

## Security And Intelligence Services (India) Ltd : Average Issue IPO Note: High-risk as low net profit margin & high debt. Expensive asking price, Slow & Steady Growth Ranking\*\*



### SIS Group Enterprises

A Market Leader in  
Security and Business  
Support Services

#### Issue details

Price band (Rs)	Rs.805-815
IPO Opening Date	31/07/2017
IPO Closing Date	02/08/17
Issue Size	Rs. 780 Cr.

#### Recommendation

Total revenue grew at a **CAGR of 14.56%** from Rs.2657.70 Cr for the FY 2013 to Rs.4577.12 Cr for FY 2017. Net profit grew at a **CAGR of 12.42%** from Rs.57.15 to RS.91.27 in the same period. For FY 17 it has posted an EPS of Rs. 13.03. If we attribute FY17 earnings on fully diluted equity post issue then asking price is at a P/E of 63 plus. Its peer company Qness Corp trades at a PE of 95. Qness Corp is not proper comparable with SIS. Its growth is more higher than SIS. Its topline and bottomline grew at a CAGR of 46% and 70% in last 5 years. Debt equity ratio is also high compare to Qness. The allocation to the retail investors is 10%, which is low. It has total debt of Rs.762.51 as on 31 March 2017 and debt equity ratio stood at 1.37. Issue price looks high.

#### Highlights

- SIS is the second largest security services provider in India, in terms of revenue, as of March 31, 2016, and the fastest growing security services provider in India, based on revenues for Fiscal Years 2010 to 2014
- As of April 30, 2017, it has a widespread branch network consisting of 251 branches in 124 cities and towns in India
- It provide private security and facility management services to several customer segments such as business entities, Government organizations and households
- **Customer segments range across a variety of industries and sectors, which include banking and financial services, IT/ ITeS and telecom, automobile, steel and heavy industries, governmental undertakings, hospitality and real estate, utilities, educational institutions, healthcare, consumer goods, engineering and construction**

#### Company Introduction

Incorporated in 1985, Security and Intelligence Services (India) Limited provides private security and facility management services in India and Australia. They offers cash logistics; security services, including manned guarding, cash logistics, and electronic security; and facility management services, such as mechanized cleaning, and pest and termite control services.

SiS serves customers that operate in various industries and sectors, which include banking and financial services, IT/ITeS and telecom, automobile, steel and heavy industries, governmental undertakings, hospitality and real estate, utilities, educational institutions, healthcare, consumer goods, engineering, and construction.

SIS Group is present across all the 29 states in India. They have joint ventures with affiliates of Prosegur Compañía de Seguridad, S.A and Terminix International Company, L.P. ("Terminix"), a multi-national provider of termite and pest control services.



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[www.sisindia.com](http://www.sisindia.com)

### Financial Summary (Rs. In Crore)

Particulars	FY2017	FY2016	FY2015	FY2014
Total Income	4577.12	3850.12	3565.15	3107.68
Net Profit	91.28	75.73	62.68	68.66
EPS (Rs)*	12.83	10.35	8.57	9.39

\*EPS on fully diluted equity

Source: RHP and ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

As of April 30, 2017, it has a widespread branch network consisting of 251 branches in 124 cities and towns in India, which cover 630 districts. It employed 148,678 personnel in India and rendered security and facility management services at 11,869 customer premises across India. In Australia, It operate in each of the eight states and employed 5,754 personnel servicing 245 customers, as of April 30, 2017. Its widespread branch network enables us to service a large number of customer premises and render customized services across India and Australia.

Company Promoters:

Ravindra Kishore Sinha; and

Rituraj Kishore Sinha

### The object of the issue

- Repayment and pre-payment of a portion of certain outstanding indebtedness availed by the Company;
- 2. Funding working capital requirements of the Company; and
- 3. General corporate purposes.

### IPO Issue Proceed

To part finance its repayment and pre-payment of a portion of certain outstanding indebtedness availed by the Company and funding to working capital requirements of the company and general corpus fund needs, the company is coming out with a maiden IPO of with a primary offer of Rs. 362 crore (approx 4444785 shares at the upper price band) and offer for sale of 51206190 equity share of Rs. 10 each via book building route with a price band of Rs. 805-815. Through this IPO company hopes to mobilize Rs. 780 crore (based on upper price bands). Minimum application is to be made for 18 shares and in multiples thereon, thereafter. Issue opens for subscription on 31.07.17 and will close on 02.08.17. Post issue its current paid up equity capital of Rs. 68.72 crore will stand enhanced to Rs. 73.12 crore.

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