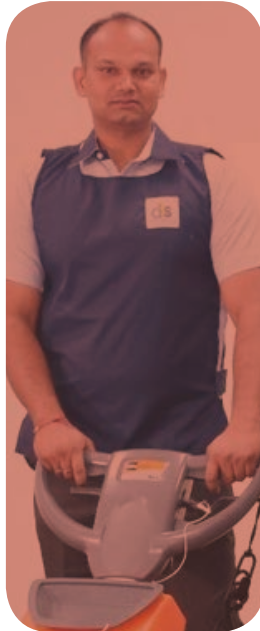
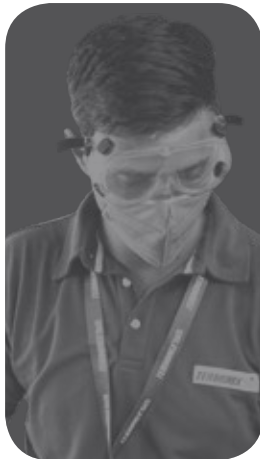




A Market Leader in
Security, Cash Logistics
& Facility Management



PROTECTING DELIVERING
VALUE GROWTH



“FY18 was a landmark year with SIS going public. This is one more milestone in our 30-year journey.”

Mr. Ravindra Kishore Sinha
Chairman

Find out more on
PG 08-09



“SIS is poised to capture leadership position in an addressable market worth USD25 billion + and FY18 was a big step in that direction.”

Mr. Rituraj Sinha
Group Managing Director

Find out more
on **PG 10-11**

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Financial highlights in FY18

REVENUE ↑
₹58,334 mn

33%
(FY17: ₹43,872 mn)

EBITDA ↑
₹3,120 mn

42%
(FY17: ₹2,203 mn)

PAT ↑
₹1,630 mn

49%
(FY17: ₹1,097 mn)

OPERATING CASH ↑
₹2,150 mn

115%
(FY17: ₹1,001 mn)

EPS ↑
₹22.8

33%
(FY17: ₹16)

ROCE ↑

26.0%
(FY17: 25.5%)



Find out more on
www.sisindia.com

PROTECTING VALUE SINCE 1985

From humble beginnings over three decades ago, we are the largest business services platform of its kind in India and the only one to be listed. Today, we are proud to be an Indian multinational with an ever-expanding presence and dominance in both India and Australia.



#1

Market leadership in security services, facility management and cash logistics

VALUE TO CUSTOMERS

- **Business-to-business (B2B):**
Outsourcing of non-core activities, nationwide reach (anywhere – anytime) and technology-based value-added solutions for enhanced productivity.
- **Business-to-government (B2G):**
Ensures increased efficiency, productivity and analytics.
- **Business-to-consumer (B2C):**
Promises cleanliness, safety and peace of mind.

VALUE TO INVESTORS

- Proxy for Indian growth story.
- Industry-leading performance metrics.
- Sustained shareholder value creation – both as a private company and a public company.
- Significant moat established through technology, scale and culture.



KNOW MORE ABOUT US

Largest

Business services organisation in India



Largest

Security services company in Australia



2nd

Largest and fastest growing security services company in India



4th

Largest facility management services company in India



2nd

Largest cash logistics service provider in India



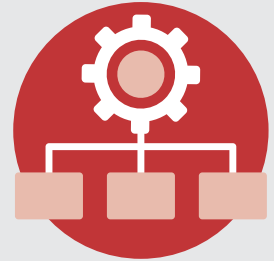
5,500+

Family of customers



14,000+

Sites under management



283

Branch network



170,159

Team members



30+ years

Rich experience in the
business services
sector



BUSINESS-WISE SERVICE OFFERINGS

Security Services

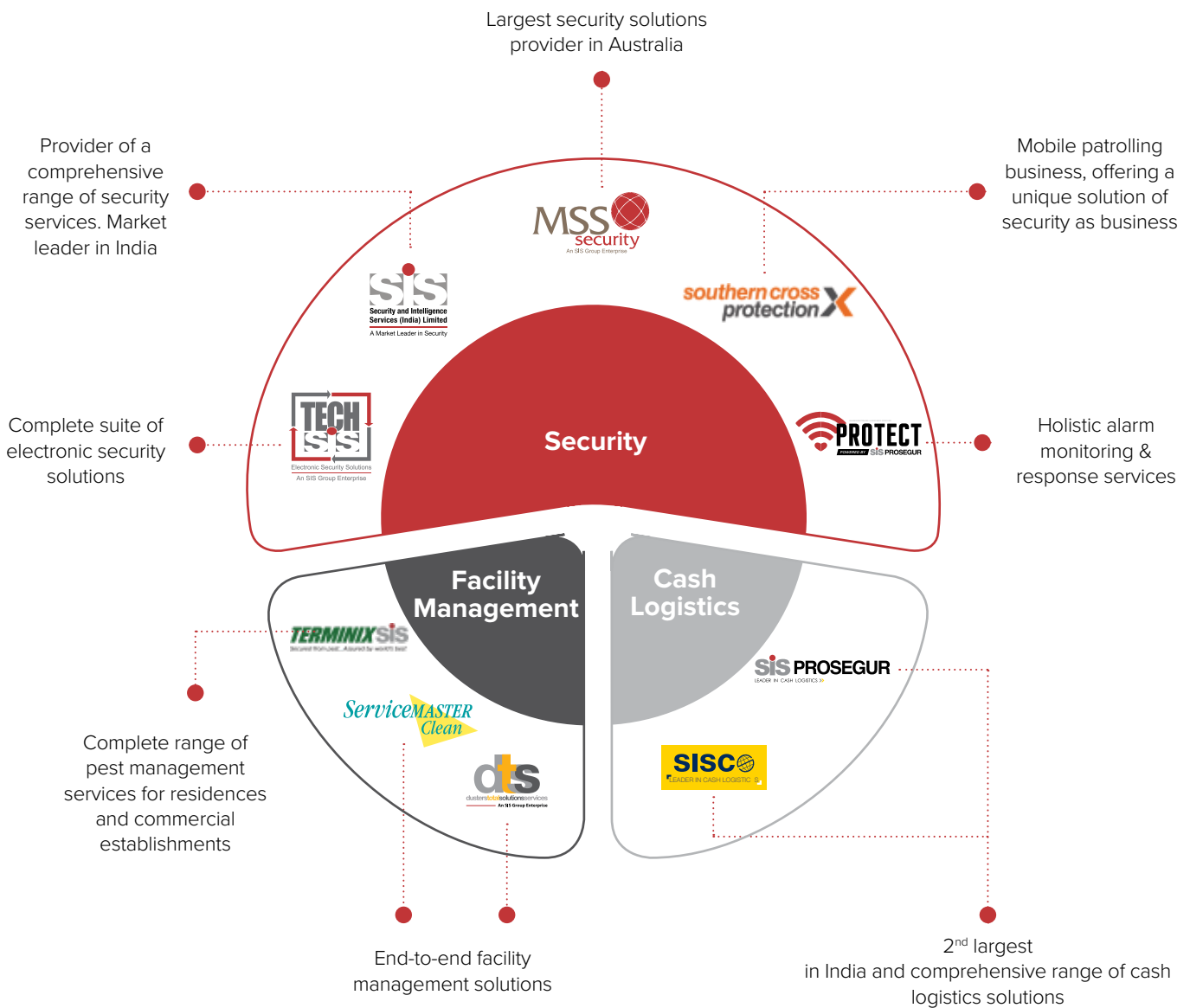
Comprehensive range of security solutions to businesses, government and consumers, spanning physical to Man-tech solutions.

Facility Management

Soft services (cleaning, janitorial and housekeeping services), hard services (HVAC, plumbing and electrical works) and pest control.

Cash Logistics

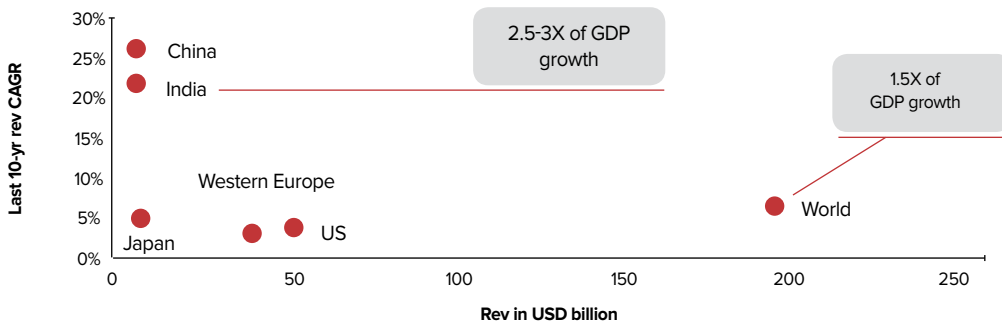
ATM cash replenishment, cash in transit, Doorstep Banking (DSB), cash vaulting and processing and bullion management.



PROXY FOR THE INDIA CONSUMPTION STORY

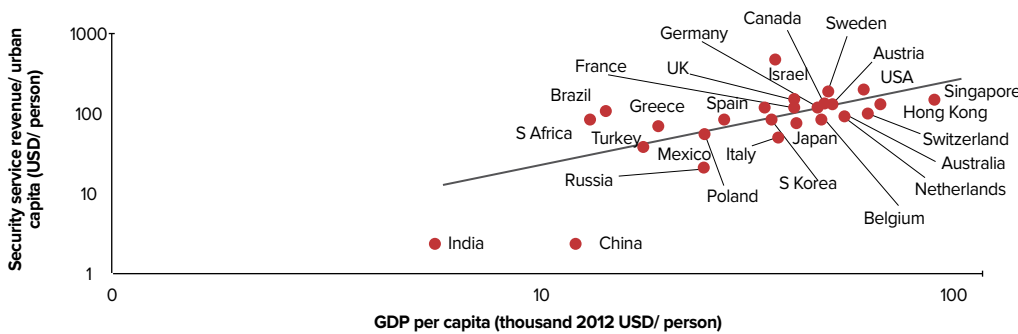
SIS caters to clients across B2B, B2G and B2C and the diversity of its client base ensures that SIS is a proxy for the Indian economic growth.

Security industry growth closely linked to GDP growth



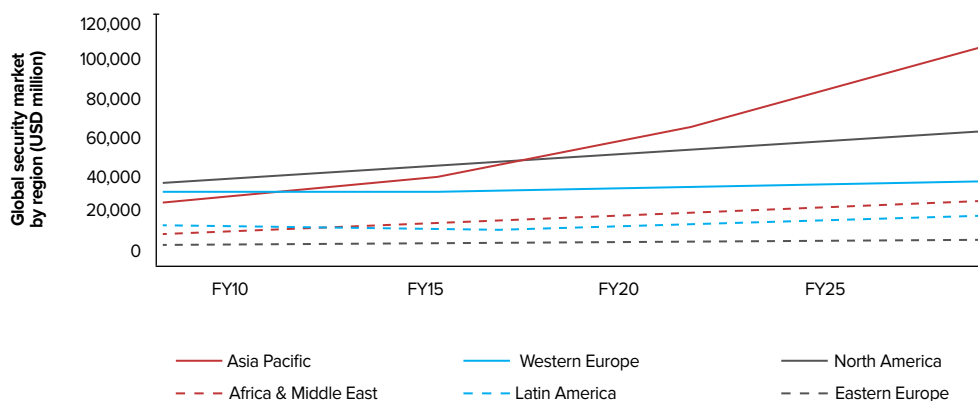
Security service markets typically growing at 1-1.5x of GDP in developed and at 2x-3x of GDP in developing markets

Significant headroom for India to reach global security spends



Low per capita spend on security services in India gives significant headroom for sustainable future growth

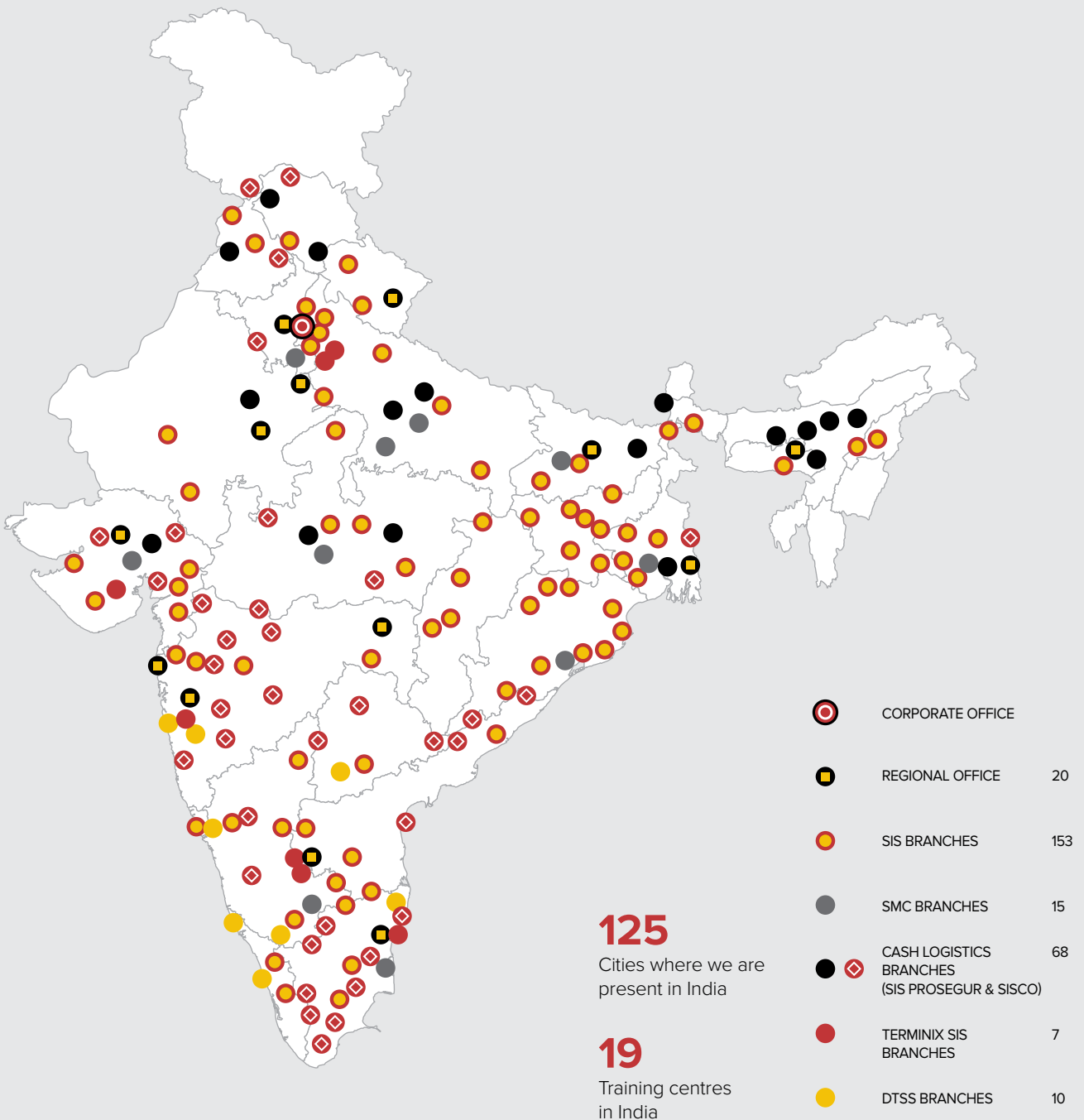
Asia-Pacific (APAC) security market to be the biggest in the world by 2025



India is poised to emerge as one of the leading security services market in the Asia Pacific region

LOCALISATION IS KEY TO OUR SUCCESS

Our growing outreach has led to enhanced focus on quality excellence, customisation and service delivery. We have steadily strengthened our value proposition for customers, many of whom prefer a single vendor to service their operations across multiple locations.



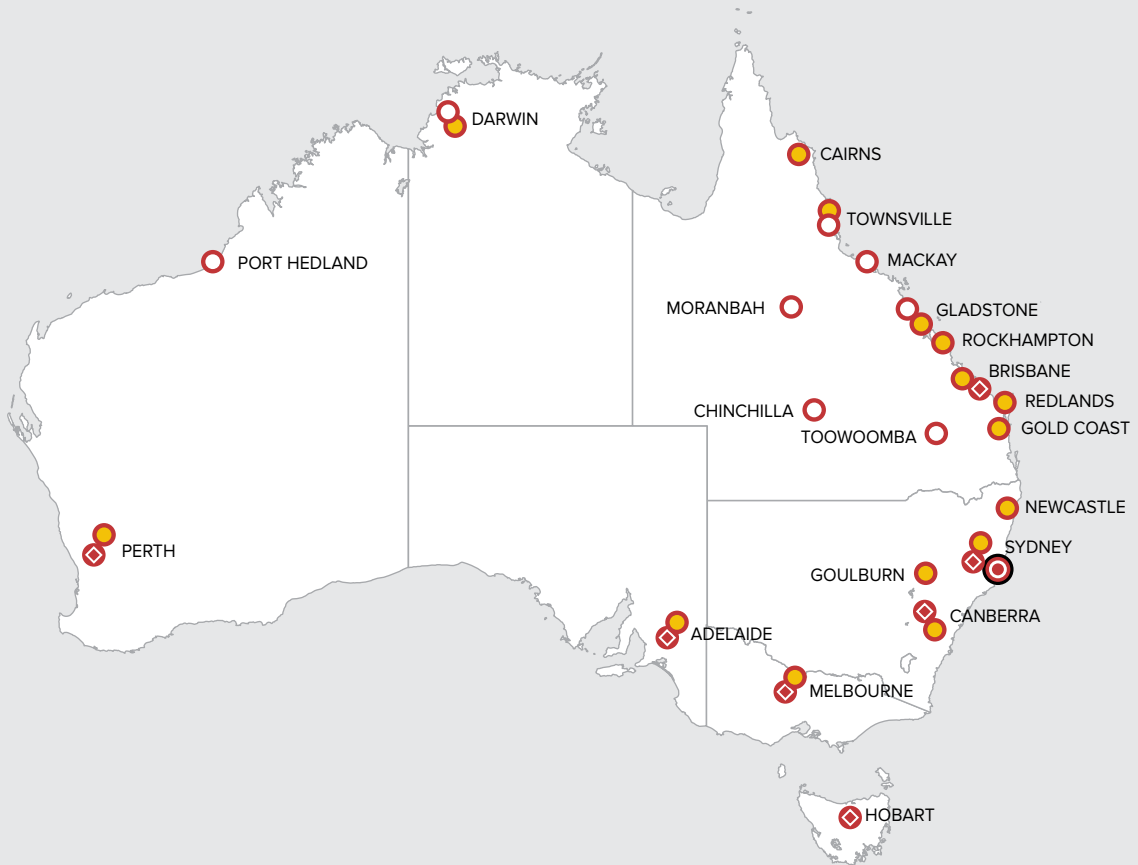
Extensive reach

- We enjoy widespread reach across 125 cities (covering 630 districts) in India and 20 cities (all states) in Australia, giving us a nation-wide presence and reducing our dependence on any one region.
- Our customer proximity drives greater focus on and attention to our customers as well as higher quality and customised service delivery.

- Our multi-locational presence enables us to offer services to customers who prefer a single service provider for their operations at multiple locations.
- Knowledge sharing across our branches and business segments enable sales lead generation and development of location-specific know-how for particular geographic areas.

Micro-market approach

- Better customer mining
- Serve customers across the country
- Drive economies of scale



20

Cities where we are present across Australia

- HEAD OFFICE
- SXP LOCATIONS
- LOCAL OFFICE
- ◇ STATE/TERRITORY HEAD OFFICE

Chairman's Message

COMMITTED TO GROWTH AND LEADERSHIP



Mr. Ravindra Kishore Sinha,
Founder and Chairman

Dear Friends,


India now soars higher in the global landscape, as the sixth largest economy with a USD2.6 trillion GDP. The country's growth is driven by structural reforms, substantial investments in infrastructure and growing foreign direct investments.

The economic and institutional reforms of the Government of India were endorsed by Moody's investor services, as it raised the nation's sovereign rating for the first time in 14 years. The country's 'ease of doing business' has also seen elevation on the ratings of the World Bank.

