

Independent Auditors' Report on Standalone Financial Results of SIS Limited (formerly known as 'Security and Intelligence Services (India) Limited')

To
**The Board of Directors of
SIS Limited**

Opinion

We have audited the accompanying statement of standalone financial results ("Statement") of **SIS Limited** ("the "Company"), for the year ended March 31, 2021 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- a. is presented in accordance with the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended; and
- b. gives a true and fair view in conformity with the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net profit, total comprehensive income and other financial information of the Company for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit of the standalone Financial Results in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the standalone financial results under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial results.

Management's Responsibility for the Standalone Financial Results

The Results included in the Statement, which are the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related Ind-AS standalone financial statements and reviewed quarterly financial results upto the third quarter which have been prepared by the Management in accordance with the Indian Accounting Standards specified under section 133 of the Companies Act 2013 (the Act), read with relevant rules issued thereunder ("Ind AS") and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Company's Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
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Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Saxena & Saxena **Chartered Accountants**

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Website : www.saxenaandsaxena.com

Other matters

The Statement include the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto the third quarter of the current financial year which were subject to limited review by us.

For **Saxena & Saxena**
Chartered Accountants
(Firm Regn. No.006103N)



CA. Dilip Kumar
(Partner)
M. No. 82118
UDIN: 21082118AAAALK8729

Place: - New Delhi
Date: - April 28, 2021

SIS Limited

(formerly known as 'Security and Intelligence Services (India) Limited')

Registered office : Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna - 800010

CIN: L75230BR1985PLC002083

Statement of standalone financial results for the quarter and year ended March 31, 2021

Sl. No.	Particulars	(Rupees in million except per share data)				
		Quarter ended			Year ended	
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Income					
1	a) Revenue from Operations	7,753.42	7,687.49	7,858.77	30,040.79	29,958.81
	b) Other Income	51.57	43.49	224.45	265.23	440.32
	c) Other Gain/loss	2.40	-3.44	5.47	-2.34	8.83
	Total Income (a + b + c)	7,807.39	7,727.54	8,088.69	30,303.68	30,407.96
	Expenses					
2	a) Purchases	71.83	89.29	105.70	385.15	394.11
	b) Change in inventories of stock-in-trade	15.21	-7.32	-7.15	-13.21	-6.71
	c) Employee benefits expense	6,971.23	6,794.76	6,879.55	26,619.92	26,110.92
	d) Finance costs	152.66	158.48	208.73	702.08	756.36
	e) Depreciation and amortization expense	104.24	103.45	138.04	414.75	534.79
	f) Other expenses	325.79	351.86	414.85	1,338.93	1,548.80
	Total expenses (a + b + c + d + e + f)	7,640.96	7,490.52	7,739.72	29,447.62	29,338.27
3	Profit / (loss) before tax and exceptional items (1-2)	166.43	237.02	348.97	856.06	1,069.69
4	Exceptional items	-	-	-	-	-
5	Profit / (loss) before tax (3-4)	166.43	237.02	348.97	856.06	1,069.69
6	Tax expense / (credit)					
	Current tax	0.09	0.26	-62.90	0.83	62.23
	Deferred tax	90.74	45.09	948.09	284.30	144.18
	Total Tax expense / (credit)	90.83	45.35	885.19	285.13	206.41
7	Profit / (loss) for the period (5-6)	75.60	191.67	-536.22	570.93	863.28
8	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
	a) Remeasurement of Defined benefits plan	25.75	-97.14	88.30	-61.28	16.52
	b) Income tax relating to these items	-6.48	24.44	-29.24	15.42	-4.16
	Other comprehensive income / (loss) for the period (net of taxes)	19.27	-72.70	59.06	-45.86	12.36
9	Total comprehensive income / (loss) for the period (7+8)	94.87	118.97	-477.16	525.07	875.64
10	Paid-up equity share capital (face value of Rs. 5 per share)	741.51	737.55	733.19	741.51	733.19
11	Reserves i.e. Other equity	7,375.90	7,281.94	6,846.52	7,375.90	6,846.52
12	Earnings Per Share (EPS) (of Rs. 5/- each)	(not annualized)	(not annualized)	(not annualized)	(Annualized)	(Annualized)
	(a) Basic (Rs)	0.51	1.30	-3.66	3.88	5.89
	(b) Diluted (Rs)	0.51	1.29	-3.66	3.86	5.79

Please see the accompanying notes to the financial results

SIS Limited
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Statement of standalone Assets and Liabilities as at March 31, 2021

