenue is non-ATM. So, first thing you need to understand is that it's a business that is more into Bank outsourcing than typical cash management. I mean, if you juxtapose it with the other listed companies in the space, you will see 80% of the revenue is ATM-linked. Whereas in our case, 20% of revenue is ATM-linked. So that's the level of contrast. Now that also gives you a broad sense that because we're doing Bank outsourcing services, there are so many things like note counting, currency management, PEGE operations, invoice collection work for electricity companies. There is so many, so many other service lines that we have, which are attractive for us. Value cargo, cash deposit. So, all of this is what is driving the growth, not the ATM side.

Athreya Ramkumar: Sure. Thank you so much. And could you just throw some more color on, the doorstep Banking part of it and what's driving the growth there?

Rituraj Sinha: Well, I think more-and-more people are opting for agencies like us to collect money at their doorstep and deliver cash at their doorstep. It is also a function of organized retail. As the penetration of organized retail in India goes up, there are more chains, whether they are saree store chains or jewellery store chains or McDonald's chains or whatever type of chain. They generally outsource their cash pick-up and delivery operations. So, people like us actually go and collect money at fixed times and deliver instruments, not just cash, but also other instruments at doorstep. So, this must be seen as something that's very closely linked to the organized retail piece. So as organized retail boosts, doorstep banking will continue to grow.

Athreya Ramkumar: Sure. Thank you so much. And I just had one last question on the margins on the cash management. So, I think year-on-year, just for Q4, it has declined. So, I just want to understand what the reason is. And for the full year, it has actually improved by more than 100 basis points. So, is this a sustainable margin rate, just want to understand some about that?

Rituraj Sinha: So margins for, if I understand clearly, you're talking about margins for cash logistics, right?

Athreya Ramkumar: Yes, cash.

Rituraj Sinha: So, cash logistics business already is delivering 14%, 15% EBITDA margin. And I believe that as the business gains further market share, one of the big things, the decisions that we took around four years, five years back was to stay away from the ATM side of business and that's helped us significantly. And the other call we took is not to make a cash Company that is a market leader across India. We focus on North and East India. And we go into, like, extreme territories like Northeast parts you know Arunachal Pradesh, and such pockets, or even Bihar for that matter, Odisha. So, we go into territories where the competition is low. Our market share, therefore, is higher. Higher market share means greater density on each cash van route. Higher density on each cash van route means more margins per route per day. And we've implemented tremendous amount of technology today. We are the only business in India which is able to give you profitability per stop. So, if my cash van stops for 30 minutes at a saree shop to collect money, I can actually compute the cost of that stop and whether I make margin on that or not. That's a function of all the technology we've implemented in the last 4-5 years.

Harish Kumar: Sure, sir. Thank you. That was really helpful. I just had one last question. I just wanted to know, do we compete in this doorstep banking with, certain payment Banks because we are seeing that they are also active in this space?

Rituraj Sinha: Sorry, I didn't follow that. Can you repeat that?

Harish Kumar: Are payment Banks also providing this service of doorstep banking, like cash management?

Rituraj Sinha: As far as I know, the top 10 Banks in India do not operate a single cash van bank. As far as I know, but I can, I mean, you can search for yourself. But my understanding of this industry is that post demonetization, whoever was running cash vans was also doing doorstep banking on their own, they have abandoned to do so.

Moderator: Thank you. Our next question comes from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: So, my first question is on the international security services business. So, we have been seeing that the margins for this business have been coming off. So, can you please explain, the reason behind it and where you see, where actually you see to stabilize? And also, another aspect to it is that the salary per employee, what I see here is, is almost like double the minimum wages that is there in Australia. So, what is driving these higher realizations in the international business?

Rituraj Sinha: So, I'm very happy that you're taking a deep interest in this, in the international business, and I welcome you to visit our Australian operations directly. I understand that that's already been set up for you. I, in fact, encourage more and more analysts or investors, whoever wants to visit any of these countries, or you're visiting already, and you want to stop over at our office and meet our management. We'll be very happy to facilitate that.