FY18 also saw the rollout of the Goods and Services Tax (GST), the landmark indirect tax reform since Independence. GST is expected to positively contribute to economic

activity and fiscal sustainability by reducing the cost of compliance with multiple state tax systems; and expanding the tax base by bringing more informal activity into the formal sector.

Against the backdrop of such exciting times, I am happy to share that we went public with a successful Internal Public Offering (IPO) (the issue was subscribed over 7 times and raised ₹3,622.50 million). In India, we are the first company in the business services space to go public. The IPO has enabled us to recapitalise our balance sheet and prepare us for the next phase of organic and inorganic growth. I thank all my colleagues, investors, customers and our people, as each has had a role to play in taking SIS to where we are now.



“Our global ambition will require us to demonstrate the same kind of work ethics, risk appetite, quality consciousness, care and concern as in the preceding few decades.”

The IPO is only one of the many milestones during the year. We have crossed ₹20,000 million revenue in India Security, ₹30,000 million revenue in Australia; and ₹58,000 million in overall revenue. The facility management segment has emerged as a strong growth centre within SIS.

These milestones make FY18 a momentous year. It gives me immense pride to share that a small entrepreneurial venture that began operations over three decades ago has progressively strengthened its foundation and spread itself like a huge banyan tree to provide livelihood to hundreds of thousands of families.

We have also crossed the 170,000 employee mark and we are steadily investing in training programmes to

provide each employee a viable career ahead of them. Many security personnel in our Company have taken senior branch and regional roles in SIS, a huge confidence booster for our training and career development initiatives.

We are making impressive strides in technology in running our operations, customer service and delivery. Although the impact of technology will be far-reaching, we should treat it as an opportunity and not as a threat. Technology offers us the potential to increase our productivity, while also improving the efficiency of our operations. I urge each of our employees to use technology applications such as iOPS and SalesMaxx to become more productive and service the customers better. We also need to be forward-

looking in anticipating business changes in each of our verticals and remain constantly ahead of the market in designing our solutions. We have performed encouragingly in FY18; and have made impressive strides towards our Vision of becoming the most preferred partner of our clients in Security Services, Facility Management and Cash Logistics by 2020. This will also make us a player to reckon with across geographies. Our global ambition will require us to demonstrate the same kind of work ethics, risk appetite, quality consciousness, care and concern as in the preceding few decades.

I am confident that the culture of SIS that has been carefully nurtured over the decades will

come to the fore in capturing the opportunities before us.

On behalf of the Board, I would like to thank all our stakeholders for the trust and confidence that you have invested in us. We believe, that the key blocks are in place for our future success and we have the potential to repeat our consistent growth in India as well as in Australia.

Warm regards,

Mr. Ravindra Kishore Sinha
Chairman

Group Managing Director's Review

CREATING A SCALABLE PLATFORM FOR INNOVATION AND GROWTH



When you reflect back over FY18, what are the few things that are at the top of your mind?

The first thing that comes to mind is our IPO which is a culmination of three decades of evolution of SIS and is like a coming of age for the Company. It is the moment that a lot of companies aspire to when they grow, so it is very fulfilling to see it finally happen. The IPO has enabled us to repay some of our high-cost borrowings and reduce our interest burden. We have recapitalised the balance sheet for the next phase of our growth. We have got a lot of marquee Indian and international funds as investors in SIS, which is a reflection of their confidence in the SIS story.

The consolidated revenue growth at 33% and EBITDA growth at 42% have been one

of the strongest we have seen in a long time. This has been the result of an unrelenting focus on execution and productivity.

The third and no less important achievement in FY18 was the nation-wide rollout of our technology platforms, which are showing results in more efficient operations and higher margins.

How has the India security business performed during the year?

This year has been a milestone year for the India security business with revenues crossing ₹20,000 million. We have further widened the gap with the rest of the players and we are quite close to the leadership position with a small gap between us and the No. 1 player, which we are hopeful of bridging soon.

The market has been growing at a 18-20% rate and we have grown at over 34% in FY18, which is in line with our historical outperformance vis-à-vis the market.

We are now employing more than 107,000 employees in the security business and we are proud to be one of the largest employment generators in India.

Our aim is to be a thought leader and not just a market share leader and to this end, we are focussing on providing more technologically powered security solutions – that will provide greater efficiency to clients and productivity to the group.

How is your facility management business growing?

The facility management business has performed

excellently during the year – with 69% revenue growth and 155% EBITDA growth. We have made impressive strides in service capabilities with growing skills in healthcare. The Government focus is also paying off with a lot of recognition for our work in the Railways.

Within facility management, both Service Master Clean and Dusters Total Solutions Services (DTSS) have shown strong organic growth. As these two businesses scale up each year, their margins have been on a continuous uptick, with the EBITDA margins going up from 3.4% in FY17 to 5.1% in FY18.

The industry is slowly moving towards a solution-oriented mindset and integrated facility management services and we are gearing up our capabilities to meet this change.

A key achievement in FY18 was the nation-wide rollout of our technology platforms, which are showing results in more efficient operations and higher margins.

– Rituraj Sinha, Group Managing Director.

How has your Australia business performed during the year?

Australia has shown a strong growth of 26% during the year with organic growth of over 12%, the rest coming through the acquisition of the Southern Cross Protection (SXP) business. We increased our stake in SXP from 10% to 51%, effective July 1, 2017 and this acquisition enhances our service capabilities by adding the mobile patrol offerings to our solution set.

We are now able to offer a more comprehensive bouquet of offerings to our clients and this acquisition makes MSS +SXP the clear No. 1 with a 21% market share in Australia. With our market leadership, we have been able to shape and influence the market.

Australia continues to play a vital role in the SIS Group

and this year has generated free cash flow of over AUD28 million. We have also leveraged a strong balance sheet in Australia to increase our line from NAB to AUD120 million.

Has the cash logistics business recovered from demonetisation and how is the future looking?

The cash logistics business did see the lingering effects of demonetisation in the first quarter, with cash slowly coming back into the system. However, the industry structure is still not optimal, with many sub-optimal players and also the inefficiencies bought into the value chain by the managed service providers. ATM installations have been stagnant and pricing pressures continue.

To manage this period of flux, we have eliminated some

unviable contracts. This hurt our revenues, though our margins are slowly improving.

The RBI has recently announced a few important regulations for the cash logistics industry – covering net worth requirements, cassette swap mechanism, etc. While all these are beneficial to the industry in the long term, in the near to medium term, we will have to invest for additional capital expenditure and there will be some pain in the system during this phase.

One of your stated plans post IPO was to grow inorganically – can you describe the progress there?

One of the purposes of the IPO was to give us currency for acquisition and also give us further leverage capacity. We are constantly evaluating targets across all our business verticals and a strong pipeline is in place.

However, we are very cautious in our Mergers and Acquisitions (M&A) plans and all our acquisitions have to fill a strong strategic need – like fulfilling a geographic gap or a capability enhancement. Furthermore, the targets that we have in mind have to have the same level of compliance standards as we do. We also have high internal hurdle rates that each transaction has to return. Hence, our acquisitions will be fewer and bigger in size.

What are your key performance metrics and how have you performed against them?

As I have indicated earlier, consolidated revenue growth has been a stellar 33% and consolidated EBITDA growth at 42%. Our Return on Capital Employed (ROCE) is 26%, which is a very creditable achievement, considering that our capital base significantly increased post our IPO. Our fiscal discipline is evident in the strong return ratios. Our Operating Cash Flow/EBITDA is another key financial measure and we have had an OCF/EBITDA of 69% and generated operating cash flow of ₹2,150 million, which is a new record for the SIS group.

These are the key financial metrics that we track and I am glad that we have lived upto the expectations of our stakeholders.

GROWING A VALUE-ACCRETIVE BUSINESS

Over the decades, SIS has been a pioneer in the field - whether it be in raising Private Equity (PE) funding, doing a significant cross-border acquisition or going public.

1986-1989: Initial years

1986

- Graduate Trainee Officer (GTO) programme initiated to build a cadre of security officers and managers.

1989

- SIS develops DOS-based software programme for payroll, on 486 computers.

1997-2005: Formative years

1997

- South India operations commissioned and regional office inaugurated in Bangalore.

1998

- India's first security company to receive ISO certification.

2002

- SIS revenue crosses ₹250 million.

2004

- First integrated end-to-end Enterprise Resource Planning (ERP) platform – ERSys – is developed by SIS.

2005

- SIS family crosses 10,000 members.

2007-2017: Growth years

2007

- SIS sets up operations in West India; regional office set up in Mumbai.
- DE Shaw, one of the world's largest hedge funds, invests in SIS.

2008

- SIS acquires Australia's largest security personnel company, Chubb Security.

2009

- SIS group's consolidated revenue crosses ₹10,000 million.
- SIS enters the facility management space, partners with ServiceMaster Corporation, USA.

2011

- Joint venture with Prosegur, Spain.
- SIS Cash Services is branded as SIS Prosegur.
- Joint venture with TERMINIX, USA. SIS enters the pest control segment operating under TERMINIXSIS brand.

2012

- The Company's workforce crosses the 50,000 mark.

2013

- CX Partners (Private Equity) invests in SIS, marking the largest PE investment in the security sector.

2014

- SIS family consolidated revenue crosses ₹30,000 million
- Acquired the cash and valuables services division of ISS SDB (December 2014).

2017

- The Company's consolidated revenue crosses ₹40,000 million. SIS acquires Dusters and becomes India's 4th largest facility management provider.

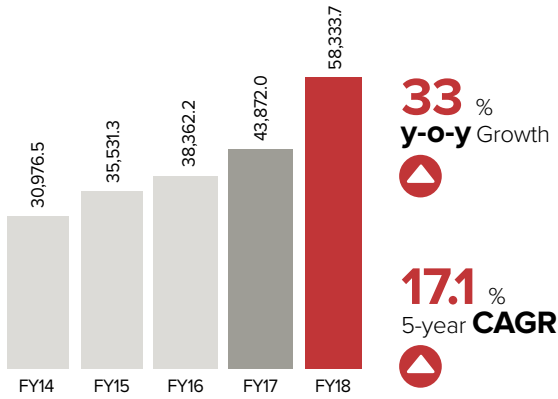
2018

- The Company's consolidated revenue crosses ₹58,000 million.
- Crossed 100,000 employees, who are providing security services in India.
- Increased stake in the Southern Cross Protection (SXP) from 10% to 51%, strengthening the Company's Australia securities business.
- Acquired business contracts and assets of SSMS in cash logistics.
- Completed IPO.

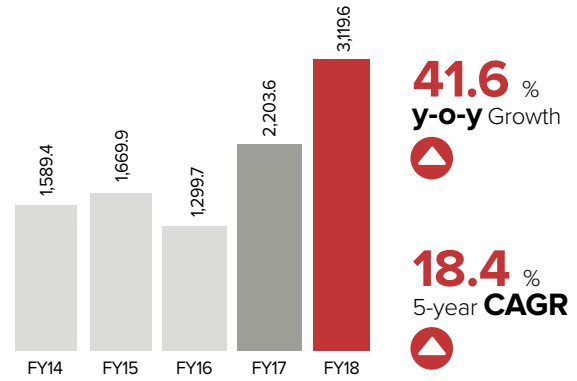
SUSTAINED HIGH PERFORMANCE

FY18 reinforces our business model based on high retention and recurring revenues. Our continued high return ratios are the outcome of our fiscal prudence and asset-light model. Historically high operating cash flow generation demonstrates the financial discipline at SIS.

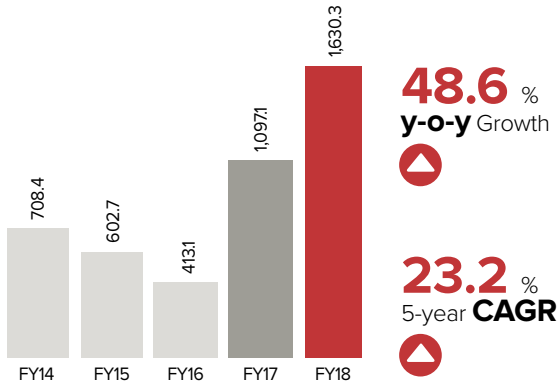
Group revenue (₹ in million)



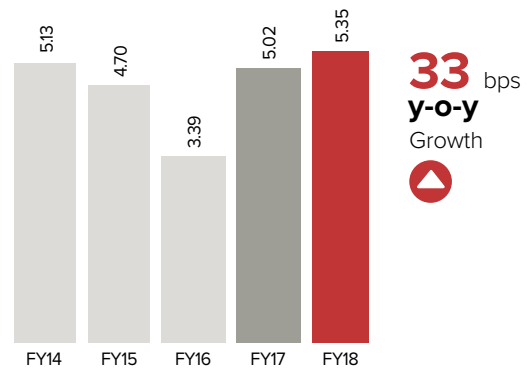
Group EBIDTA (₹ in million)



Group PAT (₹ in million)

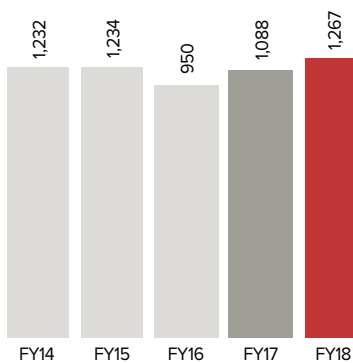


Group EBIDTA margin (%)

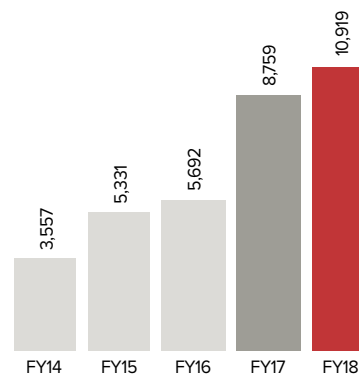


Our asset-light business model ensures consistently higher returns

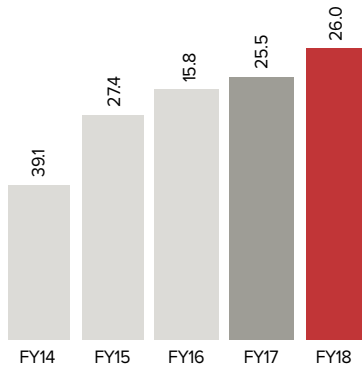
Tangible fixed assets (₹ in million)



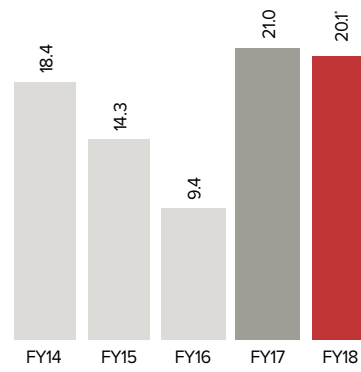
Capital employed (₹ in million)



Return on average capital employed (%)

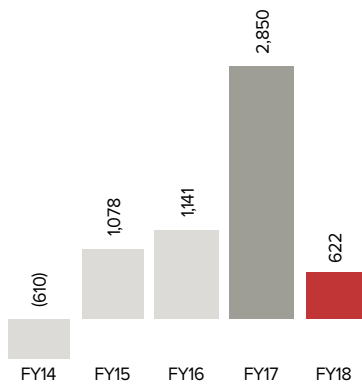


Return on network (%)

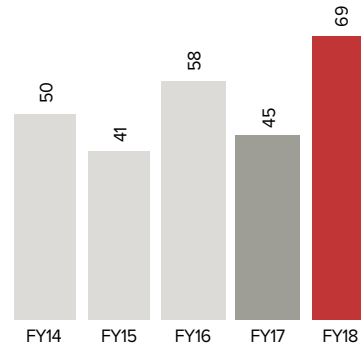


* on expanded capital base post the company's IPO

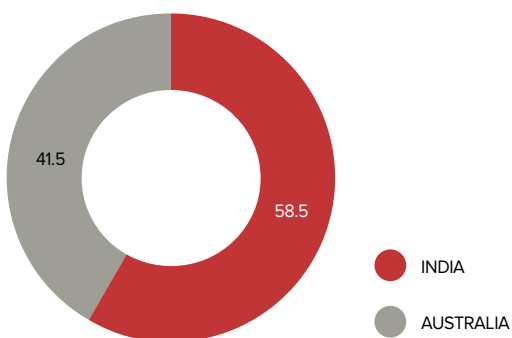
Net debt (₹ in million)



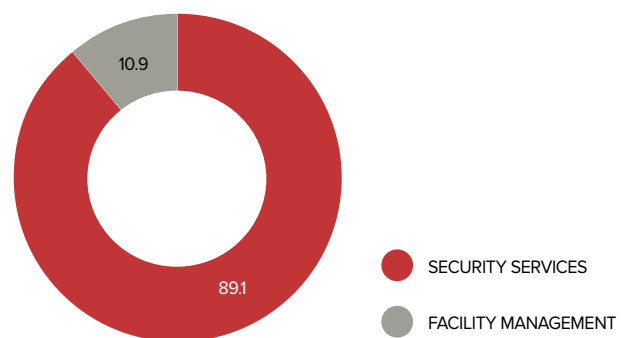
Operating cash flow (OCF)/EBITDA (%)



EBIDTA by geography (%)



EBIDTA by business segment (%)



ADDRESSABLE MARKET OF USD25 BILLION IN 2020

All the service verticals in SIS are showing consistent and strong growth and together are estimated to be a USD25 billion market by 2020. SIS is chasing market leadership in each of these verticals.

Security services - India

₹970 billion

India's security services market is expected to grow from ₹650 billion in FY18 to ₹970 billion in FY20 (E), at 20% CAGR.

2x-3x

Security service markets are typically growing at 2x-3x of GDP in developing economies.

Growth Triggers for Security Services Revenue			
	Trends	Macroeconomic Factors	Socio-economic Factors
Demand/ Growth Drivers	Outsourcing of non-core services such as security by corporates, banks and industrial majors.	GDP Growth: Revenue of the security services industry growing at 1.5-2.5x GDP growth rate.	Terrorism/ Crime: Increased threat perception drives higher demand.
	Privatisation replacing Govt. law enforcement agencies, metro stations, Public Sector Units (PSUs) and Govt. establishments.		
	Steps by the regulators towards greater formalisation leading to a steady shift from the unorganised to the organised players.	Minimum Wage Inflation: Leads to consistent growth in pricing. Avg 8%-10% y-o-y.	Wealth Disparity: Threat of petty crimes and sense of insecurity.

Security services - Australia

USD 2.46 billion

Security services market in Australia is expected to grow from USD 1.89 billion in FY15 to USD 2.46 billion in FY20 (E), at 5.4% CAGR.

1x-1.5x

Security services markets are typically growing at 1x-1.5x of GDP in developed markets.

Growth drivers

- Consistent growth in commercial (office, retail and other commercial locations) and industrial (mining) space.
- Steady growth in Government and industrial growth drivers; higher education institutes; hospitals; state, local and federal governments and defence; infrastructure.
- Increasing demand from the aviation segment, driven by growth trends of air traffic and passenger movements.
- Growing relevance of security services in the tourism industry.



Facility management

Growth Triggers for Security Services Revenue			
	Trends	Macroeconomic Factors	Socio-economic Factors
Demand/ Growth Drivers	High growth opportunities from expanding organised sectors such as hospitality, pharma, IT & ITes and manufacturing facilities.	Increased regulatory pressures are leading to a significant shift from unorganised to organised sectors.	Need for safe, comfortable and healthy environment for employees and growing awareness of outsourced services among corporate clients, educational institutions and manufacturing units are facilitating industry growth.
	Growing demand of high-level hygiene standards in healthcare and pharma sectors are also paving the growth trajectory for the facility management industry.		

₹252 billion
Facility management market in India is expected to grow from ₹100 billion in FY15 to ₹252 billion in FY20 (E), at 20% CAGR.

₹104 billion
Hard services are expected to grow from ₹40 billion in FY15 to ₹104 billion in FY20 (E), at 21% CAGR.