Particulars		(Rupees in million)	
		March 31, 2021 (Audited)	March 31, 2020 (Audited)
A	ASSETS		
	Non – Current Assets		
	Property, plant and equipment	1,018.48	1,246.20
	Capital work-in-progress	-	10.64
	Other intangible assets	6.98	17.41
	Intangible assets under development	114.07	41.03
	Financial Assets		
	(i) Investments	5,243.19	4,981.19
	(ii) Other non-current financial assets	527.46	625.14
	Deferred tax assets (net)	809.77	1,078.60
	Income tax assets	938.14	1,273.56
	Other non – current assets	11.93	6.57
	Total non – current assets	8,670.02	9,280.34
	Current assets		
	Inventories	182.05	168.84
	Financial assets		
	(i) Trade receivables	4,455.15	4,649.03
	(ii) Cash and cash equivalents	2,061.91	502.08
	(iii) Bank balances other than in (ii) above	1,980.66	492.12
	(iv) Other current financial assets	2,168.26	2,366.86
	Other current assets	673.66	753.96
	Total current assets	11,521.69	8,932.89
	Total assets	20,191.71	18,213.23
B	EQUITY AND LIABILITIES		
	Equity		
	Equity share capital	741.51	733.19
	Other equity	7,375.90	6,846.52
	Total equity	8,117.41	7,579.71
	Liabilities		
	Non – current liabilities		
	Financial liabilities		
	(i) Borrowings	2,859.34	2,610.04
	(ii) Other non-current financial liabilities	394.85	414.02
	Provisions	627.64	469.39
	Total non- current liabilities	3,881.83	3,493.45
	Current liabilities		
	Financial liabilities		
	(i) Borrowings	2,990.00	3,706.26
	(ii) Trade payables		
	a. Total outstanding dues of micro enterprises and small enterprises	1.85	0.03
	b. Total outstanding dues of creditors other than micro enterprises and small enterprises	78.51	129.48
	(iii) Other current financial liabilities	4,058.65	2,322.47
	Other current liabilities	974.97	918.42
	Provisions	88.49	63.41
	Total current liabilities	8,192.47	7,140.07
	Total liabilities	12,074.30	10,633.52
	Total equity and liabilities	20,191.71	18,213.23

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Standalone statement of Cash flows for the year ended March 31, 2021

Particulars		(Rupees in million)	
		March 31, 2021 (Audited)	March 31, 2020 (Audited)
A	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit before tax	856.06	1,069.69
	Adjusted for:		
	Depreciation and amortization expense	414.75	534.79
	Unrealised foreign exchange (gain) / loss	9.94	-2.93
	Net (gain) /loss on sale of property, plant and equipment	-7.60	-5.90
	Finance costs	702.08	756.36
	Interest income classified as investing cash flows	-260.40	-132.09
	Provision for doubtful debts	129.44	80.97
	Dividend income	-4.83	-308.23
	Employee stock option compensation expense	2.42	35.04
	Operating profit / (loss) before changes in working capital	1,841.86	2,027.70
	Changes in working capital:		
	Decrease / (increase) in Trade receivables	77.29	-1,256.22
	Decrease / (increase) in Inventories	49.75	-6.71
	Decrease / (increase) in other current assets	81.94	-121.70
	Decrease / (increase) in other current financial assets	184.40	-248.60
	(Decrease) / increase in Trade payables	-152.97	-25.81
	(Decrease) / increase in provisions	122.05	108.98
	(Decrease) / increase in other current liabilities	87.85	175.44
	(Decrease) / increase in other current financial liabilities	247.96	107.86
	Decrease / (increase) in other non-current assets	0.05	0.05
	Decrease / (increase) in other non-current financial assets	102.11	-33.98
	(Decrease) / increase in other non-current financial liabilities	-9.93	7.96
	Cash (used in) /generated from operations	2,632.36	734.97
	Direct tax paid (net of refunds)	334.59	-401.35
	Net cash inflow / (outflow) from operating activities	2,966.95	333.62
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of property plant and equipment and changes in capital work in progress	-212.26	-285.08
	Proceeds from sale/disposal of property, plant and equipment	25.39	9.95
	Investment in subsidiary	-250.91	-1,097.77
	(Investment) in / matured fixed deposits (net)	-1,599.81	213.30
	Restricted balances	112.00	133.00
	Interest received	260.18	106.52
	Dividend received	4.83	307.39
	Net cash inflow / (outflow) from investing activities	-1,660.58	-612.69
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from issue of share capital (net of share issue expenses)	8.56	0.01
	Proceeds from term loans	12.77	211.65
	Repayment of term loans	-229.95	-213.06
	Bonds/debentures issued / (repaid/redeemed)	1,900.00	-
	Interest paid	-593.78	-693.92
	Dividends paid to Company's shareholders	-	-549.31
	Tax on dividend paid	-	-52.32
	Changes in lease liability	-127.88	-118.62
	Net cash inflow / (outflow) from financing activities	969.72	-1,415.57
D	Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,276.09	-1,694.64
E	Cash and cash equivalents at the beginning of the year	502.08	573.31
F	Cash credit at the beginning of the year	-3,706.26	-2,082.85
	Cash and cash equivalents at the end of the year (D+E+F)	-928.09	-3,204.18
Reconciliation of cash and cash equivalents as per the statement of the cash flows			
	Cash and cash equivalents as per above comprise of the following:	(Audited)	(Audited)
	Cash and cash equivalents at the end of the year	2,061.91	502.08
	Cash credit	-2,990.00	-3,706.26
	Balances as per statement of cash flows	-928.09	-3,204.18

Notes to the standalone financial results:

1. The Statement of standalone financial results (“the Statement”) of the Company for the quarter and year ended March 31, 2021 has been reviewed by the Audit Committee and, thereafter, approved by the Board of Directors at its meeting held on April 28, 2021.
2. The standalone results have been prepared in accordance with the principles and procedures of Indian Accounting Standards (“Ind AS”) as notified under the Companies (Indian Accounting Standards) Rules, 2015 as prescribed in Section 133 of the Companies Act, 2013 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and other recognized accounting practices and policies.
3. During the year ended March 31, 2021, the Company acquired the entire remaining shareholding of 17.11% in Rare Hospitality and Services Private Limited (‘RHPL’), a subsidiary of the Company, for an aggregate consideration of INR 56.3 million which resulted in RHPL becoming a wholly owned subsidiary of the Company.
4. On March 30, 2021, the Company has issued 1,900 Secured Rated Listed Redeemable Non-Convertible Debentures (“the Debentures”) of face value of INR 1.00 million each, aggregating to INR 1,900 million, on a private placement basis. As per the terms of the issue, the net proceeds shall be utilized towards payment of existing outstanding loans or NCDs of the Company, financing of purchase of a business by way of slump sale or acquisition/purchase of shares of a company, working capital requirements and general corporate purposes. The Debentures carry a coupon rate of 7.90% p.a. payable annually and are redeemable at par after 2 years from the date of allotment. The debentures will be secured by way of security created over a portion of the Company’s shareholding in one of its subsidiary companies.
5. Disclosure under Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Year ended March 31, 2021:

Particulars		9.50% Security and Intelligence Services Ltd. 2021	7.90% SIS Limited 2023
a)	Credit rating in respect of above mentioned NCD by ICRA.	A+ We confirm there is no change in the credit rating as of date.	AA-
b)	Asset cover available	5.08 times The Debentures are secured by way of security created over the Company’s shareholding in one of its subsidiary companies.	4.67 times The Debentures will be secured by way of security created over the Company’s shareholding in one of its subsidiary companies.
c)	Previous due date for the payment of interest / repayment of principal of non-convertible debt securities and whether the same has been paid or not; and,	Interest of INR 142.50 Mn and INR 1,500.00 Mn for redemption of debentures paid on the due date of April 13, 2021	The first payment of interest and principal is not yet due
d)	Next due date for the payment of interest/ principal along with the amount of interest payable and the redemption amount	Nil	March 30, 2022 is the next due date for interest payment of INR 150.10 Mn and March 30, 2023 is the due date for redemption of the debentures
e)	Debt-equity ratio*	0.93 times	
f)	Debt service coverage ratio **	0.56 times	
g)	Interest service coverage ratio***	1.95 times	
h)	Debenture redemption reserve	INR 375.00 Mn	
i)	Net worth	INR 8,117.41 Mn	
j)	Net profit after tax	INR 570.93 Mn	
k)	Earnings per share (basic)	INR 3.88 per share	

* Total debt / Equity

** Profit before Interest and taxes / total debt service (i.e. interest expense plus principal amounts due within next 12 months)

***Profit before interest and exceptional items / Interest expense

6. The Board of Directors of the Company, at its meeting held on February 15, 2021, has approved a proposal to buy-back upto 1,818,181 equity shares of face value of 5/- each of the Company for an aggregate amount not exceeding 1,000 million, being 1.24% of the total paid up equity share capital of the Company as on March 31, 2020, at INR 550 per equity share. The shareholders of the Company approved the proposal on March 20, 2021, by way of a special resolution through postal ballot. The record date has been fixed as April 9, 2021 for determining the names of the shareholders eligible to participate in the buyback and the related entitlement.
7. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of financial and non-financial assets. The Company has assessed the carrying amounts based on subsequent events and the state of the business operations during the period of the pandemic and related information including economic forecasts. As a result of this assessment, and based on the current estimates, the Company expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.
8. During the quarter ended March 31, 2021, upon exercise of vested stock options by the eligible employees, the Company has allotted 792,616 equity shares of INR 5 each. Consequent to the said allotment, the paid-up equity share capital of the Company stands increased from INR 737,545,710 divided into 147,509,142 equity shares of INR 5 each to INR 741,508,790 divided into 148,301,758 equity shares of INR 5 each.
9. Parliament has approved the Code on Wages, 2019 and the Code on Social Security, 2020 which govern, and are likely to impact, the contributions by the Company towards certain employee benefits. The government has released draft rules for these Codes and has invited suggestions from stakeholders which are under active consideration by the concerned Ministry. The effective date of these Codes have not yet been notified and the Company will assess the impact of these codes as and when they become effective and will provide for the appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
10. The figures for the quarter ended March 31, 2021 and the corresponding quarter ended March 31, 2020 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
11. In accordance with Ind-AS 108, Operating segments, segment information has been provided in the unaudited consolidated financial results of the Company and, therefore, no separate disclosure on segment information is given in these standalone unaudited financial results.

For and on behalf of the Board of Directors of
SIS Limited



Ravindra Kishore Sinha
Chairman



Place: Noida
Date: April 28, 2021