But coming back to the question, our international business margins are down. That's a statement of fact. But I have repeatedly said that please compare international margins to pre-COVID. Even prior to COVID, the international business was hovering around 4%, 4.5% EBITDA margin. Even now, it is settled back at 4%, 4.5% EBITDA margin. What you saw at FY '21 and FY '22, with the international business reporting 5%, 5.5%, 6%, even 6.5% margin in some quarters, was completely exceptional. And that was on account of over $100 million of temporary COVID work that came at super normal profits. All of that revenue has exited the system now. Just in the last financial year, FY '23, AUD 84 million worth of COVID-related contracts came to a stop. And obviously, those contracts were more profitable than our standard routine contracts that we got to replace them. So that, you will have to understand that the international business is a 4%, 4.5% business. And we are working to tweak it. It might go to 5%. But that's the pre-COVID normal for many, many years prior to COVID. And that will continue to be what it is. It is not suddenly going to become a 6% margin business. What will happen is that the share of international business in our overall revenues and EBITDA is now sub 35%. More 40% than 35%, but it is going down. As the share of international business slides from the 38%-40% share of EBITDA and revenue to a lower number, the blended margin of SIS group will hopefully go up. And I have maintained, and I repeat that the India Security business, India Facility management business, are both capable of delivering 6% plus EBITDA margin. They were delivering 6% plus EBITDA margin prior to COVID. And I don't see any reason why these businesses should not go back at 6% plus.

Amit Chandra: Okay. So, I know you mentioned that the margins are back to pre-COVID levels. But if I see the realizations of the international business, it's still around 50% higher than what we used to do pre-COVID. So, are you saying that the realizations are also going to normalize over the next two years for the international business?

Rituraj Sinha: What do you mean by realization? I didn't follow.

Amit Chandra: Salary per employee. So, if I just calculate the revenue by the total international employees.

Rituraj Sinha: No. So, the margin, the gross margin remains the same. The EBITDA margin remains the same. So, the salary, whatever percentage we were gaining of our employees' monthly salary, we remain to realize the same amount of money. That doesn't change.

Amit Chandra: Okay. Okay. So...

Rituraj Sinha: Let me be more specific. If your question is, is gross margin in Australia going down, the answer is no.

Amit Chandra: Okay. So now like more from a broader perspective. So, any overall, both as the security services in India, Australia and the Facility management, if you can broadly explain what part of the revenue is from basic services, which is the services segment and some solutions, right? So, if I understand that, services is typically the cost plus services fee model, plus solutions is basic services, plus some amount of tech in it, right? So, what part of the revenue is from services and solutions? If you can break it up within segments, it will be helpful. And also, in terms of your current contracts, what part of the contracts we have as a fixed service fee model and what is on a variable service fee model?

Rituraj Sinha: So, it's a good question you asked, Amit. There are four layers in the outsourced services market, right. And I've said this multiple times and let me repeat it. The first layer is what you call the staffing layer, which works on fixed INR fee per head per month. In that layer, we don't operate. We are not a staffing Company.

Then there is layer two. In layer two is services sector, where we are responsible for outcomes, not for just providing body shop. In such contracts where we are responsible for security of a building or maintaining registers or upkeep or cleaning of equipment or HVAC services or whatever not, these are service level agreements, SLA-based contracts, where we are responsible for outcomes. And that layer two is basically a 5%-7% EBITDA margin business. And that is 5%-7% EBITDA margin business because we charge percentage-based service fee, not fixed INR-based service fee. 85% of SIS, maybe even higher, is in this box.