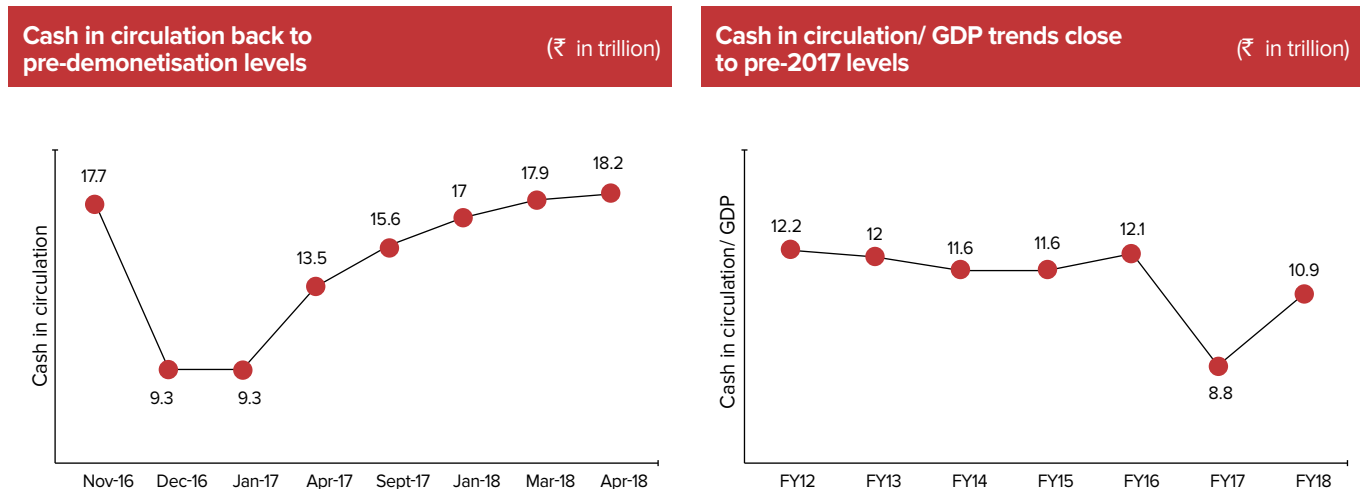
₹21 billion
Pest services are expected to grow from ₹12 billion in FY15 to ₹21 billion in FY20 (E), at 12% CAGR.

₹81 billion
Cleaning services are expected to grow from ₹31 billion in FY15 to ₹81 billion in FY20 (E), at 22% CAGR.

Cash logistics

Growth drivers

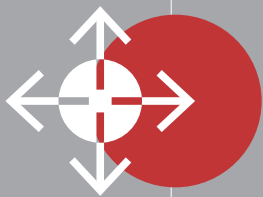
- ATM penetration in India is extremely low compared to global standards.
- Point of Sale (PoS) terminals presence is weak, leading to continued dependence on cash.
- Digital transactions have become stagnant after spurt post-demonetisation.





Business expansion drives

**SUSTAINABLE
VALUE.**



Over the years, we have consistently scaled our business organically and inorganically. Although we are predominantly an organic growth engine, we also focus on synergic, value-accretive and well-crafted acquisitions and our partnerships have reinforced our presence across multiple business sectors.

Our approach is to expand our geographic presence, fill capability gaps and ensure consistently high return ratios.

HERE WE LOOK BACK AT SOME OF OUR ORGANIC AND INORGANIC INITIATIVES:

Security services - India

Started in 1985, this business has completely grown organically.

Security services - Australia

- Acquired manned guarding business of Chubb Security in Australia (August 2008).
- Increased stake in Southern Cross Protection (SXP) from 10% to 51% in July 2017.

Electronic security

- Commenced the Electronic Security Services business (2010-11).
- Joint Venture (JV) with Prosegur of Spain, a global leader in alarm monitoring.

Facility management

- Exclusive master license agreement with ServiceMaster, a commercial and residential cleaning service provider.
- JV with Terminix USA, a multinational provider of termite and pest-control services.
- Acquired 78.72% in Dusters (August 2016).

Cash logistics

- JV with Prosegur of Spain, a global leader in cash management.
- Acquired the cash and valuables services division of ISS SDB (December 2014).
- Acquired business contracts and assets of SSMS in December 2017.

Growth resources

- We completed a successful ₹7,796 million IPO, providing us with growth capital.
- Our net debt to EBITDA stood at 0.2x, giving us substantial borrowing capacity for organic and inorganic initiatives.
- We reduced our net debt by ₹2,228 million in FY18 through strong cash flow generation and IPO proceeds.



SCALE THROUGH STANDARDISATION

Culture at core, technology as enabler.

Technology driving excellence

Technology is a primary value differentiator for the organisation. In a technology-driven operating environment, we at SIS are making profound use of Information Technology (IT) to simplify our processes. Our best-in-class systems enable us to grow the business and increase our operating leverage over time.

We use a sophisticated information management system to facilitate the flow of information to all our business functions, ensuring faster decision making about key business processes and other routine functions. Our information management system also assists in day-to-day management, supports strategic planning and helps reduce operating costs by facilitating operational coordination across functional departments.

We have developed an in-house integrated Enterprise Resource Planning (ERP) ecosystem that connects all our branches to facilitate and support our sales and marketing functions, track financial transactions and accelerate our overall reporting process.

In our Australian business, we have deployed third-party technology systems for financial accounting, data collection, analysis, reporting and customer relations management. These systems are integrated to provide seamless reporting to aid management in analysis, monitoring and decision making. We have also deployed a service assurance system, combined with tablets or smart-phones for real-time response.

Technology integration

We use our Customer Relationship Management (CRM) technology tools to build, manage and monitor leads. These tools enable us to scientifically target potential customers, as we look forward to penetrating much deeper into India's client base.

The rise of Electronic Security as a Service (eSaaS) is inevitable; and we need to be ahead of the curve in exploiting opportunities afforded by technology. We are offering 'Man-Tech' services combining physical security presence with use of technology such as cameras, Near Field Communication (NFC) cards, Global Positioning System (GPS) devices and remote monitoring. We believe that 'Man-Tech' solutions will play an increasingly important role in the provision of private security services. We are upgrading our existing technological systems to strengthen our personnel training, deployment, sales and marketing and operational and management initiatives and derive greater operational efficiencies.

We continue to integrate various operational and financial systems in our businesses to enhance the efficiency of our operations; and to ensure that key performance indicators are easily tracked.



Seven Finger Model

It is an ERP-generated monthly balanced scorecard, through which Key Performance Indicators (KPIs) are measured and reviewed monthly at all our branches.

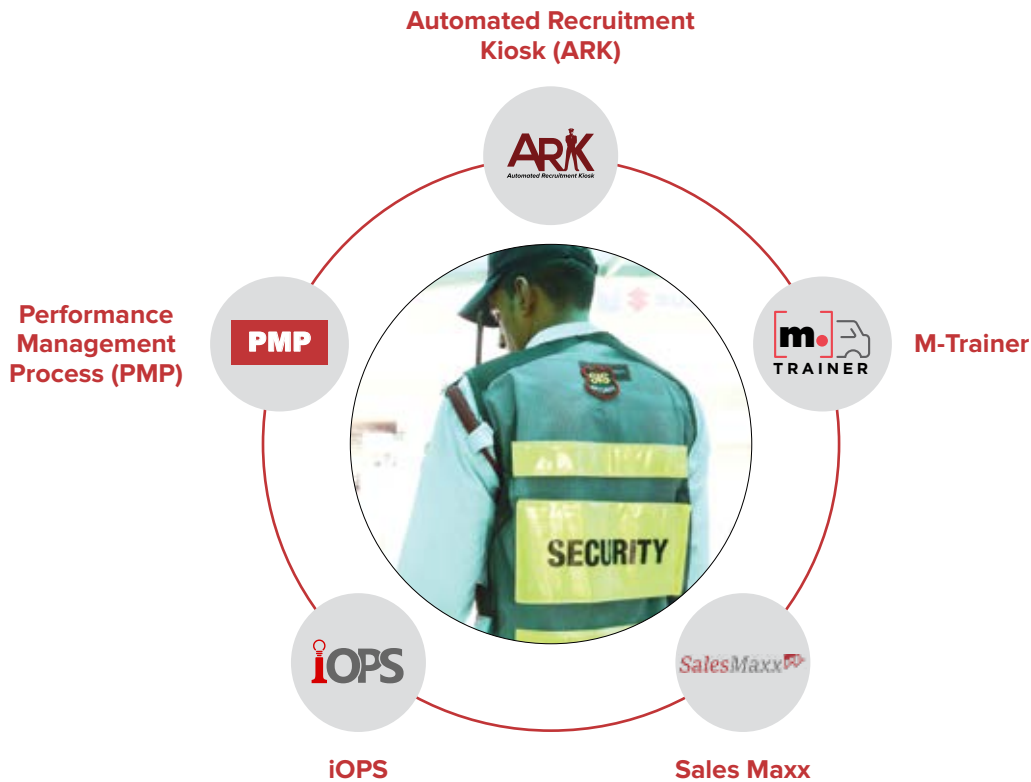
Outcome drivers

-
- Sustainably developing new sales
- Service quality and client retention
- Workforce retention and input quality
- Efficient receivables collection

Performance measures

-
- Revenue growth
- Cost control
- Unit-level margin and cash generation

Key technology platforms



ARK

Automated Recruitment Kiosk (ARK)

Ensures product quality and consistency and minimises errors and human intervention by enabling recruitment through a kiosk-based recruitment process. This, in turn, ensures reliable quality standards and detailed product quality metrics. We now have the unique capability to deploy security personnel as per the requirements of the customer.



M-Trainer

We have recently introduced a mobile training initiative – M-Trainer - that enables continuous on-job training and ensures that inductions happen in a standardised process. This also affords us the opportunity to reskill and upskill people to take on bigger roles in future. We have also digitised all our content so that training can move to the mobile screen over time.



Sales Maxx

A tablet-based sales and CRM tool, targeted at lead management, enhancing sales productivity and controlling margins. It is a complete sales resource in each salesperson's hands, providing access to high-quality presentations, communication tools for real-time margin validation, pre-quote generation and incentive linkage.



iOPS

It is a mobile app-based operations platform to provide assurance on service quality and operations productivity. It enables workflow automation, data analytics, real-time customer reporting and performance management process (PMP) linkage.



Performance Management Process (PMP)

A customised PMP portal that serves as a tool for talent development, promotions, transfers and separations of employees. It handles the employee performance score, peer group ranking and provides a transparent and quantitative pay review system.

Talent and teamwork

Our strategy to protect value and deliver growth to our stakeholders is driven by the commitment and passion of our people. We source and nurture quality talent at all levels of the organisation.

We also seek to create an engaging workplace and a high-performance culture to help our people realise their own potential and deliver superior outcomes for the business.

We believe that our personnel recruitment and training initiatives drive employee loyalty and retention, quality assurance and brand recognition. We have the largest trained workforce supply chain in India with integrated capabilities for sourcing, training and deploying our talent pool.

The state-of-the-art infrastructure across 19 training institutes in India provides the latest and most modern courses to train more than 25,000 guards a year, securing our personnel pipeline and ensuring prompt deployment.

We recruit and train to upskill

Our recruitment process is based on a rigorous assessment of personnel and a transparent score-oriented selection that determines the suitability of a person for the relevant role. We have a training and recruitment division to develop and train our personnel.

We provide regular training and development to enhance the skills and competencies of our entire workforce. Our recruitment, training, deployment and management procedures are technology driven with detailed reporting and tracking systems in

place. The training initiatives include customised training for specialised roles, in-person induction, customer introduction and site and role familiarisation.

The backbone of SIS is our Graduate Trainee Officer (GTO) programme (currently training our 36th batch). Under this programme, we recruit graduates who undergo an intensive six-month training programme. Today, most of our branch and regional management are from the GTO cadre. By providing a ready management pool, the GTO programme ensures rapid scalability of our operations.

We encourage a performance-driven culture

Our performance parameters and assessment of our employees are tied to a capability analysis of each employee, resulting in an identification of high-performing employees as well as underperforming employees.

The employee rating is based on KPIs, computed using data collected from our ERP systems. The employee performance score forms the basis of the rating and annual compensation revision and any incentives. We also aggregate these results for each branch to generate a branch scorecard and assess branch performance and remuneration of our branch managers.

We believe in constant motivation

We focus on building a highly motivated workforce. Therefore, we have evolved a mechanism to match performance with rewards. Our SIS Employee Welfare Activity Charitable Trust (SEWA) provides financial assistance such as loans, emergency financial aid and insurance to employees in need. We also provide accident insurance cover to all employees. In addition, we have instituted an employee grievance redressal system run by an employee relations cell, which can be reached through a toll-free hotline. Also, stock options are awarded to employees for their loyalty and contribution to the organisation.

We care for our people

We have a robust health and safety policy aimed at ensuring the safety of our employees and the people working at our customer sites. Our HR policies comply with health and safety

regulations in our operations. Through a systematic analysis and control of risks, we believe that accidents and occupational health hazards can be significantly reduced. Hence, we conduct proper training for the management as well as employees. We have implemented work safety measures to ensure a safe working environment at our customer sites.

Management bandwidth

- We are led by a well-qualified and experienced management team with the ability to manage and grow our operations organically and also acquire and integrate businesses.
- Key members of our managerial team have also gained relevant experience by working with global leaders in their respective business segments.



Business division review

01

SECURITY SERVICES – INDIA



“We are the fastest growing security organisation in the country for several years and we have a plan to become the largest in India by 2020 on a purely organic basis. We listen to our customers and employees and constantly challenge ourselves in providing better services and this is the prime reason for our continuous outperformance”

Tapash Chaudhuri
COO, Security Services – India

153+

Locations across India

107,000+

Trained security professionals

3,600+

Customers

11,900

Customer premises served

24x7

Backup monitoring

We are India's fastest growing and second largest security services provider with a market share of ~ 3.5%. Despite the industry being quite fragmented with many small and unorganised players, it is steadily being formalised. This formalisation, over the last few years, is primarily because of the introduction of the Private Security Agencies Regulation Act (PSARA), demonetisation, fiscal benefits to compliant players and GST, among others. However, this is an evolutionary process and will take a few years to unfold.

Our comprehensive set of security services ranges from providing trained security personnel for general guarding

to specialised security roles in India. We also provide security services to several government organisations and public-sector undertakings across the country.

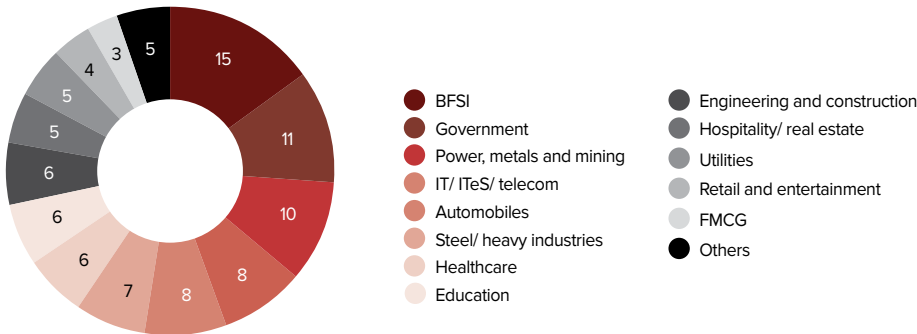
Our new offerings include integrated security solutions through technology orientation in different sectors, resulting in better products. We also created expertise in related products such as building management system (BMS), training conductors for bus services among others.

Our pipeline surveillance in the oil and gas sector has been a major step forward for the Company. We leveraged the evolving automation



technology to provide surveillance in the entire area through connected camera feeds to the control room for immediate attention for response.

Sector-wise sales mix (%)



Service offerings

- Security guards/officers
- Armed guards
- Firemen
- Maritime security
- Fire suppression
- Perimeter protection
- Command and control centre
- Access control/entry automation
- Closed-circuit television (CCTV)
- Intrusion detection
- Fire detection

Key highlights of FY18

- Recorded a growth of more than ₹5,000 million in one year, setting a record in India's security sector.
- Deployed 1,07,746 people in FY18, which was 14% higher than the 94,281 employees at the end of FY17 - in a year of disruptions.
- Rolled out our home-grown CRM tool — Sales Maxx — across all our sales teams, which has proved to be a great tool for our sales teams to improve their productivity.
- Established India's largest sales engine in the security industry, with over 125 personnel.
- Streamlined Intelligent Operation Control System (iOPS) across 153 branches and 550+ operations staff under the direct monitoring of 20 regional operations command centres.
- Launched Man-Tech initiatives that are likely to show results in 2018-19, preceded by a country-wide training initiative on solution design, sales and implementation.



Core strengths

- 30+ years' experience offers deep industry-specific insights on handling critical security issues, risks and mitigation.
- Solution designing capability provides best-in-class security solution at optimised value to clients.
- Pan-India presence enables 'single point contact' for companies that need national security coverage.
- Unique offering — bundled Man-Tech solutions — for SIS clients.

- Robust recruitment and training infrastructure comprising 25,000 trained guards every year that enables a strong supply chain to deploy contracts without delay.
- Strong reputation and communication with police and regulatory authorities.

Financial performance

	₹in million	
Security Services - India	FY18	FY17
Revenue from operations	21,441.2	15,949.8
EBITDA	1,485.2	1,014.0
EBITDA %	6.9%	6.4%
Revenue share in overall business	36.8%	36.4%
EBITDA share in overall business	47.6%	46.0%

The road ahead

Urbanisation will enhance focus on building sustainable infrastructure and incorporating efficient mechanisms for service delivery to citizens. Safety and security will continue to play a key role in urbanisation and infrastructure creation. The increased shift towards organised players is likely to fortify the demand for security services. These factors will provide us growth opportunities owing to our wide reach and deep market penetration and reputation for superior service quality.

As technology evolves, we at SIS are steadily moving away from commoditised services to complex service delivery design and solution mechanisms. As always, we will continue to make use of technology extensively for enhancing productivity, assuring service quality and scaling improvement.



Tech SIS



Chander Gujral
President, Tech SIS

The advent of electronic security systems has amplified the growth of India's security services business. Electronic security offers scope for premiumisation of services by capitalising on technological innovations in security applications. Besides, end users are gradually recognising the benefits of incorporating a blend of physical and technology-based security services.

At SIS, we enjoy strategic alliances with Original Equipment Manufacturers

(OEMs), reputed system integrators and installers to provide integrated and turnkey electronic security and surveillance solutions. Our unique offering, Man-Tech solutions, combines electronic security with trained manpower, enabling efficient services and significant increase in the reach of technology-based solutions.

Our Tech SIS business provides electronic security services to business entities and Government organisations.

We provide end-to-end services including surveys, requirement analysis, solution designing and implementation and installation of electronic security systems. These services utilise physical security presence with smart use of technology such as cameras, Near Field Communication (NFC) cards, Global Positioning System (GPS) devices and remote monitoring, among others, to optimise our service offering.

Service offerings

- Closed-circuit television (CCTV)
- Access control/entry automation
- Entry automation solutions
- Fire detection
- Public address systems

Key highlights of FY18

- Created Man-Tech hubs and imparted extensive training across all branches in the security services business.
- Conceptualised, designed and developed a customised solution in 70+ locations across India for Maruti.
- Executed roll out for Mannapuram at 956 sites within a four-months period.
- Implemented Enterprise Resource Planning (ERP) processes successfully.

Core strengths

- One-stop security solutions provider.
- End-to-end security system management, covering assessment, design, procurement, installation and maintenance.
- Lasting relations with OEMs and reputed players increases opportunities to generate leads and develop business.
- Fully trained design/installation engineers with 24x7 system support.
- Bundled Man-Tech solutions are an integral part of services.

The road ahead

At Tech SIS, we are capitalising on the surge in India's demand for security services. Current initiatives like Smart Cities will increase the focus on safety and security further. Going forward, collaborations with Government verticals and OEMs will strengthen our scope for growth. Our end-to-end security system management will facilitate a fully trained systems support round-the-clock in future.

Our focus is to expand our operations by serving at multiple locations. Thus, we

intend to add two more hub locations, increasing our total hub count to nine. Moreover, we are looking forward to work on large projects/ tenders through a dedicated and specialised team. Going forward, we will maximise our offerings by expanding Man-Tech solutions and incorporating a solution-based approach.

