

Date: 07/01/2021

Recommended Price: 420-428 • Target: 500-520 • Stoploss: 385

Time Frame: 3 months

Security and Intelligence Services - Daily Chart



- The stock on the daily scale has witnessed a breakout of symmetrical triangle pattern on 26 Nov. 2020 with volume as highlighted in the above chart. The stock has recently retested that breakout and formed hammer candlestick pattern close to demand zone.
- 200 DSMA is currently placed at 397, which will act as strong support for the stock in the short term.
- RSI on daily the scale is placed close to trend line support, suggesting strength.
- Based on the above technical set up, we recommend accumulating SIS in the range of 420-428 with a stop loss of 385 for the price target of 500-520.

Fundamental Rationale

- Security and Intelligence Services (India) Ltd (SIS), is a leading security services company in India and Australia with leadership positions in cash logistics and facility management services.
- SIS has strong clientele across the country and across verticals with highest retention ratio; this vertical spread will help to reduce the dependency on the particular vertical or nature of the business.
- During the COVID 19 outbreak, the company witnessed unprecedented demand from all the major verticals as these guards act as primary scanning mechanism, Facility management vertical also sees strong demand due to higher sanitation needs.
- Due to lockdown and medical emergencies cash logistics segment also witnessed healthy demand across cities. SIS also has better services mix with their international counterparts that will also helps SIS to achieve broad based growth.
- We believe the long-term growth outlook for SIS is positive, given the ongoing shift in the Indian security services and facility management industry from unorganised to organised sector, driven by growth of the organised economy, Goods and Service Tax implementation and rising per capita income in India.
- In the last three years FY17-FY20, SIS's operating revenues and profitability have grown by a CAGR of 25% and 26% respectively. Further, during the same period, company's operating profit grew by a CAGR of 33%. Hence we recommend to "ACCUMULATE" the stock.

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