Then in the third box, box number three or layer number three is what we call the Solutions layer, where we do everything that is involved in the service layer, but on top we add a lot of technology. It could be mechanized cleaning. It could be CCTV cameras on off-site basis. It could be basically things like VProtect, alarm monitoring response. Now, these businesses have EBITDA margin range of even up to 15%. And our VProtect business currently is a very small business. It's still INR 5 crore, INR 7 crore monthly invoice value. Ballpark it is still delivering close to 15% plus EBITDA margin. So, we have proof of concept. It's just that the alarm business is fairly small right now. Over the next few years, we hope to build that up. We have 14,000 connections right now. We hope to build it up to 50,000 connections in near term. And should that happen, obviously, you will see that more evidently, the impact of solutions. Also, the guarding business also does a lot of man-tech. Like we just picked up a large contract from Vedanta, which is not just manpower but drones and mobile app, CCTV-based video surveillance, AI-based video analytics. And that's again a contract which will deliver an EBITDA margin of close to 10%.

The last and the ultimate layer in our industry is what we call route-based solutions. This is the cash industry or the pest control industry. Now, what happens here is that the gross margin is high. The gross margin could be 35%, 40%, 45% in pest control and in cash logistics-type business because it's route-based. You will also get the benefit of root-based efficiencies. As a result, these businesses deliver 20% plus EBITDA margin. Our cash business is in that pocket, which is now roughly 17%. If you look at SIS with cash, almost 17% of our revenues are there. Pest control is another 1% or 2%. So next time when you see our earnings report, I have asked my team to put out what share of our revenues is in what bracket. Maybe segment-wise or overall, they'll see what they can do. But we'll try and give you a clearer picture. Because I think for the longest time, last 5 years at least since we got listed, we have been constantly compared to the wrong peer set. We are not a staffing company. We are not a 2-3% EBITDA margin business. Structurally, we went down to 4% or 4.5% because of COVID. We have in the past demonstrated the ability to deliver 6% plus. And we have every intent to go back to 6% plus.

Amit Chandra: You mentioned that services is 85% of the overall revenue. So, in the services model, what part of the contracts would be on a fixed service fee model and a variable service fee model? If you can give some number around that.

Rituraj Sinha: Like I said, fixed INR based, there could be 5%-7%. But I don't think it's going to be more than that. That would also be in case of some large Bank which has an RFP of hundreds of manpower or maybe INR 5 crore of revenue and they have put an RFP like that. But generally, by and large, it's not the case.

Amit Chandra: My last question is on the 80JJAA benefits that we are taking. So, what's your view on the 80JJAA benefit? Till how long can it continue? And also, in terms of the income tax refunds that we have to get from the income tax department because still we are paying taxes which we have to take the refund back from the department. Till which financial year we have got the refunds?

Devesh Desai: Firstly, on the 80JJAA, as long as it continues, we will take the benefit. There is no notification or intimation from the government that it is going to stop. So as long as it is there, it continues. If you look at the Q4 cashflow statement, you will see that taxes number is a positive and not a negative. And that shows that we are getting our refunds from the income tax department. The last question is up to which year we have got it, I'm sorry, that's not something I can disclose.

Moderator: Thank you. Our next question comes from the line of Amit, an individual investor. Please go ahead.

Amit: My first question is regarding our receivables. Our revenues have grown by 13% but our receivables have grown by 20%. What's the reason for that?

Devesh Desai: So, there are two things. When we compare the revenue and the receivables, the receivables also include a GST component. So that goes up by around 18% or 20% depending on the job field which it covers. And we also reported in our earnings report we also report how the DSO is going up and down. So unfortunately in this year, because certain clients who normally pay at the year-end, they did not pay up at the year-end, they paid in April. So concurrently our DSO had gone up in March, which has come back down in April. And that is why you see that there is a difference between the two numbers.

Amit: My second question is regarding this cross-selling opportunity between our security and FM business. I guess currently only 6% clients are using both the services. So as these verticals, the FM vertical and the security verticals, these are managed separately. So how do we approach these cross-selling opportunities internally? And what is our strategy to capture this cross-selling opportunity? Because I think we have a significant headroom to grow this 6% into something like 20-25 something. And do we have any internal targets for cross-selling within the organization?