We believe automation is the 'future'. And thus, we intend to automate the service complaint booking and customer feedback processes to ensure a hassle-free experience for customers, going forward.



PROTECT VProtect



Shankar Subramanian
President, VProtect

Our alarm monitoring and response solution — VProtect — was launched in FY17 by SIS Prosegur Alarms, a joint venture between SIS Group and Prosegur. We provide state-of-the-art video-verified and integrated security response service provider targeted at homes and retail spaces and are assisted by a private and dedicated emergency response fleet.

The key selling point here is the peace of mind that our products offer to the end users – with its ease of use, customer-friendly application

and fast response. For the urban residents of today, many of whom are in dual income households, with elderly family members and kids at home, VProtect is an invaluable offering. We have also tied up with financing agencies for providing easy EMI options to buyers.

Our key strategy is to implement technology that is reliable, affordable and easy-to-use. We are utilising the existing platforms of Prosegur, cloud computing and mobile application technologies to ensure cost optimisation. We

have a comprehensive mobile app in place to enhance efficiency and facilitate customer usage.

At VProtect, we ensure strong connectivity using wireless systems. These wireless systems enable us to promptly troubleshoot anomalies in connectivity while an intelligent panel keeps a check on the network strength and battery power. We provide a dual channel of communication to ensure continuity of services in the eventuality of network failure.

Service offerings

- Alarm monitoring and response
- Fire suppression
- Medical and personal emergency systems
- Perimeter protection system

Key highlights of FY18

- Introduced VProtect services in Gurgaon
- Business saw strong traction with high renewals and Average Revenue Per User (ARPU)

Core strengths

- Round-the-clock private emergency response fleet to defuse emergency situations.
- Wireless security solution.
- Event-based recording to ensure privacy.
- Monthly maintenance and health check of installed devices conducted by professionals.
- Huge network provides us operational synergies.
- Day-and-night beat patrolling by response officers to identify any unusual activity around the property.

The road ahead

Alarm monitoring and response solutions have become indispensable globally with rising popularity in India as well. At VProtect, we have established a 24x7 operational remote alarm monitoring centre that will further enhance our customer-centricity with prompt services. Going forward, we will capitalise on our wide portfolio of services and vast network coverage to enhance operational synergies. Further, we will leverage the SIS customer base and urge them

to opt for our alarm monitoring offerings. This will optimise costs and reduce our efforts to build a customer base from scratch.

Our aim is to increase our footprint to other potential markets; and we are evaluating the Delhi and Noida markets to widen the reach of VProtect services.



Business division review

02

SECURITY SERVICES – AUSTRALIA



“At MSS, we recorded an overall client retention of 96% for FY18. We also enhanced our portfolio with new acquisitions that will help deepen our footprint across the market. Going forward, we will focus on more customer-centric services and building a stronger management team.”

Mike McKinnon
CEO, MSS Security – Australia

21%
Market share

7,400+
Trained guards

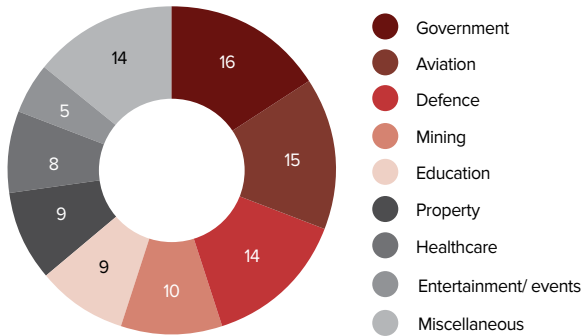
9,600
Mobile patrol clients

MSS is Australia's largest security services company. At MSS, we had another milestone year in FY18. During the year under review, we acquired an additional 41% in Southern Cross Protection (SXP) that takes our stake to 51%. This acquisition enhanced our portfolio, helping us become a more comprehensive solutions provider through addition of the mobile patrol offering of SXP. Moreover, we crossed a revenue of AUD500 million with organic growth, which is the highest organic growth in percentage terms in many years.

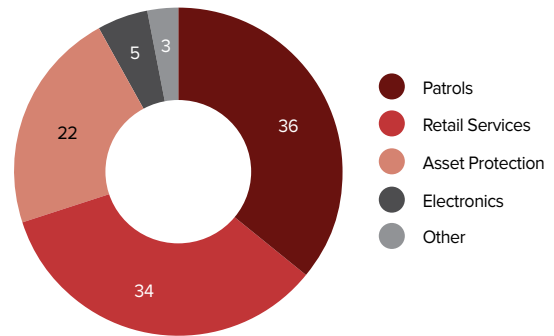
Service offerings

- Security guards/officers
- Armed guards
- Maritime security
- Aviation security
- Perimeter protection
- Command and control centre
- Paramedic and allied health
- Roving and mobile patrols
- Access control/entry automation
- Closed-circuit television (CCTV)
- Intrusion detection
- Emergency 1st responders

Sector-wise sales mix (MSS) (%)



Sector-wise sales mix (SXP) (%)



Financial performance

₹ in million

Security Services - Australia	FY18	FY17
Revenue from operations	30,185.1	23,956.3
EBITDA	1,295.8	1,060.0
EBITDA %	4.3%	4.4%
Revenue share in overall business	51.7%	54.6%
EBITDA share in overall business	41.5%	48.1%

AUD **603** million
26% y-o-y growth

96 %
client retention rate

Key highlights of FY18

- Recorded overall client retention rate of 96%.
- Won the Commonwealth Games Contract (along with three other vendors) at MSS.
- Acquired AUD45 million new permanent contracts at MSS.
- Acquisition of an additional 41% stake in SXP.
- Staff attrition steady at around 20%.
- Ended the year with Days Sales Outstanding (DSO) of 42 days, which is the lowest in the last few years – in the process, generating free cash flows of close to AUD28 million.
- Won the Australian Open Tennis contract.

Core strengths

- High standards of customer service and client satisfaction ensure superior client retention – our top 10

clients have been with us for over five years.

- Well-trained patrol teams, adept at handling cases of trespassing and damage caused by miscreants.
- Stable, well-qualified and experienced management helps to build a cohesive internal team.
- Experts at area management and efficient in handling large crowds – managed security at reputable events such as F1 and Melbourne Cup, among others.
- Well regarded by all regulatory and police authorities who value MSS insights and partnerships.

The road ahead

Going forward, our focus will be to sustain the momentum of revenues in the coming year. We will aim to increase synergy benefits between SXP and MSS both on costs and revenues by offering bundled solutions and tapping our

mutual client base. Besides, we are looking for bolt-on acquisitions in both Australia and New Zealand.

In addition, we will further enhance our field force and also drive succession planning

and develop a bench strength through a Management Development Programme. We will start a National Operations Centre for better centralised operational oversight and customer servicing.



Business division review

03

FACILITY MANAGEMENT SERVICES



Shamsheer Puri
Managing Director, DTSS



Jasmer Puri
Jt. Managing Director, DTSS



Edward Ambrose Dsouza
President,
ServiceMaster Clean Limited

India's facility management market has grown at 16% CAGR over the last five years. Of this, the hard services market space accounts for 40% share while the remaining emanates from soft services (as of 2015).

The cleaning services market in India contributes ~50% of the total soft FM services market, followed by pest control and other soft FM services with 20% and 30% share, respectively. Other soft FM services include business support services such as office and help desk support, gardening and landscaping and laundry and guest house management, among others.

The SIS Group operates in facility management through two brands:

- ServiceMaster Clean (SMC): In operation for the past eight years.

- Dusters Total Solutions Services (DTSS): Acquired in August 2016, it has a strong geographical presence in Karnataka and Maharashtra with a well-recognised brand name among Indian and multinational companies.

42,148
Employee strength

522
Customers served

2,740
Customer sites

59
Branches

Service offerings

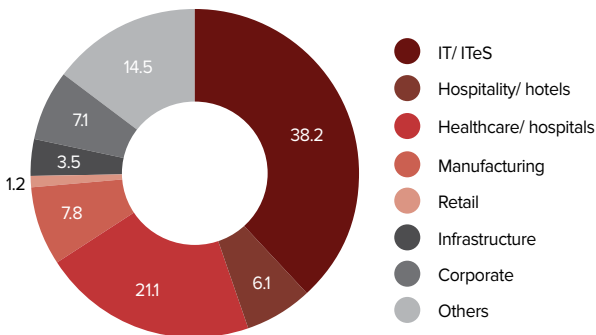
Hard services

- Mechanical and electrical maintenance
- Plumbing services
- Asset management strategies
- Preventive maintenance services
- Short-term repairs
- Heating, ventilation and air-conditioning

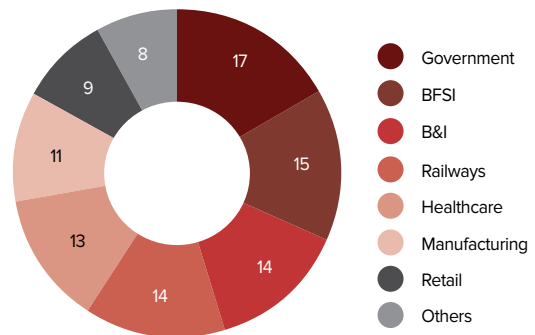
Soft services

- Cleaning and housekeeping
- Catering
- Pest control
- Office support
- Guest house or service apartment management

Sector-wise sales mix of DTSS (%)



Sector-wise sales mix of SMC (%)



Key highlights of FY18

- Recorded significant revenue growth of 69% in our facilities management business (in India) where revenue grew from ₹3,966 million in FY17 to ₹6,707 million in FY18.
- Increased EBITDA margin from 3.4% in FY17 to 5.1% in FY18.
- Strengthened back-office support functions of shared services centre of DTSS in Bangalore with continued process improvements — initiated six-sigma green belt projects to add value to its deliveries; enhanced MIS review mechanism to adapt Seven-finger model.
- Expanded the number of operational branches (SBUs) in DTSS from 18 to 27.
- Implemented digital applications such as on-boarding, facial attendance, Power BI, Sales Maxx, Learning Management Systems (LMS) and asset tracking.
- Launched smart cleaning technologies to help manage facilities at optimum productivity.
- Established a specialised training department to help manage facilities at optimum productivity.



Financial performance

	₹in million	
Facility Management	FY18	FY17
Revenue from operations	6,707.4	3,965.9
EBITDA	343.5	134.9
EBITDA %	5.1%	3.4%
Revenue share in overall business	11.5%	9.0%
EBITDA share in overall business	11.0%	6.1%

Core strengths

- Pan-India presence with a strong branch network to deliver services to multiple customer groups.
- Distinct ability to provide choice between input-based and output-based delivery models.
- Cost-effective quality solutions using specialised equipment.
- Steady shift towards organised segment for facility management is an added advantage.
- Precise cleaning techniques depending on the requirement.

- Reliable staff owing to compulsory background checks before hiring
- Intensive training for cleaning staff equips them with the necessary skills for global standards of housekeeping

The road ahead

Growth in commercial and residential construction is leading to an increased adoption of hard facility management services and cleaning services in India. The introduction of smart or green building designs and the installation of advanced engineering systems will

further encourage the involvement of professional maintenance services. With Government support for real estate and infrastructure segment augmenting, we look forward to tap the business-to-government B2G and railway segments.

Our digital transformation initiatives will continue in FY19 largely focussing on automating attendance at worksites and e-invoicing to hasten the invoice submission process on digital platforms. We also seek to implement automation in other workflow initiatives to improve processes at the shared services centre.

We are further identifying high performers in the sales and operations sectors to enable a pan-India presence. Besides, we have also developed sector-specific sales tools and built an operating framework to strengthen our processes and emerge as a specialist in the facility management domain. Going forward, we intend to increase our branch count

by nine, by splitting larger branches to smaller business units.

Moreover, we look forward to collaborations with multinational and domestic companies as they seek world-class facility management services. Thus, we aim to create more opportunities for organised facility management companies to introduce and push integrated facility management services for key segments such as hospitals, pharma and Fast-Moving Consumer Goods (FMCG).

Going forward, leadership development is another important agenda for us in FY19 at middle and senior levels across all functions. We will implement various programmes for the purpose. Besides, we will restructure the business development team with renewed strategies to attract big players, enabling outcome-based higher margins.



Pest and termite control

Pest control is a labour-intensive industry that is also driven by the growth of economic activity in the country. The SIS Group and Terminix (the world's largest pest management service provider) entered into a JV in 2011 to form Terminix SIS.

We deliver professional and effective services to B2B, B2C and B2G sectors through this JV. Our objective is to provide superior, safe and hygienic pest control services to restaurants, food processing units, healthcare facilities, offices and residences, among

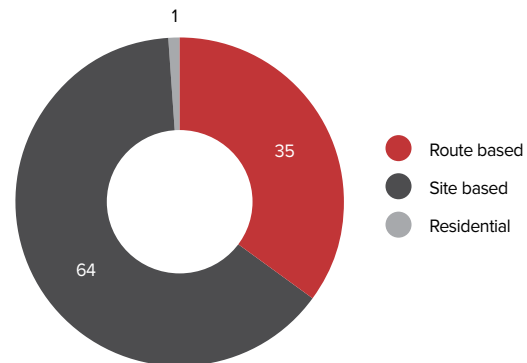
others. The business draws over 94% of its revenues from route-based and on-site commercial businesses due to its major focus on the non-food commercial segment.

Service offerings

- **Pest control**
- **Termite control**

Sector-wise sales mix

(%)



Anil Dias
President,
Terminix SIS

Key highlights of FY18

- Consolidated operations with increased geographical spread and amplified commercial contribution
- Recorded a growth of 64% over the previous year
- Generated 10% of overall business from eastern markets
- Added several marquee clients such as Google, SAP, LinkedIn and Goldman Sachs, among others

Core strengths

- World-class and expert services provided through JV with Terminix
- Cost-effective pest management solutions and professional approach provide a competitive edge
- Certified and Government-licensed professionals increase reliability

The road ahead

The overall market for India's outsourced pest control services is expected to grow to ₹21,140 million by fiscal year 2020. India's increasing demand for pest control

services is a result of rising economic activity, growing urbanisation, multiplying middle-class population and increasing hygiene and sanitation awareness among end users. Our objective is to reach India's growing middle-class population with world-class pest control services.

Going forward, we expect India's pest control services market to expand owing to increased demand for higher hygiene standards in public

areas due to the Swachh Bharat Mission. We aim to build a route-based and non-food commercial business where productivity of technicians is high, resulting in high gross margins. Our focus is on large mosquito control projects and the launch of CSAT 2.0 to enhance our quality of services.



Business division review

04

CASH LOGISTICS

SIS PROSEGUR
LEADER IN CASH LOGISTICS >>

SISC
LEADER IN CASH LOGISTICS



“With the recent RBI guidelines expected to be operationalised in due course, deployment of additional resources will open up more opportunities in terms of re-alignment of tariffs, additional business as well as new segments of business.”

Avinash Kumar
President, SIS Cash Services

Service offerings

- Safe keeping and vault-related services
- ATM related services
- Cash in transit
- Doorstep banking
- Cash pick-up and delivery
- On-site and off-site cashiers
- Bullion transportation

The SIS Group entered into a JV with Prosegur, a global leader in cash-based logistics services in 2011, to establish SIS Cash Services (under the brand of SIS Prosegur). With the acquisition of the cash services division of ISS-SDB in December 2014, SIS Cash Services emerged as the second largest cash logistics business in India with a market share of around 11%. Today, SIS Cash Services is India's second largest cash logistics business in terms of market share by revenue, number of employees, ATMs served and cash vans utilised. Prosegur

has provided the JV the tools for operations control (SCO, Genesis and ATM app) as well as the platform for Cash Deposit Machines (CDM) for operation and reporting. Going forward, an advanced integrated currency chest management solutions is expected to be deployed and along with forecasting tools.

We believe technology and automation to be the enabler and differentiator for our operations. Hence, our operations are being

increasingly moved to the SCO platform for better control and optimisation, ATM and DSB apps for better visibility, MIS for enhanced control, fleet mobile app for fleet control and integrated cash van tracking system to ensure de-risked operations.

Key highlights of FY18

- Closed non-profitable ATM business contracts.
- Adopted cost control measures in terms of direct costs and manpower optimisation.
- Rolled out margin improvement plans with an aim to be a zero penalty organisation.
- Integrated back-office functions and aligned policies to optimise resources.
- Initiated the use of fleet mobile app for better fleet control.
- Tested CDMs successfully
- Integrated high-risk cash vans and vaults with networks operations centre.
- Revised ISO 9001-2015 certifications.

Financial performance

₹ in million

Cash logistics	FY18	FY17
Revenue from operations	3,118.9	3,168.1
EBITDA	45.0	88.3
EBITDA %	1.4%	2.8%
Revenue share in overall business	NA	NA
EBITDA share in overall business	NA	NA

Please note that the cash logistics business is not consolidated in our financials post transition to Ind-AS.

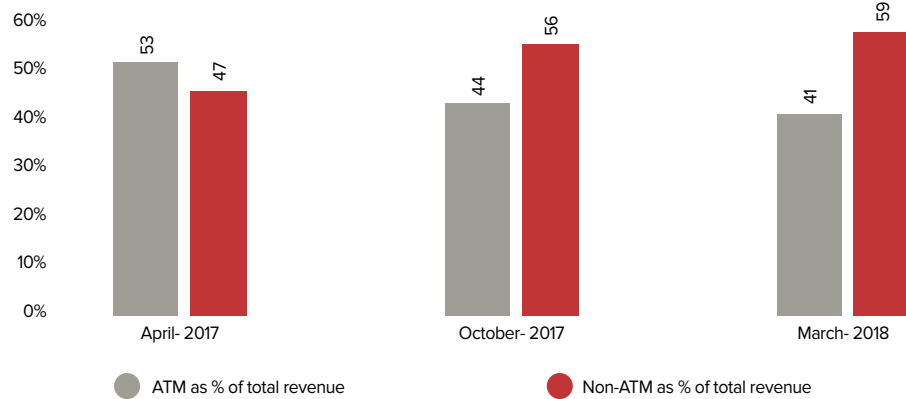
9,123

Employee strength

In FY18, we have managed to significantly alter the portfolio mix by increasing the non-ATM portion of our business.

Portfolio shift

(%)



80

Branches

59

Vaults/strong rooms

2,247

Cash vans and two-wheelers

Core strengths

- Extensive infrastructure and outreach across all major cities offers a strong customer base and wide network, including to the underserved markets of north-east India.
- Long-standing relationships with vendors, business contractors and employees.
- Technology from Prosegur is industry-leading and our processes and systems are best-in-class.
- Strong partner in Prosegur who is willing to invest to grow our business in India.
- Financial and technically well placed to benefit from the RBI regulations.

The road ahead

The cash logistics business is gaining visibility and we are aligning our resources according to the Reserve Bank of India (RBI) regulations.

Impact of the above regulations

The usage of cash has returned to pre-demonetisation levels and our objective is to review our ATM portfolio for route optimisation. We are focussed towards increasing our ATM penetration and automate its operations. We are also concentrating on the non-ATM business to diversify and de-risk our operations.

For us, India's steady move towards organised retail is an opportunity to leverage our retail services. We are also encouraging banks for Doorstep Banking (DSB) through the use of cutting-edge technology.

The cash in transit (CIT) business is gaining importance. Thus, we aim to strengthen and optimise our CIT business by deploying world-class technology to ensure safety, security and operational efficiency.

RBI Regulations

- Minimum net worth of ₹1,000 million for cash logistics operations.
- Minimum 300 cash vans in fleet.
- All ATMs to migrate to cassettes over a three-year period.
- Increased circulation of ₹200 notes.

EXPERIENCED BOARD



Ravindra Kishore Sinha
Chairman

Mr. R.K. Sinha is a first-generation entrepreneur and founder of SIS Group. A journalist by background, the foundation laid by him over 30 years back is responsible for making SIS Group a recognised leader in the security and business support services business in Asia Pacific with over 170,000 permanent employees. His dream of taking the Company public came to fruition in FY18. He is actively engaged in several philanthropic activities.



Rituraj Kishore Sinha
Group Managing Director

Mr. Rituraj Sinha is the Managing Director of SIS. He is an alumnus of the Doon School and Leeds University Business School, UK. He joined the SIS Group in 2002 after a brief stint in the banking sector in the UK. Over the years, he has built a reputation for himself in the global security and business support services industry by forging partnerships with global market leaders and orchestrating game-changing acquisitions. He is active on various industry forums and champions the cause of the private security industry at various government forums and industry associations.



Uday Singh
Non-executive Director

Uday Singh, aged 69 years, is a Non-executive Director. He holds a bachelor's degree in science (electrical engineering) from Birla Institute of Technology – Mesra, Ranchi and a post-graduate diploma in management from Brilliant's School of Management, Chennai. He has over 39 years of experience in management and has, in the past, held various positions with Metallurgical & Engineering Consultants (India) Limited and Jindal Vijaynagar Steel Ltd., and with Praxair Carbon Dioxide Private Limited as Director and Business Head.



Arvind Kumar Prasad
Director - Finance

Arvind Kumar Prasad, aged 61 years, is the Director – Finance. He holds a bachelor's degree in Commerce from the University of Calcutta and an intermediate degree from the Institute of Chartered Accountants of India (ICAI). He has over 30 years of experience in the finance sector.



Rita Kishore Sinha
Non-executive Director

Rita Kishore Sinha, aged 64 years, is a Non-executive Director. She holds a bachelor's degree in Arts (Hindi) and a bachelor's degree in Law from Ranchi University. She has around 31 years of experience in the legal field and is presently enrolled with the Supreme Court Bar Association.



Arun Kumar Batra
Independent Director

Arun Kumar Batra, aged 62 years, is an Independent Director. He holds a bachelor's degree in Arts (Economics) from St. Stephen's College, Delhi University and is a fellow of the Institute of Chartered Accountants of India. He has, over 38 years of experience and has, in the past, worked with Nestle India Limited, Eternit Everest Limited and Group4 Securicor India.

**Amrendra Prasad Verma**
Independent Director

Amrendra Prasad Verma, aged 65 years, is an Independent Director. He holds a master's degree in Arts (Political Science) from Patna University. He has over 35 years of experience in the banking field and has in the past worked with SBI Capital Markets Limited as Managing Director and CEO and GE Mid Corporate Group as the Deputy Managing Director.

**Jayanta Kumar Basu**
Nominee Director

Jayanta Kumar Basu, aged 52 years, is a Nominee Director. He holds a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad and a bachelor's degree in Arts (Economics) from the University of Delhi. He has over 28 years of experience in the fields of investing, investment banking and corporate banking. He is currently Designated Partner at CX Advisors LLP. He has previously worked with Citibank India.

**Devdas Apte**
Independent Director

Devdas Apte, aged 83 years, is an Independent Director. He re-joined our Board as an Additional Director (Independent) with effect from July 4, 2017. He holds a bachelor's degree in Arts from Nagpur University. In the past, he was also elected as a Member of Parliament (Rajya Sabha) from Jharkhand constituency.

**TCA Ranganathan**
Independent Director

TCA Ranganathan, aged 64 years, is an Independent Director of our Company. He holds a bachelor's degree in Arts (Economics) from St. Stephen's College and a master's degree in Arts (Economics) from University of Delhi. He has over 38 years of experience in banking and has, in the past, held various positions with Export Import Bank of India as the Chairman, with State Bank of Bikaner and Jaipur as the Managing Director and with State Bank of India as the General Manager of Gujarat operations.

**Rajan Krishnanath Medhekar**
Independent Director

Rajan Krishnanath Medhekar: aged 66 years, is a graduate from the Birla Institute of Technology and Science (BITS), Pilani and a post-graduate in Solid State Physics from Mumbai University. Mr. Rajan was an officer of the Indian Police Service (1975 Batch) and has served with distinction in several critical assignments with the Kerala State Police and with the Government of India, concluding his career as the Director General of the National Security Guard (NSG), the country's elite force for Counter Terrorism and Anti-Hijack operations. Mr. Medhekar has wide experience and deep insight into the functioning of enforcement, national security, intelligence and crime investigation systems

**Renu Mattoo**
Independent Director

Mrs. Renu Mattoo, aged 72 years, is an English (Hons.) from Delhi University and a post-graduate from XLRI, Jamshedpur. She was a professor for post-graduate management at XLRI for nearly 16 years. In addition to her academic responsibilities, Mrs. Mattoo was also faculty head for placement from 1980 to 1992. Mrs. Mattoo is a renowned consultant and Executive Coach to C-level executives. Executives from nearly 700 companies in India and abroad have attended her management workshops. Mrs. Mattoo has written over 400 articles, which have been published in many top business journals and magazines, and she has been invited to read papers at various international seminars in India and abroad.

MANAGEMENT COMMITTEE



Mr. Uday Singh
Non-Executive Director



Mr. Rituraj Kishore Sinha
Group Managing Director



Mr. Arvind Kumar Prasad
Director-Finance



Mr. Dhiraj Singh
CEO (Facility Management
and Emerging Businesses)



Mr. Tapash Chaudhuri
COO, (India Security)



Mr. Mike McKinnon
CEO, MSS Security, Australia



Mr. Devesh Desai
Group CFO



Mr. Brajesh Kumar
CFO - India Security and
Facility Management



**Mr. Vamshidhar
Guthikonda**
President - M&A and
Investor Relations

SOCIAL ENTERPRISE

The SIS Group creates thousands of jobs, touching millions of households, as one of the largest private sector employers in India. For us, Corporate Social Responsibility (CSR) does not comprise a token acceptance of regulatory requirements; it is integral to the existence of SIS. A significant number of our jobs go to those who belong to the disadvantaged sections of society and those below the poverty line – freeing thousands of families from poverty.

We have adopted a comprehensive CSR policy in compliance with the requirements of the Companies Act 2013 and the Companies (Corporate Social Responsibility) Rules 2014 notified by the Government of India. Our CSR activities are focussed on initiatives relating to education, vocational training, drinking water, health and housing.

The SIS Employee Welfare Association (SEWA) is an integral part of our CSR activities. SEWA was conceptualised as a trust to provide financial assistance to our people. The employees of SIS in India contribute ₹10-25 per month to this fund, which is used to address their emergency requirements for loans/grants/needs relating to marriage and medical assistance, among others. Through a group accident insurance, the fund also provides financial assistance to

the families of those personnel who pass away while in active employment. Every group entity in India has its own Employee Welfare Association (in the form of a trust); and each such trust performs the same function as SEWA. In Australia, we have a Workplace Giving Program, whereby staff members can contribute to a number of nominated charities – that are matched by the Company. SIS also funds a funeral assistance programme in Australia for its employees.

Some of our CSR projects include drinking water projects for local communities, domestic and community sanitation for rural and urban households and water conservation programmes in Delhi, Bihar and Uttar Pradesh. We organise health check-ups, blood donation drives and specific ailment camps in Delhi and build hospitals, clinics, diagnostic centres and associated infrastructure.



Bihar Flood Relief Case Study

During August 2017, heavy monsoon rains affected several states, including Bihar. The devastating floods led to a substantial loss of property and life in Bihar; nearly 12.6 million people bore the brunt across 18 districts of the state.

SIS, as a CSR endeavour, organised an enormous flood relief exercise for the victims, with coordinated efforts of the branch staff and security personnel. Our team distributed food (such as rice, pulses, biscuits, bread, salt, jaggery and milk powder), mineral water bottles and other relief materials (such as clothes, shoes, sanitation packs and medicines) to over 5,000 affected families. The 16 trucks that carried out this exercise through six remote

districts were flagged off by the Deputy Chief Minister of Bihar. From decision and procurement to dispatch and distribution, the entire operation was conducted within a record time of 100 hours – a fine example of how our determination, dedication and teamwork are undeterred by challenging environments.



DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting the Thirty Fourth Annual Report on the business and operations of the Company together with the audited financial statements for the year ended March 31, 2018.

RESULTS

The Company's operations during the year ended March 31, 2018 are summarized in the table below:

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Net Revenue	21,350.52	16,018.21	58,333.73	43,871.96
Revenue Growth %	33.3%	25.8%	32.9%	23.5%
Earnings before financial charges, depreciation & amortisation and taxes (EBITDA)	1,475.94	982.58	3,119.62	2,203.63
Depreciation & Amortisation	305.26	242.63	559.73	358.20
Financial charges	465.54	509.04	924.82	766.89
Earnings/Profit before taxes (PBT)	772.77	294.10	1,874.31	1,104.81
Provision for taxes	42.66	(245.65)	244.03	7.70
Net Earnings/Profit after tax (PAT)	730.11	539.75	1,630.28	1,097.10

The Company's revenues, at ₹ 21,350.52 million during the year under review, increased by 33.3% over the previous year. EBITDA and profit after tax, at ₹ 1,475.94 million and ₹ 730.11 million, increased by 50.2% and 35.3% respectively as compared to the previous year. Your Company continues to grow at a rapid pace and its revenue growth over the last 5 years (CAGR) has averaged 27.5% and is clearly the fastest growing company in security services in India.

On a consolidated basis, the SIS Group (consisting of SIS and all its subsidiaries, associates and joint ventures) earned net revenues of ₹ 58,333.73 million (previous year - ₹ 43,871.96 million), an EBITDA of ₹ 3,119.62 million (previous year - ₹ 2,203.63 million) and Profit after taxes of ₹ 1,630.28 million (previous year - ₹ 1,097.10 million). The SIS Group is amongst the largest security and facility management services companies in the Asia-Pacific region with revenues continuing to grow at a rate far in excess of the industry growth rate.

OPERATIONS AND BUSINESS PERFORMANCE

Security Services

a. Security services – India

The Indian economy continues to grow steadily and strongly. The last quarter of FY17 saw a change in the classification of security workers from unskilled to skilled, under the Central Government notifications. This led to a significant change in the wages for a section of our workforce and in FY18 we have been successful in getting our clients to move to the new commercial arrangements under the new wage guidelines. This was one of the contributory factors behind the significant growth of 33.3% witnessed during the year.

The revenues of the India security business crossed the ₹ 20,000 million landmark to end the year at ₹ 21,350 million revenues.

The growth in the Indian security business was underpinned by a strong growth in the number of staff deployed, by 14.4% from March 2017 to March 2018. Significant operational improvements leveraging technology based solutions have contributed to growth in productivity and operating profits during the year under review. These improvements led to a significantly lower growth in indirect staff in comparison with the growth in direct manpower.

b. Security services – Australia

The company provides security services in Australia through its wholly owned subsidiary, MSS Security Pty Ltd. Effective July 1, 2017, the Company, through its 100% subsidiary, SIS Australia Group Pty Ltd. ("SIS Australia Group"), acquired 51% equity in Andwills Pty Limited ("Andwills"), the ultimate holding company of Southern Cross Protection Pty Ltd. ("SXP"), one of our current Associates, in which 10% of the equity share capital and voting rights were directly held by SIS Australia Group. This acquisition resulted in the Company, indirectly and directly, controlling 51% of the equity share capital and voting rights in SXP, which is an increase from the existing 10% of the equity share capital and voting rights in SXP directly held by it, through its 100% subsidiary, SIS Australia Group. Further, the share purchase agreement provides a right to SIS to increase its shareholding in Andwills to 100% after three years, and, as a result, indirectly and directly control 100% of the equity share capital and voting rights in SXP, at a price to be calculated in accordance with an agreed valuation formula.

The acquisition of SXP is a significant milestone in our Australian business, making us the clear leader in Australia with over 21% market share. SXP brings mobile patrol offering to our security solutions thus providing us a wider bouquet of services for the clients to choose from. MSS and SXP will explore mutual synergies over the coming year and also further expand their footprint by capitalizing on mutual strengths.

On a consolidated basis, the Australia security business, comprising both MSS and SXP recorded revenues of AUD 603.46 million during the year under review against AUD 477.02 million in the previous year. This is a growth of 26.0% which is noteworthy considering that the Australian industry is a fairly developed and stable market and its economy grew at 2.4% in calendar year 2017. New permanent contracts of AUD 45 million were won during the year and an overall retention rate of 96% was achieved, which is a strong indicator of the high levels of operational excellence in our Australia business. Staff attrition was also kept steady at 20%.

c. Electronic Security Solutions

The electronic security business of Tech SIS recorded a revenue of ₹ 149.60 million during the year under review

over the revenues of ₹ 191.58 million in the previous year. The business has seen a decline due to a slowdown in the projects business and a change in the policy of revenue recognition arising from transition to Indian Accounting Standards.

d. Alarm Monitoring and Response

Our Alarm Monitoring and Response business was started in the last quarter of FY17 under the brand VProtect and saw its first full year of operations in FY18. The business is a JV with Prosegur of Spain. Prosegur is one of the international leaders in the alarms business and brings rich knowledge and technology to the table. The business continues to add customers steadily, though it operates only in the micro market of Gurgaon. The business ended FY18 with a customer base of 371 customers. VProtect is the pioneer in providing Alarm Monitoring and Response service to the Indian consumers and we are confident of using our early mover advantage to expand our presence.

Facility Management

The Group's facility management business comprises

- Service Master Clean Limited and Dusters Total Solutions Services Private Limited which are in the business of housekeeping and cleaning services; and
- Terminix SIS, a joint venture with Terminix, which is engaged in the pest control business

The year saw a stellar increase in the scale of our facility management vertical going from a combined ₹ 3,965.89 million revenue base in FY17 to ₹ 6,707.41 million in FY18, an increase of 69.1%. This was led by a 24.1% increase in the Service Master business from ₹ 1,426.50 million in FY17 to ₹ 1,770.49 million in FY18 and a 83.8% increase in revenues in Dusters from ₹ 2,638.43 million in FY17 to ₹ 4,850.39 million in FY18.

The facility management business was able to showcase its strengths in the healthcare business by aggressively targeting the segment. The business will continue to focus on building such specialized capabilities while also aiming for greater government business, which is quite low right now.

The combined EBITDA also went up from ₹ 134.93 million in FY17 to ₹ 343.46 million in FY18, an increase of 154.5%, and the EBITDA margin also went up from 3.4% in FY17 to 5.1% in FY18. Both Service Master and Dusters saw a healthy increase in margins in their respective entities.

Terminix SIS continues to show strong growth, albeit on a smaller base and the Directors are pleased to report that the business has recorded another year of high growth in revenues of 64.2%

Cash Logistics (a joint venture with Prosegur)

On a consolidated basis, the cash logistics business' revenues declined by 1.6% over the previous year as a result of portfolio rationalisation resulting from a critical review of each contract in the business. We now operate over 2,072 cash vans and 58 vaults and strong rooms across the country.

The cash in circulation in the economy steadily came back on track and reached levels similar to the levels seen before demonetization. The first few months of the year however continued to suffer from the effects of limited cash in

the ATMs.

Taking into account the 49% held by SIS in the cash logistics business and the other joint venture partnership terms, the cash logistics business is accounted for as an associate company and accordingly we have adopted equity accounting for this investments in our consolidated financial statements.

SIGNIFICANT DEVELOPMENTS

Acquisition of Southern Cross Protection Pty Ltd by way of increase in the shareholding and voting rights

Effective July 1, 2017, the Company, through its 100% subsidiary, SIS Australia Group Pty Ltd. ("SIS Australia Group"), acquired 51% equity in Andwills Pty Limited ("Andwills"), the ultimate holding company of Southern Cross Protection Pty Ltd. ("SXP"), one of our current Associates, in which 10% of the equity share capital and voting rights were directly held by SIS Australia Group. This acquisition resulted in the Company, indirectly and directly, controlling 51% of the equity share capital and voting rights in SXP, which is an increase from the existing 10% of the equity share capital and voting rights in SXP directly held by it, through its 100% subsidiary, SIS Australia Group. Further, the share purchase agreement provides a right to SIS to increase its shareholding in Andwills to 100% after three years, and, as a result, indirectly and directly control 100% of the equity share capital and voting rights in SXP, at a price to be calculated in accordance with an agreed valuation formula.

Initial Public Offering ("IPO")

During the year under review, the Company has completed an Initial Public Offering ("IPO") of its shares consisting of a fresh offer of 4,444,785 equity shares of ₹ 10 each at a premium of ₹ 805 per share and an offer for sale of 5,120,619 equity shares of ₹ 10 each by the selling shareholders. The proceeds of the fresh offer component from the IPO amounted to ₹ 3,410.47 million (net of issue expenses). The equity shares of the Company were listed on National Stock Exchange of India Limited and BSE Limited effective August 10, 2017.

Details of the utilization of IPO proceeds are as follows:

		₹ million
Particulars	Net proceeds as per prospectus	
Gross proceeds of the Issue	3,622.50	
Less: Estimated offer related expenses in relation to the Issue	233.82	
Net proceeds	3,388.68	
Add: saving in offer related expenses	21.79	
Total	3,410.47	

					₹ million
S. No.	Particulars	Projected utilization of funds as per Prospectus	Utilization of funds upto March 31, 2018	Un-utilized amount as at March 31, 2018	
A	Repayment and pre-payment of Debts of the Company	2,000.00	2,000.00	Nil	
B	Funding working capital requirements of the Company	600.00	600.00	Nil	
C	General corporate purposes	788.70	-	-	
	Add: saving in offer related expenses	21.79	-	-	
		810.47	228.30	560.40	
Total		3,410.47	2,828.30	582.17	

The unutilised amounts of the issue as at December 31, 2017 have been temporarily deployed in the cash credit accounts of the company with banks which is in accordance with objects of the issue. The same needs to be utilised by 2019.

Demerger Scheme

The Board of Directors of the Company at their meeting held on September 20, 2016 and, pursuant to an order of the National Company Law Tribunal, Kolkata Bench ("NCLT") consequent to an application filed before it for sanctioning the scheme, the shareholders and creditors of the Company at their respective meetings held on July 24, 2017, had approved a proposed composite scheme of arrangement under sections 230 to 232 of the Companies Act, 2013 between the Company, Service Master Clean Limited ("SMC"), a subsidiary of the Company and SIS Asset Management Private Limited ("SIS Asset Management") and their respective shareholders and creditors, with effect from July 1, 2016 the appointed date ("the Scheme"), to demerge certain businesses of the Company and SMC into SIS Asset Management.

The NCLT has approved the Scheme by an order dated December 22, 2017 and the same has been filed with the Registrar of Companies, Patna on January 18, 2018. Thus, the Scheme is effective on the date of filing of the order with the Registrar of Companies. Upon the Demerger Scheme becoming effective on January 18, 2018, the demerged businesses stand transferred to, and vested with, SIS Asset Management Private Limited.

OUTLOOK

The industries we operate in are closely linked to the overall economic growth of the country. India is currently one of the fastest growing major economies in the world according to IMF/World Bank.

Strong underlying GDP growth coupled with sound demand drivers augur well for the Indian security services industry in the near future. Frost & Sullivan has forecast the Indian security services industry to grow at a CAGR of 20% over the period 2015-2020 as compared to a CAGR of 18% over the period 2010-2015. We have historically grown at over 1.5 times the industry growth and we believe that we are well placed to continue to outperform the industry in the future too.

This growth comes on the back of continued urbanization, higher threat perception, inadequate police force and shift from non-compliant local players to compliant national players. All this is supported by good growth for all the underlying sectors that we service. Recent events and changes like demonetization, implementation of GST, better enforcement of PSARA are all going to accelerate the formalization of this industry. We have significantly increased our security services branch network over the past few years to reach 153 branches and, with this vast reach, we believe that we are well placed to capitalize on this demand expansion.

Our Australian operations, through MSS, continue to be the leader in Australia with strong YoY growth, that is consistently higher than competition. This has been achieved on the back of consistent margins. Freedonia has estimated the market to grow at 5.4% over the next 5 years and, with our strong brand name and continuous investments in people and technology, we will strive to continue to maintain our market leadership position.