Rituraj Sinha: I think cross-selling is something that we do in a way that we don't end up confusing the customer whether we are a security Company, FM Company, pest control Company or electronic security Company. So, what we call it is cross-referencing. What it means is that the guy who sold security to let's say your building is not going to suddenly go there and start talking about pest control the next day. In such cases what happens is that customers get confused whether you are talking to a security company or what type of service company, jack of all trades, master of none. So, what we do is what we call cross-referencing. In top 14 cities in the country, which constitute roughly 65% of SIS revenues, we have created what we call the city coordinator group, which has representatives of all group companies operating in that city or state who are members of that council. They meet once every month to exchange references and pass to each other contacts and updates. And then, let's say for example what happens in the city of Chennai for example in a city coordination meeting says that okay I have got 10 new contracts. Other people in the FM business or in pest control or electronic security raise their hands and say look I also want to get to know this customer, can you give me a reference. He simply passes on the reference and writes to the customer an email saying here is my colleague, he wants to go and meet you to share about whatever his service may be and please give an appointment. That's it. That's where the referencing stops. That's the model we adopted. We do not push cross-sales target for our team. We believe each of our businesses is capable of delivering its own growth and so far, that has also been demonstrated. For example, the 20% growth in security is not hinged upon how much cross-selling happens.

Amit: Okay. So sir, is there any target something like where you feel the 6% can grow to?

Devesh Desai: Can you repeat that question please?

Amit: Are there any internal targets like any ballpark figure where this 6% can grow to? Like most of our clients are using both the facilities from some other service provider. So isn't it like...

Rituraj Sinha: This is a matter of strategy of the Company. There is no internal target. Cross-selling is not our biggest growth engine. I'm sorry if that disappoints you.

Moderator: Thank you. Our next question comes from the line of Dharma Venkatesan, an individual investor. Please go ahead.

Dharma Venkatesan: My first question is regarding our international business. So, in our previous calls, we have mentioned that due to the COVID contract, our aim for us is to make sure that we don't have a deep growth in revenue, and we will fulfil whatever the drop-off comes from the COVID revenue we will just make sure that the growth covers that up. So, I just wanted to know how much revenue we had due to COVID last year so that we could get a sense of how much growth we have done on the international business this year.

Devesh Desai: So as Rituraj has just said a few minutes back, it was more than AUD80 million of contracts of COVID which were not there this year compared to the previous year. So, I hope that gives you the answer.

Dharma Venkatesan: Yes, sir. And the second one is regarding our subsidiary in Singapore, Henderson. So how are things looking there because the last few quarters we had some issues there in terms of revenues and EBITDA. So how are things looking there and what is the outlook for the next year?

Devesh Desai: So, as we have mentioned in the last few quarters, the turnaround strategy is there. It has been put in place. The actions are there. The actions have been started. It's showing some improvement, but it could take a few more quarters to come back to a profitable state. But the actions are there. The improvements are there on a quarter-to-quarter basis. There is improvement in the bottom line over there.

Dharma Venkatesan: Can we expect it to be EBITDA breakeven by the end of next year, like some sort of EBITDA-level breakeven? Because currently we are losing money?

Devesh Desai: Yes, so the target definitely is to achieve it no later by that time.

Dharma Venkatesan: Okay, sir. And in the previous call, you mentioned that 1.6% of our customers who use security services use security management services also. And we are working towards a higher number. So, is there any change in the number? I know it's just a one-quarter, but I just wanted to get an update on it.

Devesh Desai: Can you repeat that? I didn't understand the last part.

Dharma Venkatesan: Sir, like in the previous calls, you had mentioned that 1.6% of the customers who use security solutions also use facility management services from us. And you had mentioned that we are working towards getting this to a higher number. I know it's just a one-quarter, like one-quarter before you said this, so I just wanted to know is there any change and how are the things you are doing?

Devesh Desai: As you would note, we just had a five or six-minute conversation exchanged on cross-selling, facility management, security, etc. I think you would have got your answers from there, but is there anything beyond that that you want to know?