The facility management and pest control industry is still largely dominated by unorganised players with localized operations. There continues to be a steady shift from the unorganized to

the organized players and this market is expected to grow at around 20%. While IT/ITES have been the first users, we see an increasing shift towards outsourcing by hotels, hospitals, retail, airports, metros, commercial outlets and small retail or F&B outlets as well. The trend towards outsourcing non-critical operations (FMS being prime among them) continues to be strong and as the market and industry expands, the scope of service offerings will expand, bringing in more revenue for the industry. The "Swachh Bharat" initiative by Government of India is expected to provide a major boost to facility management and cleaning services.

The cash logistics industry has seen slower growth over the past years due to slowdown in ATM expansion and also poor contracting practices adopted by the managed service providers. Post demonetization, the industry has got better recognition from the regulators who realize the criticality of the cash logistics industry in keeping the wheels of the economy moving. We believe that the ecosystem for cash logistics is likely to undergo a significant shift with the increasingly active involvement of banks and regulators and new regulations and guidelines being announced recently.

We are seeing increasing requirements from customers who intend to invest in electronic security systems. At the same time, there is an increasing segment of consumers who are adopting electronic security as a service ("ESAS"). This presents a huge opportunity for players such as SIS, who have the ability to provide man-tech solutions which provide integrated security solution to the customers.

Our focus remains to drive strong organic growth and at the same time continuously look to expand on our service offerings by acquiring businesses. We believe that by continuously investing in systems, processes, training and recruiting the best personnel and managers, we would be able to continue to deliver superior services to customers.

MATERIAL CHANGES & COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR TILL THE DATE OF THE REPORT.

Other significant matters from the end of financial year

On April 13, 2018, the Company had allotted 1,500 secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000 (rupees ten lakh only) each aggregating up to ₹ 150,00,00,000/- (rupees one hundred and fifty crore only) on a private placement basis to eligible investors.

DIVIDEND AND TRANSFER TO RESERVES

The Board, in its meeting held on January 29, 2018, declared an interim dividend of ₹ 2.00 per equity share, which resulted in a cash outflow of ₹ 176.16 million including dividend distribution tax.

The Board, in its meeting held on May 9, 2018, has recommended a final dividend of ₹ 1.50 per equity share for the financial year ended March 31, 2018. The proposal is subject to the approval of the shareholders at the Annual General Meeting to be held on June 28, 2018 and if approved, would result in a cash outflow of approximately ₹ 109.77 million.

In terms of the provisions of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements), 2015 ("SEBI Listing Regulations"), your Company has formulated a Dividend Distribution Policy. This Policy is provided as **Annexure – I** to this Report and is also available on the Company's website www.sisindia.com.

SHARE CAPITAL

As on March 31, 2018, the authorised capital of the Company is ₹ 1,350,000,000 divided into 135,000,000 equity shares of ₹ 10 each.

During the year under review, the Company has allotted:

- 36,014 equity shares of ₹ 10 each pursuant to exercise of stock options;
- 22 Equity Shares of ₹ 10 each pursuant to conversion of compulsorily convertible debentures; and
- 4,444,785 equity shares of ₹ 10 each pursuant to an initial public offering of the Company

As on March 31, 2018, the paid-up equity share capital of the Company stood at ₹ 731.80 million consisting of 73,183,785 equity shares of ₹ 10 each.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186 of the Companies Act, 2013 ("the Act"), disclosures on particulars of loans, guarantees and investments are provided as part of the financial statements.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted or renewed any deposit within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 and, as such, no amount of principal or interest was outstanding, as on the date of the Balance Sheet.

CORPORATE GOVERNANCE

The SIS Group's business and operations are managed by a professional team of managers led by the Group Managing Director under the supervision and control of the Board of Directors. The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements as stipulated by Securities and Exchange Board of India (SEBI).

In terms of Regulation 34 of SEBI Listing Regulations, a separate report on Corporate Governance along with a certificate from a Practicing Company Secretary on its compliance, forms an integral part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The SIS Group, comprising Security and Intelligence Services (India) limited and its subsidiaries, associates and joint ventures ("SIS Group"), has been at the forefront of bringing social change in the lives of thousands of people in India. It employs more than 1,50,000 people, of which a large majority come from the less privileged sections of society with limited means for education, development and livelihood. The SIS Group has been instrumental in improving lives of these people through training, development and providing them employment opportunities.

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe that a business has to give back to society and to the environment and community in which they operate in such a manner that helps in building a secure, healthy, knowledgeable, and a sustainable society and business. Corporate Social Responsibility (CSR) has been an integral part of the way that the SIS Group conducts its business since its inception. The SIS Group set up the SEWA trust for the betterment of lives of the employees. The SIS Group has engaged in various activities in the communities that our

employees live in, which has benefited thousands of people over the years. The company has also been at the forefront in imparting and encouraging skills based training to people from backward and less developed communities across the country.

The Policy on CSR has been formalized based on the vision and principles of the SIS Group. The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable and beneficial engagement with the society and the environment in which the Group operates. It aims at enhancing welfare measures of the society based on the immediate and long term social and environment consequences of the SIS Group's activities. This Policy specifies the projects and programmes that can be undertaken, directly or indirectly, the modalities of execution and the monitoring thereof.

The scope of the Policy has been kept as wide as possible, so as to allow the SIS Group to respond to changing and immediate societal needs and maintain flexibility, but at the same time focus on a specific set of activities that bring long term benefit to society.

One of the internal objectives of the CSR Policy is to seek an active participation of employees of the Company at all the locations. Employees will be encouraged to volunteer their time and effort in respect of SIS Group sponsored programme or on their initiatives. The Company will recognize the efforts put in by employees in CSR activities. A widespread awareness of the CSR initiatives of the SIS Group will be conducted and the SIS Group seeks an active and wide participation from employees and encourages any suggestions and project ideas from them.

The Annual Report on Corporate Social Responsibility (CSR) Activities is enclosed as **Annexure - II**.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide a safe and conducive work environment to its employees and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year under review, no complaints were reported as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. As on March 31, 2018, investigation process of one complaint is under way.

NOMINATION AND REMUNERATION POLICY

Directors and their Appointment

The Nomination and Remuneration Committee of the Board has approved the criteria for determining qualifications, positive attributes and independence of Directors in terms of the Act and the rules made thereunder, both in respect of Independent Directors and other Directors as applicable. This policy, inter alia, requires that Non-Executive Directors, including Independent Directors, be drawn from amongst eminent professionals with experience in business/ finance/ law/ public administration and enterprises. It endeavors to create a broad-basing in the composition of the Board to make available the right balance of skills, experience and diversity of perspectives appropriate to the Company. The Articles of Association of the Company provide that the strength of the Board shall not be fewer than three nor more than fifteen. Directors are generally appointed/ re-appointed with the approval of the members for a period of three to five years or a shorter duration, in accordance with any

arrangements and/or guidelines as determined by the Board from time to time.

The Policy relating to remuneration of Directors, Key Managerial Personnel and other employees is provided in **Annexure III**.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2) (f) of SEBI Listing Regulations, a separate section of Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective, forms an integral part of this Report.

RELATED PARTY TRANSACTIONS

During the year under review, all contracts/arrangements entered into by your Company with related parties, were on an arm's length basis and in the ordinary course of business. There are no material transactions with any related party as defined in the Act. All related party transactions, entered into during the year, have been approved by the Audit Committee.

Since all the contracts/arrangements/transactions with related parties, during the year under review, were in the ordinary course of business and at arm's length and were not considered material, disclosure in Form AOC-2 under Section 134(3)(h) of the Act, read with the Companies (Accounts of Companies) Rules, 2014, is not applicable. The details of contracts and arrangements with related parties for the financial year ended March 31, 2018, are given in the standalone financial statements forming part of this Annual Report.

The Policy on related party transactions is available on Company's website, www.sisindia.com.

RISK MANAGEMENT

Risk management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events to of maximize the realization of opportunities. The company has initiated a process of preparing a comprehensive risk assessment and minimization procedure. These procedures are meant to ensure that executive management controls risk through means of a properly defined framework. The major risks are being identified by the Company and its mitigation process/measures being formulated in areas of operations, recruitment, financial processes and reporting, human resources and statutory compliance.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated in SEBI Listing Regulations is presented in a separate section forming part of this Annual Report.

INTERNAL FINANCIAL CONTROLS

Our rapid growth, while a matter of great satisfaction, continues to put pressure on our internal systems and processes. It is important that we work to ensure that these continue to keep pace with the business growth and that our policies remain current and relevant in the rapidly changing business landscape. Information systems are being continuously evaluated and revamped in order to deliver timely and relevant information to various stakeholders so as to arm them with the necessary information and tools to enable them to compete in a tough market and environment. We believe that IT and information systems are critical in today's world and we have several dedicated groups of people constantly working to continuously evolve and improve these systems to keep abreast of the fast changing environment.

The Company's system of continuous internal audits ensures that laid down processes and practices are followed and complied with and that quality processes are strictly adhered to. Financial discipline is emphasised at all levels of the business and adherence to quality systems and focus on customer satisfaction are critical for the Company to retain and attract customers and business and these are followed rigorously.

An Audit Committee comprising independent members of the Board has been constituted which plans and monitors the various Internal Audit programmes and reviews the reports and action plans arising therefrom. The Managing Director, Chief Executive Officer, Director – Finance and the Chief Financial Officer are invitees to the meetings of the Committee.

The Internal Auditors, who are an independent function within the Group, reporting to the Audit Committee, review the adequacy and efficacy of the key internal controls. The scope of the audit activity is guided by the annual audit plan, which is approved by the Audit Committee of the Board. We also appoint professional and reputed audit firms from time to time to conduct internal audits of the larger and more critical operations of the Group.

Besides the financial audits, quality management system procedures are continuously audited by internal and external auditors to ensure that company's business practices conform to requirements of customers.

The Directors believe that the Company has in place adequate internal financial controls with reference to financial statements. The Company's internal control systems are commensurate with the nature, size and complexity of its business and ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information. Internal Audit team of the company, evaluates the functioning and quality of internal controls and reports its adequacy and effectiveness through periodic reporting. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

SUBSIDIARIES/ ASSOCIATES AND JOINT VENTURES

As on March 31, 2018, the Company has 7 subsidiaries, 21 step-down subsidiaries and 5 Joint Ventures.

With effect from July 3, 2017, Andwills Pty. Limited, SX Protective Services Pty. Ltd., Southern Cross Protection Pty. Ltd., Southern Cross FLM Pty Ltd., Southern Cross Loss Prevention Pty Ltd., Cage Security Alarms Pty. Ltd., Cage Security Guard Services Pty Ltd., Eymet Security Consultants Pty Ltd., Askara Pty Ltd., Charter Customer Services Pty Ltd., Charter Security Protective Services Pty Ltd., and Charter Security (NZ) Pty Ltd. have become subsidiaries of the Company.

Effective January 18, 2018, Sunrays Overseas Private Limited, Vardan Overseas Private Limited and Lotus Learning Private Limited have ceased to become step-down subsidiaries of the Company as a result of demerger of certain businesses of the Company and one of its subsidiaries, Service Master Clean Limited.

Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013, a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies is provided in **Annexure IV** to this Report.

The Policy for determining material subsidiaries is available on the Company's website - www.sisindia.com.

PEOPLE AND TRAINING

Your Company's foundation and core of its philosophy is its commitment to its Human Resources. We continue to improve and develop tools and processes to recognise and reward employees at all levels and we value their contribution to the Company's financial performance over the years. We continue to invest in the training and development of all our employees and launched a fresh round of leadership development programmes across the group during the year under review which is expected to continue well into the next financial year. Our competency-based systems have recently undergone a transformational change and we implemented a new Performance Management Process ("PMP") in the Company. We have now rolled out the new PMP to other subsidiaries, associates and joint ventures in the Group. The new PMP is designed to scientifically measure and track the performance of employees at all levels and we believe this will help us to recognise and reward performance, and also retain, reward, attract and sustain talent and to have a common platform of performance management across the Group. The total employees in the SIS Group at the end of the year under review were 170,159.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure V** to this Report.

EMPLOYEE STOCK OPTION PLAN (ESOP)

The Company has adopted an Employee Stock Option Plan – 2016 which provides for grant of options to eligible employees of the Company.

The details of stock options granted and other disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014, are available on the Company's website, www.sisindia.com.

A certificate from Saxena and Saxena, Chartered Accountants, Statutory Auditors, on the implementation of Company's Employee Stock Option Scheme will be placed at the ensuing Annual General Meeting for inspection by the Members.

DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP")

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Jayanta Kumar Basu and Mr. Rituraj Kishore Sinha, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Mr. Ashok Kumar Mattoo ceased to be a Director of the Company owing to his sad demise on December 27, 2017. The Board places on record its sincere appreciation and gratitude for the valuable contribution made by Late Mr. Mattoo during his tenure as Director of the Company.

Mr. Rajan Krishnanath Medhekar was appointed as an Additional Director (Independent) of the Company effective September 25, 2017 to hold office up to the date of the ensuing Annual General Meeting.

Mrs. Renu Mattoo was appointed as an Additional Director (Independent) of the Company effective January 29, 2018 to hold office up to the date of the ensuing Annual General Meeting.

Mr. Uday Singh stepped down as CEO and Whole-time Director effective April 24, 2018. He, however, continues to be a Non-executive Director of the Company.

The Company has received a notice under Section 160 of the Companies Act, 2013, from its members signifying an intention to propose Mr. Rajan Krishnanath Medhekar and Mrs. Renu Mattoo, as candidates for the office of Director at the ensuing Annual General Meeting. Mr. Medhekar and Mrs. Mattoo have confirmed that they meet the criteria of Independence as prescribed under the Act and SEBI Listing Regulations.

A brief profile of the Directors seeking appointment/re-appointment forms part of the Notice of the ensuing Annual General Meeting.

Mr. Devdas Apte, Mr. Arun Kumar Batra, Mr. Amrendra Prasad Verma and Mr. TCA Ranganathan, Independent Directors have confirmed that they meet the criteria of Independence as prescribed under the Act and SEBI Listing Regulations.

Mr. Brajesh Kumar was appointed as Chief Financial Officer (India Security and Facility Management) and designated as a KMP pursuant to Section 203 of the Act effective September 25, 2017.

COMMITTEES OF THE BOARD

As on March 31, 2018, the Board has 4 committees: the audit committee, the nomination and remuneration committee, the corporate social responsibility committee, the stakeholders' relationship committee. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report. In addition, the Board constitutes other committees to perform specific roles and responsibilities as may be specified by the Board from time to time.

MEETINGS OF THE BOARD

During the year ended March 31, 2018, fifteen meetings were held on April 24, 2017, May 31, 2017, June 20, 2017, July 4, 2017 (2 meetings), July 8, 2017, July 17, 2017, July 19, 2017, August 4, 2017, August 8, 2017 (2 meetings), September 25, 2017, November 22, 2017, January 29, 2018 and February 9, 2018.

BOARD EVALUATION

The evaluation of all the Directors and the Board as a whole was conducted and the evaluation process has been explained in the Corporate Governance Report.

AUDITORS AND AUDIT REPORTS

The members of the Company, at the 33rd annual general meeting held on September 25, 2017, have approved the appointment of M/s. Saxena and Saxena, Chartered Accountants (Firm Registration No. 006103N) as Statutory Auditors of the Company for a period of 5 years from the conclusion of Thirty Third Annual General Meeting until the conclusion of the Thirty Eighth Annual General Meeting of the Company (subject to ratification of the appointment at every Annual General Meeting).

The ratification of appointment of auditors at every subsequent annual general meeting as such was required in terms of earlier provisions of Section 139 (1) of the Companies Act, 2013. Pursuant to amendments made to Section 139 of the Act, by the Companies (Amendment) Act, 2017 and which was brought into effect from May 7, 2018, this requirement of ratification has been done away with. In view of this statutory modification, the resolution for ratification of appointment Auditors for their remaining period until the conclusion of Thirty Eighth Annual General Meeting is placed in the notice of annual general meeting for approval of the members.

The Auditors' Report does not contain any qualification, reservation or adverse remark and the auditors have issued an unmodified opinion on both the standalone and consolidated financial statements.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. Sudhir V Hulyalkar, Company Secretary in Practice, Bangalore, to conduct the secretarial audit of the Company for the financial year 2017-18. The Secretarial Audit Report issued by Mr. Sudhir V Hulyalkar forms part of this Report and is set out in **Annexure VI**. There are no observations, reservations or adverse remarks in the Secretarial Audit Report.

COMPLIANCE WITH THE ICSI SECRETARIAL STANDARDS

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meeting have been complied with by the Company.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION

Considering the nature of activities of the Company, the provisions of Section 134(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy, Research and Development, Technology Absorption are not applicable to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of the foreign exchange earnings and expenditure are as under

Particulars	₹ million	
	2017-18	
Foreign exchange earnings	Nil	
Foreign exchange expenditure	76.29	

EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 134 of the Act, an extract of the Annual Return of the Company for the financial year ended March 31, 2018 is provided in **Annexure VII**.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS, IF ANY

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in the future.

VIGIL MECHANISM

The Company has established a Vigil Mechanism for reporting concerns through the Whistle Blower Policy of the Company. The Policy provides for a framework and process, for the employees and directors to report genuine concerns or grievances about illegal and unethical behavior. During the year, no personnel has been denied access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on the website of the Company, www.sisindia.com.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Section 134 (5) of the Companies Act, 2013, the Directors of your Company confirm that:

- In the preparation of the accounts for the year ended March 31,

2018 the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the year.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Annual Accounts on a going concern basis.
- The Directors have laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and operating effectively.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

GREEN INITIATIVES

The Company sends the Annual Report to its members in electronic form, whose email addresses are registered with the Company/Depository Participants(s). For members who have not registered email addresses, physical copies are sent in the permitted mode.

In case of any change in your email address, you are requested to please inform the same to your Depository (in case you hold the shares in dematerialised form) or to the Company/RTA (in case you hold the shares in physical form).

APPRECIATION/ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Central Government, various State Governments and Company's Bankers and advisors for the valuable advice, guidance, assistance, co-operation and encouragement they have extended to the SIS Group from time to time. The Directors also take this opportunity to thank the Company's customers, suppliers and shareholders for their consistent support to the Company.

Last but not the least, the Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

CAUTIONARY STATEMENT

Statements in this Board's Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied.

For and on behalf of the Board of Directors

Ravindra Kishore Sinha
Chairman

New Delhi
May 9, 2018

ANNEXURE I

DIVIDEND DISTRIBUTION POLICY

This Dividend Distribution Policy is framed in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy.

The Board of Directors of the Company shall take into account the following parameters while declaring dividend or recommending dividend to shareholders:

- The distributable surplus available under law;
- Funding requirements of the Company's businesses, including those of its subsidiaries and associates, for their growth plans, organic and inorganic;
- The financial capacity that needs to be conserved to address contingencies that may arise;
- Funds required to service any outstanding loans;
- Liquidity and return ratios and financial covenants stipulated in connection with the Company's borrowings;
- Any other significant developments that require cash investments

The Board of Directors of the Company shall also consider the following external parameters while declaring dividend or recommending dividend to shareholders:

- Any significant macro-economic environment, political, tax and regulatory changes affecting the geographies in which the Company operates;
- Any significant changes in the business, technological or competitive environment resulting in the Company making, or requiring to make, significant investments to effect the necessary changes to its business model;
- Any foreseeable opportunities and threats in the globalised competitive context

The surplus so determined, after factoring for these requirements, shall be distributed to shareholders over the long term. Consistent with the above, the Company will strive to declare a steady stream of dividend to its shareholders of at least 10% of the profits after tax for a financial year. However, the actual quantum of dividend pay-out each year will be guided by the Company's financial performance and cash flow position and will take into account the requirements of funds to sustain the business and growth plans of the Company, as well as the economic and market conditions then prevailing and the capital requirements and other parameters as mentioned elsewhere in this policy.

The Board of Directors of the Company (hereinafter referred to as the 'Board') may declare interim dividend(s), at their discretion. The Board's recommendation to the shareholders on the final dividend may include special dividend(s) as considered appropriate.

The provisions contained in this policy shall apply to all classes of Shares of the Company. It may be noted that currently the Company has only one class of shares, namely, Equity Shares.

This policy will be reviewed and amended as and when required by the Board.

ANNEXURE II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS:

a. Brief outline of CSR Policy:

The Corporate Social Responsibility (CSR) Policy of the Company has been formalized based on the vision and principles of the SIS Group. The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable and beneficial engagement with the society and the environment in which the Group operates. It aims at enhancing welfare measures of the society based on the immediate and long term social and environment consequences of the Group's activities. This Policy specifies the projects and programmes that can be undertaken, directly or indirectly, the modalities of execution and the monitoring thereof.

The Company's CSR Policy can be accessed on: [http://sisindia.com/investors/corporate-governance/Policy on CSR](http://sisindia.com/investors/corporate-governance/Policy%20on%20CSR)

b. Programmes / Projects:

The CSR activities of SIS will focus on projects and activities in the following focus areas but not necessarily in that order of priority and may also include and extend to other specific projects/ programs as permitted under the law from time to time. The Company's stakeholder representation is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below:

- i. **Education:** Institutions and full student sponsorship, Promoting and sponsoring girl education at all levels, Women education and self-employment training and other educational projects.
- ii. **Vocational Training / Education and Livelihood Enhancement:** Vocational training in security, cleaning, gardening, plumbing, electricals, and other specialties/

vocations, Government Programs under the skill development sector, Computer literacy training, Building training schools and facilities for vocational skills, Local community camps for skill developments in various specialties, Other vocational training initiatives.

- iii. **Sanitation and drinking water:** Drinking water projects for local communities, Domestic bathroom and sanitation for rural and urban households, Community bathroom and sanitation in urban and rural areas, Women sanitation projects, and other water conservation and sanitation programs.
- iv. **Health:** Local community health check camps, Building hospitals, clinics, diagnostic centres and associated infrastructure, Blood donation camps and other specific ailment camps, Other programs towards betterment of health and nutrition.
- v. **Others:** Promoting local artisans, craftsmen and protecting traditional arts, Promotion of sports in athletics, swimming, archery, shooting, Protection of national heritage, Programs for the benefit of armed forces veterans and their dependents, planting of trees and protection of indigenous flora and fauna.

2. COMPOSITION OF THE CSR COMMITTEE:

- a. Mr. Ravindra Kishore Sinha, Chairman
- b. Mr. Rajan Krishnanath Medhekar, Independent Director
- c. Mr. Devdas Apte, Independent Director

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS: ₹ 41,88,30,653

4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE):

₹ 83,76,613

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

- (a) Total amount spent for the Financial Year: ₹ 4,50,86,809
- (b) Amount unspent, if any: N.A.
- (c) Manner in which the amount spent during the Financial Year is detailed below:

Sl. No.	CSR Project or activity Identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State or district where Projects or Programs was undertaken	Amount outlay (budget) Project or Program wise (in ₹)	Amount spent on the Projects or Programs		Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency
					Direct exp. (in ₹)	Overheads		
1	Promoting education and other educational projects	Education	Bihar: Patna, Bahiyara, Dhanbad, Araria, Bhojpur, Vaishali, Rohtas, Bahiyara, Darbhanga, & Motihari Jharkhand: Ranchi Delhi: New Delhi Haryana: Gurgaon Uttar Pradesh: Ghaziabad, Noida, Mathura & Lucknow Jharkhand: Ranchi Rajasthan: Jaipur Karnataka: Bangalore Goa: Panjim West Bengal: Kolkata Maharashtra: Mumbai Gujarat: Rajkot Madhya Pradesh: Bhopal Kashmir: Jammu Andhra Pradesh: Telangana Assam: Guwahati	2,73,09,773	2,73,09,773	Nil	2,73,09,773	Direct
2	Programs towards betterment of health	Health	Delhi: New Delhi Uttar Pradesh: Noida	13,26,613	13,26,613	Nil	13,26,613	Direct
3	Measures for the benefit of armed forces veterans, war widows and their dependents	Others	Bihar: Danapur, Araria, Bhojpur, Vaishali, Rohtas, Darbhanga	12,00,000	12,00,000	Nil	12,00,000	Direct
4	Promotion of Sports and Cultural & Research Activities	Others	Bihar: Patna Madhya Pradesh: Bhopal Gujarat: Rajkot West Bengal: Kolkata Delhi: New Delhi Rajasthan: Jaipur	1,04,23,101	1,04,23,101	Nil	1,04,23,101	Direct
5	Protection of national heritage	Others	Jammu & Kashmir: Jammu	15,00,000	15,00,000	Nil	15,00,000	Direct
6	Rural Development Programmes	Others	Delhi: New Delhi	15,00,000	15,00,000	Nil	15,00,000	Direct
7	Contribution to Relief Fund	Others	Bihar	18,27,322	18,27,322	Nil	18,27,322	Direct
Total				4,50,86,809	4,50,86,809	Nil	4,50,86,809	

The CSR committee confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Mr. Ravindra Kishore Sinha

Chairman of the Company and Chairman, CSR Committee

Mr. Rituraj Kishore Sinha

Managing Director

ANNEXURE III

REMUNERATION OF DIRECTORS, KMP AND OTHER EMPLOYEES

REMUNERATION POLICY

SIS' Remuneration Policy is designed to attract and retain high quality talent, that gives each of its businesses a unique competitive advantage and enables the Company achieve its objectives. This policy is a key and integral component of the strategy of the Company and, whilst focusing on remuneration and related aspects of performance management, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow. The policy is designed:

- i. To ensure that its remuneration practices support and encourage meritocracy.
- ii. To leverage remuneration as an effective instrument to enhance performance and, therefore, to link a varying component of remuneration to both individual and collective performance outcomes.
- iii. To design remuneration practices such that they reinforce SIS' values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

REMUNERATION OF DIRECTORS/ MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR OR MANAGER

1. The remuneration / compensation / commission to the Directors/ Managing Director/ Whole-time Director or Manager will be determined by the Nomination and Remuneration Committee ("the Committee") and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Directors/ Managing Director/ Whole-time Director or Manager shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments/revisions to the existing remuneration/ compensation structure of Directors/ Managing Director/ Whole-time Director or Manager, shall be recommended by the Committee to the Board, and shall be subject to approval by the shareholders and also subject to such other approvals as may be required from time to time.
4. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director or Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 or, if it is not able to comply with such provisions, with the prior approval of the Central Government.

REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS

1. All the remuneration of the Non- Executive / Independent Directors shall be subject to the ceiling/ limits as provided under Companies Act, 2013 and the rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
2. The Non-executive and Independent Directors will receive remuneration by way of fees for attending meetings of the Board or Committee thereof, provided that such fees shall not exceed the maximum amount as provided in the Companies Act, 2013 and the rules made thereunder, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
3. Independent directors shall not be entitled to any stock options in the Company.

REMUNERATION OF KMPs AND OTHER EMPLOYEES

The Key Managerial Personnel, Senior Management Personnel and other employees shall be paid remuneration as per the Annual Compensation Review and Restructuring of Bands Policy of the Company as conducted through the Annual Performance Management process from time to time. Apart from fixed elements of remuneration and benefits / perquisites, Whole-time Directors, Key Managerial Personnel and Senior Management and other managers at middle and senior levels are also eligible for Performance Bonus and Employee Stock Options that are linked to their individual performance and potential, with benefits vesting in phases over a period of time, and the overall performance of the Company. These elements of compensation design, facilitate alignment of the priorities of Executive Directors, Key Managerial Personnel and Senior Management with the long-term interests of stakeholders.

INSURANCE

Where any insurance is taken by the Company on behalf of its Directors, KMP's and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

ANNEXURE IV**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF OUR SUBSIDIARIES AND ASSOCIATES AND JOINT VENTURES****(Pursuant to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule (5) of the Companies (Accounts) Rules, 2014)****Part A: Subsidiaries**

₹ in million															
S No.	Name of the Subsidiary	Reporting Currency	Closing exchange rate	Financial period ended	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before tax	Provision for tax	Profit/(Loss) after tax	Proposed Dividend	% of shareholding
1	Service Master Clean Limited	₹	NA	31-Mar-18	195.13	947.83	1,740.12	597.17	0.00	1,770.49	41.01	22.73	18.28	0.00	100.00%
2	Tech SIS Limited	₹	NA	31-Mar-18	48.00	6.43	361.57	307.15	0.00	149.61	(15.53)	(3.16)	(12.36)	0.00	100.00%
3	Terminix SIS India Private Limited	₹	NA	31-Mar-18	225.00	(197.61)	127.68	100.29	0.00	123.97	(48.00)	(65.41)	17.41	0.00	50.01%
4	Dusters Total Solutions Services Private Limited	₹	NA	31-Mar-18	28.02	917.78	1,799.95	854.15	0.00	4,850.39	243.99	(57.82)	301.81	0.00	85.92%
5	SIS Business Support Services Private Limited	₹	NA	31-Mar-18	0.10	(0.04)	0.10	0.04	0.00	0.00	(0.02)	0.00	(0.02)	0.00	100.00%
6	SISCO Security Services Private Limited	₹	NA	31-Mar-18	0.10	(0.03)	0.10	0.03	0.00	0.00	(0.02)	0.00	(0.02)	0.00	100.00%
7	SIS International Holdings Limited	AUD	0.020	31-Mar-18	200.11	0.00	200.51	0.40	0.00	0.00	0.00	0.00	0.00	0.00	100.00%
8	SIS Asia Pacific Holdings Limited	AUD	0.020	31-Mar-18	200.11	0.05	200.31	0.15	0.00	0.00	0.00	0.00	0.00	0.00	100.00%
9	SIS Australia Holdings Pty. Ltd.	AUD	0.020	31-Mar-18	200.11	(8.10)	328.78	136.78	0.00	4019	2.10	(18.17)	20.27	0.00	100.00%
10	SIS Australia Group Pty. Ltd.	AUD	0.020	31-Mar-18	790.43	503.13	6,555.06	5,261.49	0.00	626.63	348.59	(18.92)	367.51	42.09	100.00%
11	SIS Group International Holdings Pty. Ltd.	AUD	0.020	31-Mar-18	0.50	16.86	17.36	0.00	0.00	8.14	8.14	1.00	7.14	0.00	100.00%
12	MSS Strategic Medical and Rescue Pty. Ltd.	AUD	0.020	31-Mar-18	0.50	88.45	297.26	208.31	0.00	1,479.12	(24.96)	(7.44)	(17.52)	0.00	100.00%
13	SIS MSS Security Holdings Pty. Ltd.	AUD	0.020	31-Mar-18	750.41	653.26	1,404.22	0.55	0.00	321.88	321.33	0.40	320.93	317.48	100.00%
14	MSS Security Pty. Ltd.	AUD	0.020	31-Mar-18	500.28	4,551.60	9,748.01	4,696.13	0.00	26,546.78	1,067.18	322.23	744.95	318.03	100.00%
15	Australian Security Connections Pty. Ltd.	AUD	0.020	31-Mar-18	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00%
16	Andwills Pty. Ltd.	AUD	0.020	31-Mar-18	0.00	0.11	65.91	65.80	0.00	40.58	40.57	0.00	40.57	0.00	51.01%
17	SX Protective Services Pty. Ltd.	AUD	0.020	31-Mar-18	12.51	6.29	95.81	77.02	0.00	4774	46.51	0.00	46.51	0.00	51.01%
18	Southern Cross Protection Pty. Ltd.	AUD	0.020	31-Mar-18	19.61	491.70	1,318.23	806.93	0.00	3,545.54	281.76	114.34	167.42	0.00	51.01%
19	Southern Cross FLM Pty. Ltd.	AUD	0.020	31-Mar-18	0.00	(4.60)	(4.60)	0.00	0.00	0.00	0.06	(0.17)	0.22	0.00	51.01%
20	Southern Cross Loss Prevention Pty. Ltd.	AUD	0.020	31-Mar-18	0.00	19.03	19.05	0.02	0.00	0.00	(0.02)	(0.01)	(0.01)	0.00	51.01%
21	Cage Security Alarms Pty. Ltd.	AUD	0.020	31-Mar-18	0.05	154.62	198.12	43.44	0.00	51.99	35.91	9.71	26.20	0.00	51.01%
22	Cage Security Guard Services Pty. Ltd.	AUD	0.020	31-Mar-18	0.00	46.62	48.74	2.12	0.00	0.29	(0.62)	(0.20)	(0.42)	0.00	51.01%
23	Eymet Security Consultants Pty. Ltd.	AUD	0.020	31-Mar-18	0.00	3.36	6.81	3.45	0.00	0.00	(0.48)	0.00	(0.48)	0.00	51.01%
24	Askara Pty. Ltd.	AUD	0.020	31-Mar-18	0.00	(69.16)	(61.90)	7.26	0.00	7.19	(75.16)	(22.40)	(52.76)	0.00	51.01%
25	Charter Customer Services Pty. Ltd.	AUD	0.020	31-Mar-18	0.01	106.12	104.29	(1.84)	0.00	0.15	0.14	0.04	0.09	0.00	51.01%
26	Charter Security Protective Services Pty. Ltd.	AUD	0.020	31-Mar-18	0.01	(40.87)	(18.44)	22.43	0.00	0.35	(175.85)	(50.04)	(125.81)	0.00	51.01%
27	Charter Security (NZ) Pty. Ltd.	AUD	0.020	31-Mar-18	0.00	41.27	49.34	8.06	0.00	57.83	10.65	2.97	7.67	0.00	51.01%
28	MSS AJG Pty. Ltd.	AUD	0.020	31-Mar-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51.01%

Notes:

- Investments in subsidiaries, associates, and joint ventures has been excluded
- Upon the Demerger Scheme becoming effective on January 18, 2018, all the assets and liabilities of Sunrays Overseas Private Limited, Vardan Overseas Private Limited, and Lotus Learning Private Limited are transferred to SIS Asset Management Private Limited with effect from January 18, 2018. Accordingly, Sunrays Overseas Private Limited, Vardan Overseas Private Limited, and Lotus Learning Private Limited are excluded in the above table.

Part B: Associates and Joint Ventures

(₹ In million)

S. No.	Name of the associate/joint venture	Latest audited Balance Sheet Date	Shares of Associates /Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit/(Loss) for the year	
			Number	Amount of Investment in Associates/ Joint Ventures	Extend of Holding %				Considered in Consolidation	Not Considered in Consolidation
1	SIS Cash Services Private Limited	31-Mar-18	9,708,696	129.45	49.00%	More than 20% holding	NA	227.06	(47.86)	(49.82)
2	SIS Prosecur Holdings Private Limited	31-Mar-18	4,414,900	441.05	49.00%	More than 20% holding	NA	310.62	(45.56)	(47.42)
3	SIS Prosecur Cash Logistics Private Limited	31-Mar-18	49	0.05	49.00%	More than 20% holding	NA	0.02	(0.01)	(0.01)
4	SIS Alarm Monitoring and Response Services Private Limited	31-Mar-18	20,000,000	200.00	50.00%	More than 20% holding	NA	134.18	(30.80)	(30.80)
5	Habitat Security Pty Ltd	31-Mar-18	49	0.00	49.00%	More than 20% holding	NA	2.06	2.00	2.08

ANNEXURE V

A. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary during the financial year 2017-18, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

Name of Director/Key Managerial Personnel and Designation	Remuneration drawn in FY 17-18 (in ₹) [#]	Ratio of the remuneration of each Director to the Median Remuneration of Employees for the financial year 2017-18	% Increase in Remuneration in the financial year 2017-18
Mr. Ravindra Kishore Sinha Chairman	1,97,66,712	130:1	8%
Mr. Uday Singh CEO and Whole-time Director	1,10,88,908	73:1	3%
Mr. Rituraj Kishore Sinha Managing Director	77,74,012	51:1	13% ⁽¹⁾
Mr. Arvind Kumar Prasad Director - Finance	44,77,400	29:1	14% ⁽²⁾
Mr. Devesh Desai Chief Financial Officer	90,46,154	59:1	178%
Mr. Brajesh Kumar Chief Financial Officer (India Security and Facility Management)	44,40,160	29:1	13%
Ms. Pushpalatha K Company Secretary	35,82,618	24:1	36%

[#] Remuneration includes salary, allowances, performance linked incentive and bonus.

⁽¹⁾ Appointed as Managing Director effective April 24, 2017 and percentage increase in remuneration is based on the remuneration drawn by him in the capacity of Chief Operating Officer prior to that date.

⁽²⁾ Appointed as Director – Finance effective April 24, 2017 and percentage increase in remuneration is based on the remuneration drawn by him in the capacity of Chief Financial Officer prior to that date.

- During the financial year 2017-18, there was an increase of 11% over the previous financial year, in the median remuneration of the employees.
- There were 1,11,770 permanent employees on the rolls of Company as on March 31, 2018.
- Average percentage increase made in the salaries of employees, other than the managerial personnel in the financial year 2017-18, was 16% over the previous financial year, which is in line with the industry benchmark and cost of living index and the average remuneration of the managerial personnel for the same financial year increased by 8%.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name and Designation	Age	Gross Remuneration (in ₹)	Qualification	Experience (In Years)	Date of Commencement of employment	Previous employment/ Position held
Top ten employees in terms of remuneration drawn.						
Dhiraj Singh Chief Executive Officer (FM & EB)	49	2,29,10,914	B Tech & MBA	24	21-10-2013	Telamon Investment Advisors and Consultants Pvt. Ltd./ Director
Ravindra Kishore Sinha Chairman	67	1,97,66,712	B.A.	31	02-Jan-1985	Security & Intelligence Services proprietorship/ Proprietor
Vamshidhar Guthikonda President (M & A)	43	1,18,19,640	B.Com (Hons), ICWA and PGDM	18	04-Apr-2016	SeedX, Founder and CEO
Uday Singh CEO and Whole-Time Director	69	1,10,88,908	B.E. & PGDM	39	18-Oct-2002	Praxair India (Pvt.) Limited- Director & Business Head
Devesh Desai Chief Financial Officer	49	90,46,154	B. Com. & C.A.	21	01-Sep-2008	Deccan Aviation Limited- VP Finance & Controller
Tapash Chaudhuri Chief Operating Officer (India Security)	59	78,42,884	B.E.	37	08-July-2013	G4S Security Solution- Chief Executive Officer
Rituraj Kishore Sinha Managing Director	38	77,74,012	B.A. from Leeds University	15	08-July-2002	Halifax Bank UK
Arvind Kumar Bali Regional Vice President	54	75,63,025	B.A. & MBA	35	01-Feb-2009	Premier Shield- Regional Head
Vinod K Advani Executive Vice President	48	52,59,974	B.E. M.M.S.	23	04-Oct-2010	Accor Services Pvt Ltd- Head Sales, Affiliations & Business Operations
Arvind Kumar Prasad Director- Finance	61	44,77,400	B.COM. C.A. Inter	32	05-07-1985	N.A.
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum. Nil						
Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month. Nil						

Notes:

- Remuneration includes salary, allowances, performance linked incentive and perquisite value of stock options exercised during the period.
- None of the above employees is a relative of any Director of the Company except Mr. Ravindra Kishore Sinha and Mr. Rituraj Kishore Sinha who are related to each other.