Dharma Venkatesan: If there is anything beyond that, I will write to the Company, sir. And regarding the fixed-wage inflation escalations which we had in our overseas companies, is all our contracts renewed on the new wage basis or is there still some lag in that, sir?

Devesh Desai: All the wage increases have been passed on in Q3. So, the full impact came in Q4 as we had reported earlier.

Dharma Venkatesan: Okay, and just one small request, sir. First of all the presentation was pretty clear and it has all the details which anyone who wanted to know about this Company. Just one thing, sir, in the debt portion, the comparison was made between quarter-on-quarter. So, if there was a comparison between year-on-year over the net debt and the gross debt has moved. It will be even clearer for us. So, just a small request. That's it.

Devesh Desai: We will consider. And we will see how it fits into the overall structure of the note.

Dharma Venkatesan: Okay, that's fine. And finally, regarding our cash business, our execution continues to be top-notch, and we are actually growing in faster than most of the players of the industry, so I just wanted to congratulate you on this. And thanks for the opportunity.

Bharat Bakhshi: Thank you very much. Thank you.

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

Rituraj Sinha: Thank you, everyone, for joining this call. As I look back and summarize FY'23. I think it's been a year of more wins and gains for SIS than the previous two years, which are FY'21 and FY'22. And I say so because SIS is always measured itself on three metrics. 20% year-on-year growth, 20% return on equity, and greater than 50% OCF EBITDA. If I look at FY'23, I see a year where after a gap of more than two, almost three years, growth came back, that's the biggest takeaway for me for FY'23, growth has come back, and it's come back with a bang. The India security business grew 20%, the FM business 36% and the cash business, 38% year-on-year, and more importantly international business while the numbers show only 0.7%, the reality of the matter is that international business lost AUD84 million of COVID work, which is exactly 10% of revenue. So, the revenue shrank by 10% and still they grew by 0.7%, which for me is almost a 10% growth, which did not get captured because of the way we account for things. So, I think growth is back, all four engines are firing on growth and that's fantastic news because everything else is a function of growth and market share. So, I'm glad that we are back on that.

The second track. Cash is the ultimate reality of business. I'm glad that we've had a super year-end cash position. In a year when interest rates are going through the roof in Australia, Singapore, India, we've had record collections. We have brought our DSO down by almost one or two days in several segments but on an overall basis it's sort of, it doesn't add up that much, but a lot of segments have done a fantastic job on collections. In fact, we have repaid AUD15 million of debt in Australia after 31st March, which has not been captured in the earnings growth for obvious reasons. This happened two days back, but we repaid debt to bring our interest cost within control. And that is possible because we have a strong cash position. So, I think our cash generation is fantastic. I'm very happy about that second aspect.

Third thing is that our debt positions you know was 2x EV/EBITDA and that is a red flag for me, I personally that position 2x is a red flag really. And I'm happy that post, what's happened in the last three months, we are back at 1.7 times net-debt EBITDA, and we will continue to work to keep that in check. Anything around 1.5 is our comfort zone, below 1 is under-utilization of balance sheet, more than 2 is crossing the red threshold. So, I think on all those three levers, I think FY'23 has been a great result and the team has done a fab job.

Fourth lever, margins, I know we are nowhere near 6%. I know it bothers everybody. It's as much a concern for us as it is for the street. But the reality of things is that for the last three quarters, back-to-back, our margin has been improving. The incremental improvement is not that significant. I understand that. But it is steadily moving in the right direction. I'm hoping that if the growth momentum continues, and if we continue to have a disruption free year, like FY'23, April through to March, there was no COVID-related or any other kind of disruption in business. And if the coming 12 months are similar, I'm pretty sure that if the growth continues, operating leverage will kick in, SG&A has started to stabilize, and it will start to show up on the EBITDA margin as well. Thank you very much for your patience, and I hope to see you again sometime soon. Thank you very much.

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