ANNEXURE VI**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Security and Intelligence Services (India) Limited
Regd. Office: Annapoorna Bhawan,
Telephone Exchange Road, Kurji,
Patna - 800010

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SECURITY AND INTELLIGENCE SERVICES (INDIA) LIMITED. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Security and Intelligence Services (India) Limited ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (No instances for compliance requirements during the year);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (No instances for compliance requirements during the year);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, (No instances for compliance requirements during the year); and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. The Private Security Agencies (Regulation) Act, 2005 and applicable States Rules made thereunder;
- vii. All other Labour, Employee and Industrial Laws to the extent applicable to the Company;

I have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance and wherever sent at shorter period, the requisite consents from the directors were obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through while there were no dissenting views required to be recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the following events / actions took place having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

1. The Articles of Association of the Company were amended by the Company twice during the year on 10th July, 2017 and 25th September, 2017.
2. During the year the following activities with respect to changes in share capital took place:
 - (a) On 20/06/2017 the Company had allotted 1024 equity shares of ₹ 10/- each upon the exercise of stock options by certain eligible employees and these eligible employees were also allotted with 10240 equity shares of ₹ 10 each as bonus shares in terms of previous resolution passed by the shareholders on 27/07/2016.
 - (b) On 17/07/2017 the Company had allotted 22 equity shares of ₹ 10/- each upon conversion 17,62,380 compulsory convertible debentures of ₹ 100/- each.
 - (c) The Company had made an Initial Public Offer of its shares consisting of a fresh offer of 44,44,785 equity shares of ₹ 10 each at a premium of ₹ 805 per share and an offer for sale of 51,20,619 of ₹ 10 each by certain existing shareholders (promoters and other selling shareholders). Accordingly an allotment of 44,44,785 equity shares of ₹ 10 each was made on 08/08/2017.
 - (d) Consequent to Initial Public Offer as afore mentioned, all 7,31,59,035 outstanding equity shares of the Company were listed on BSE Ltd and National Stock Exchange of India Ltd on August 10, 2017.
 - (e) On 10/11/2017 the Company had allotted 2250 equity shares of ₹ 10/- each upon the exercise of stock options by certain eligible employees and these eligible employees were also allotted with 22500 equity shares of ₹ 10 each as bonus shares in terms of previous resolution passed by the shareholders on 27/07/2016.
4. The Company had filed a joint application along with Service Master Clean Limited before the Honorable National Company Law Tribunal, Kolkata Bench (NCLT) for approval of the Composite Scheme of Arrangement between Security and Intelligence Services (India) Limited and Service Master Clean Limited (transferor companies) and SIS Asset Management Private Limited ("transferee company") and their respective shareholders and creditors for the purpose of transfer of noncore business undertakings of transferor companies together with all their assets and liabilities relating thereto as going concern to transferee company. The said scheme was also approved at the NCLT convened meetings of equity shareholders of the Company, secured creditors and unsecured creditors of both the transferor companies held on 24/07/2017. The said scheme was then approved by the NCLT by its order dated December 22, 2017. The Company had filed a certified copy of the said Order of NCLT with the Registrar of Companies on January 18, 2018 and thus the Scheme has become effective from January 18, 2018.
5. The shareholders of the Company have approved the Special Resolutions on the following matters through Postal Ballot the results of which were declared by the Company on March 19, 2018:
 - (a) Issue of Secured Redeemable Rated Listed Non- Convertible Debentures up to ₹ 500 Crores on Private Placement basis in one or more tranches.
 - (b) Giving Loans, guarantees, providing security and/or acquiring the securities of any other body corporate up to ₹ 1,200 Crores.
 - (c) Creation of charge by way of mortgage / hypothecation on the movable and immovable properties of the Company, both present and future, in respect of the borrowings up to ₹ 1,500 Crores.

Place: Bangalore
Date: May 9, 2018

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No.: 6040 CP No. : 6137

ANNEXURE VII**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration and other details:

(i) CIN:	L75230BR1985PLC002083
(ii) Registration Date:	January 2, 1985
(iii) Name of the Company:	Security and Intelligence Services (India) Limited
(iv) Category / Sub-Category of the Company:	Company Limited by Shares/ Indian Non-Government Company
(v) Address of the Registered office and contact details:	Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna-800010, Bihar Ph.: +91 612 226 6666 Fax: +91 612 226 3948 Email: shareholders@sisindia.com
(vi) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Mr. Ajay Jadhav Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083 Telephone: +91 22 4918 6270 Fax: +91-22 4918 6195 E-mail : rnt.helpdesk@linkintime.co.in

II. Principal business activities of the company

(Contributing 10 % or more of the total turnover of the company)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Private security activities	801	99.64

III. Particulars of holding, subsidiary and associate companies

Sl. No.	Name and Address of the Company	CIN/GL	Holding/Subsidiary/ Associate	% of shares Held	Applicable Section
1.	Tech SIS Limited Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna-800010, Bihar	U75300BR2010PLC015484	Subsidiary	100%	2 (87)
2.	Terminix SIS India Private Limited Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna-800010, Bihar	U93000BR2011PTC017532	Subsidiary	50.01%	2 (87)
3.	SIS International Holdings Ltd. Marcy Building, 2nd Floor Purcell Estate P.O. Box 2416, Road Town, Tortola, British Virgin Islands	N.A.	Subsidiary	100%	2 (87)
4.	SIS Asia Pacific Holdings Ltd. Level 1, Blue Harbour Business Centre, Ta' Xbiex Yacht Marina, Ta' Xbiex XBX 1027, Malta	N.A.	Wholly owned subsidiary of SIS International Holdings Ltd. referred to in Sl. No. 3	-	2 (87)
5.	SIS Australia Holdings Pty Ltd. Level 2, 63-79 Parramatta Road Silverwater NSW 2128	N.A.	Wholly owned subsidiary of SIS Asia Pacific Holdings Ltd. referred to in Sl. No. 4	-	2 (87)
6.	SIS Group International Holdings Pty Ltd. Level 2, 63-79 Parramatta Road Silverwater NSW 2128	N.A.	Wholly owned subsidiary of SIS Australia holdings Pty Ltd referred to in Sl. No. 5	-	2 (87)
7.	SIS Australia Group Pty Ltd. Level 2, 63-79 Parramatta Road Silverwater NSW 2128	N.A.	Subsidiary of SIS Australia Holdings Pty Ltd. referred to in Sl. No. 5.	5.06%	2 (87)

Sl. No.	Name and Address of the Company	CIN/GL	Holding/Subsidiary/ Associate	% of shares Held	Applicable Section
8.	MSS Strategic Medical & Rescue Pty Ltd. Level 2, 63-79 Parramatta Road Silverwater NSW 2128	N.A.	Wholly owned subsidiary of SIS Australia Group Pty Ltd. referred to in Sl. No. 7	-	2 (87)
9.	SIS MSS Security Holdings Pty Ltd. Level 2, 63-79 Parramatta Road Silverwater NSW 2128	N.A.	Wholly owned subsidiary of SIS Australia Group Pty Ltd. referred to in Sl. No. 7	-	2 (87)
10.	MSS Security Pty Ltd. Level 2, 63-79 Parramatta Road Silverwater NSW 2128	N.A.	Wholly owned subsidiary of SIS MSS Security Holdings Pty Ltd. referred to in Sl. No. 9	-	2 (87)
11.	Australian Security Connections Pty Ltd Level 2, 63-79 Parramatta Road Silverwater NSW 2128	N.A.	Wholly owned subsidiary of SIS MSS Security Holdings Pty Ltd. referred to in Sl. No. 9	-	2 (87)
12.	Service Master Clean Limited Annapurna Bhawan, Patliputra Telephone Exchange Road, Patna, Bihar-800010	U90001BR2009PLC014332	Subsidiary (Remaining 41% is held by SIS Group International Holdings Pty Ltd. referred to in Sl. No. 6)	59%	2 (87)
13.	Dusters Total Solutions Services Private Limited # 50, Zatakia House, 4th Floor, 100 ft. Road, Indiranagar, Bangalore-560038.	U74999KA2007PTC042734	Subsidiary	85.92%	2 (87)
14.	SIS Business Support Services and Solutions Private Limited Annapoorna Bhawan, Patliputra Telephone Exchange Road, Patna -800013.	U74999BR2016PTC032083	Subsidiary	100%	2 (87)
15.	SISCO Security Services Private Limited. Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna-800013.	U74999BR2016PTC032917	Subsidiary	100%	2 (87)
16.	Andwills Pty. Limited Unit 28, 26-32, Pirrama Road, Pyrmont NSW 2009, Australia	N.A.	Subsidiary of SIS Australia Group Pty Ltd referred to in Sl. No. 7	-	2 (87)
17.	MSS AJG Pty Ltd Level 2 Gateway Building, 63-79 Parramatta Road, Silverwater NSW 2127, Australia	N.A.	Wholly owned Subsidiary of SIS MSS Security Holdings Pty Ltd referred to in Sl. No. 9	-	2 (87)
18.	SX Protective Services Pty. Ltd Unit 28, 26-32 Pirrama Road, Pyrmont NSW 2009	N.A.	Subsidiary of Andwills Pty. Limited referred to in Sl. No. 16	-	2 (87)
19.	Southern Cross Protection Pty. Ltd Unit 28, 26-32 Pirrama Road, Pyrmont NSW 2009	N.A.	Subsidiary of SX Protective Services Pty. Ltd referred to in Sl. No. 18	-	2 (87)
20.	Southern Cross FLM Pty Ltd 'S28', 26-32 Pirrama Road, Pyrmont NSW 2009, Australia	N.A.	Wholly owned Subsidiary of Southern Cross Protection Pty. Ltd. referred to in Sl. No. 19	-	2 (87)
21.	Southern Cross Loss Prevention Pty Ltd 'S28', 26-32 Pirrama Road, Pyrmont NSW 2009, Australia	N.A.	Wholly owned Subsidiary of Southern Cross Protection Pty. Ltd. referred to in Sl. No. 19	-	2 (87)
22.	Cage Security Alarms Pty. Ltd. Suite 28, 26-32 Pirrama Road, Pyrmont NSW 2009, Australia	N.A.	Wholly owned Subsidiary of Southern Cross Protection Pty. Ltd. referred to in Sl. No. 19	-	2 (87)
23.	Cage Security Guard Services Pty Ltd Suite 28, 26-32 Pirrama Road, Pyrmont NSW 2009, Australia	N.A.	Wholly owned Subsidiary of Southern Cross Protection Pty. Ltd. referred to in Sl. No. 19	-	2 (87)
24.	Eymet Security Consultants Pty Ltd Suite 28, 26-32 Pirrama Road, Pyrmont NSW 2009, Australia	N.A.	Wholly owned Subsidiary of Southern Cross Protection Pty. Ltd. referred to in Sl. No. 19	-	2 (87)
25.	Askara Pty Ltd 28, 26-32 Pirrama Road, Pyrmont NSW 2009, Australia.	N.A.	Wholly owned Subsidiary of Southern Cross FLM Pty Ltd referred to in Sl. No. 20	-	2 (87)

Sl. No.	Name and Address of the Company	CIN/GL	Holding/Subsidiary/ Associate	% of shares Held	Applicable Section
26.	Charter Customer Services Pty Ltd 26- 32 Piramma Road, Pymont NSW 2009, Australia	N.A.	Wholly owned Subsidiary of Southern Cross Loss Prevention Pty Ltd referred to in Sl. No. 21	-	2 (87)
27.	Charter Security Protective Services Pty Ltd 'S28', 26-32 Piramma Road, Pymont NSW 2009, Australia	N.A.	Wholly owned Subsidiary of Southern Cross Loss Prevention Pty Ltd referred to in Sl. No. 21	-	2 (87)
28.	Charter Security (NZ) Pty Limited Richmond Road, Grey Lynn, Auckland, 1021, New Zealand.	N.A.	Wholly owned Subsidiary of Southern Cross Loss Prevention Pty Ltd referred to in Sl. No. 21	-	2 (87)
29.	SIS Cash Services Private Limited Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna-800001, Bihar	U74140BR2011PTC017533	Joint Venture/Associate	49%	2 (6)
30.	SIS Prosegur Holdings Private Limited Annapoorna Bhawan, Patliputra Telephone Exchange Road, Patna – 800013.	U74910BR2014PTC022583	Joint Venture/Associate (Wholly owned Subsidiary of SIS Cash Services Private Limited referred to in Sl. No. 29)	-	2 (6)
31.	SIS Prosegur Alarm Monitoring and Response Services Private Limited Annapoorna Bhawan, Patliputra Telephone Exchange Road, Patna-800013	U74140BR2015PTC024604	Joint Venture	50.00% held along with Service Master Clean Limited	2 (6)
32.	SIS Prosegur Cash Logistics Private Limited Annapoorna Bhawan, Patliputra Telephone Exchange Road, Patna-800013	U74140BR2015PTC024309	Joint Venture/Associate (Wholly owned Subsidiary of SIS Cash Services Private Limited referred to in Sl. No. 29)	-	2 (6)
33.	Habitat Security Pty Limited Level 2, 63-79 Parramatta Road, Silverwater, New South Wales, 2127, Australia	N.A.	Joint Venture	-	2(6)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTER									
(1) Indian									
a) Individual/HUF	5,03,02,241	0	5,03,02,241	73.22	5,27,01,949	0	5,27,01,949	72.01	(1.20)
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	25,40,626	0	25,40,626	3.70	25,40,626	0	25,40,626	3.47	(0.23)
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other...	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	5,28,42,867	0	5,28,42,867	76.91	5,52,42,575	0	5,52,42,575	75.48	(1.43)
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other...	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter	5,28,42,867	0	5,28,42,867	76.91	5,52,42,575	0	5,52,42,575	75.48	(1.43)
(A) = (A)(1)+(A)(2)									
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	34,06,352	0	34,06,352	4.65	4.65
b) Banks / FI	0	0	0	0.00	17,414	0	17,414	0.02	0.02
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt. (s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Alternate Investment Funds	0	0	0	0.00	2,17,490	0	2,17,490	0.30	0.30
Foreign Portfolio Investor	0	0	0	0.00	42,22,248	0	42,22,248	5.77	5.77
Sub-total (B) (1):-	0	0	0	0.00	78,63,504	0	78,63,504	10.74	10.74
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0.00	9,48,149	0	9,48,149	1.30	1.30
ii) Overseas	1,04,39,770	0	1,04,39,770	15.20	33,99,919	0	33,99,919	4.65	(10.55)
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,45,254	1,28,768	3,74,022	0.54	7,81,405	1,11,293	8,92,698	1.22	0.68
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	10,12,277	97,700	11,09,977	1.62	8,60,665	52,300	9,12,965	1.25	(0.37)
c) Others (specify)									
Foreign – Nationals	0	28,93,000	28,93,000	4.21	28,93,000	0	28,93,000	3.95	(0.26)
Hindu Undivided Family	0	0	0	0.00	63,879	0	63,879	0.09	0.09
Non Resident Indians	0	2,20,000	2,20,000	0.32	41,419	2,20,000	2,61,419	0.36	0.04
Directors Relatives PAC	6,12,447	0	6,12,447	0.89	6,11,215	0	6,11,215	0.84	(0.06)
Clearing Member	0	0	0	0.00	21,106	0	21,106	0.03	0.03
Trust	2,10,881	0	2,10,881	0.31	73,356	0	73,356	0.10	(0.21)
Sub-total (B) (2):-	1,25,20,629	33,39,468	1,58,60,097	23.09	96,94,113	3,83,593	1,00,77,706	14	(9)
Total Public Shareholding (B)=(1)+(2)	1,25,20,629	33,39,468	1,58,60,097	23.09	1,75,57,617	3,83,593	1,79,41,210	24.52	1.43
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0
Grand Total (A+B+C)	6,53,63,496	33,39,468	6,87,02,964	100.00	7,28,00,192	3,83,593	7,31,83,785	100.00	-

ii) Shareholding of Promoter and Promoter Group

Sl. NO.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding During the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
Promoter								
1	Ravindra Kishore Sinha	2,85,64,888	41.58	0.00	2,96,33,656	40.49	0.00	(1.09)
2	Rituraj Kishore Sinha	70,86,893	10.32	0.00	83,47,690	11.41	0.00	1.09
Promoter Group								
3	Rita Kishore Sinha	1,21,11,055	17.63	0.00	1,21,11,055	16.55	0.00	(1.08)
4	Rivioli Sinha	24,08,780	3.51	0.00	24,08,780	3.29	0.00	(0.22)
5	Pallavi Sinha	1,10,000	0.16	0.00	1,10,000	0.15	0.00	(0.01)
6	Pallavi Sinha (As a trustee of RKS JV Trust)	-	0.00	0.00	70,143	0.10	0.00	0.10
7	Satyendra Kishore	6,875	0.01	0.00	6,875	0.01	0.00	0.00
8	Vikash Kishore Prasad	6,875	0.01	0.00	6,875	0.01	0.00	0.00
9	Vishan Narain Khanna	6,875	0.01	0.00	6,875	0.01	0.00	0.00
10	Vocational Skills Council India Pvt Ltd	25,40,626	3.70	0.00	25,40,626	3.47	0.00	(0.23)
	Total	5,28,42,867	76.91	0.00	5,52,42,575	75.48	0.00	(1.43)

iii) Change in Promoters and Promoter Group Shareholding (please specify, if there is no change)

S. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Ravindra Kishore Sinha				
	At the beginning of the year	2,85,64,888	41.58		
	Increase / Decrease in Shareholding during the year				
	August 3, 2017- Purchase	18,55,285	2.70	3,04,20,173	44.27
	August 8, 2017- Sale	7,86,517	1.08	2,96,33,656	40.51
	At the End of the year			2,96,33,656	40.49[@]
2	Rita Kishore Sinha				
	At the beginning of the year	1,21,11,055	17.63		
	Increase / Decrease in Shareholding during the year	0	0.00	1,21,11,055	17.63
	At the End of the year			1,21,11,055	16.55[@]
3	Rituraj Kishore Sinha				
	At the beginning of the year	70,86,893	10.32		
	Increase / Decrease in Shareholding during the year				
	July 19, 2017- Sale	70,143	0.10	70,16,750	10.21
	August 3, 2017- Purchase	18,55,285	2.70	88,72,035	12.91
	August 8, 2017- Sale	5,24,345	0.72	83,47,690	11.41
	At the End of the year			83,47,690	11.41
4	Vocational Skills Council India Private Limited				
	At the beginning of the year	25,40,626	3.70		
	Increase / Decrease in Shareholding during the year	0	0.00	25,40,626	3.70
	At the End of the year			25,40,626	3.47[@]
5	Rivoli Sinha				
	At the beginning of the year	24,08,780	3.51		
	Increase / Decrease in Shareholding during the year	0	0.00	24,08,780	3.51
	At the End of the year			24,08,780	3.29[@]
6	Pallavi Sinha				
	At the beginning of the year	1,10,000	0.16		
	Increase / Decrease in Shareholding during the year	0	0.00	1,10,000	0.16
	At the End of the year			1,10,000	0.15[@]
7	Pallavi Sinha (As a trustee of RKS JV Trust)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year				
	July 19, 2017- Purchase	70,143	0.10	70,143	0.10
	At the End of the year			70,143	0.10
8	Satyedra Kishore				
	At the beginning of the year	6,875	0.01		
	Increase / Decrease in Shareholding during the year	0	0.00	6,875	0.01
	At the End of the year			6,875	0.01
9	Vikash Kishore Prasad				
	At the beginning of the year	6,875	0.01		
	Increase / Decrease in Shareholding during the year	0	0.00	6,875	0.01
	At the End of the year			6,875	0.01
10	Vishan Narain Khanna				
	At the beginning of the year	6,875	0.01		
	Increase / Decrease in Shareholding during the year	0	0.00	6,875	0.01
	At the End of the year			6,875	0.01

@ Change in shareholding is due to allotment of shares by the Company pursuant to initial public offering and exercise of stock options.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Theano Private Limited				
	At the beginning of the year	1,04,39,770	15.20		
	Increase / Decrease in Shareholding during the year				
	July 17, 2017-Allotment	11	0.00	1,04,39,781	15.19
	August 3, 2017- Sale	36,37,098	5.29	68,02,683	9.90
	August 8, 2017- Sale	34,02,764	4.65	33,99,919	4.65
	At the End of the year			33,99,919	4.65
2	Thomas Fredrik Berglund				
	At the beginning of the year	14,46,500	2.11		
	Increase / Decrease in Shareholding during the year	0	0.00	14,46,500	2.11
	At the End of the year			14,46,500	1.98@
3	Haakan Gustaf Oscar Winberg				
	At the beginning of the year	14,46,500	2.11		
	Increase / Decrease in Shareholding during the year	0	0.00	14,46,500	2.11
	At the End of the year			14,46,500	1.98@
4	Sundaram Mutual Fund A/C Sundaram Select Midcap				
	August 8, 2017-Purchase	3,15,708	0.43	3,15,708	0.43
	August 11, 2017- Purchase	5,42,322	0.74	8,58,030	1.17
	August 25, 2017- Purchase	2,34,914	0.32	10,92,944	1.49
	September 1, 2017- Purchase	10,000	0.01	11,02,944	1.51
	September 15, 2017- Purchase	22,874	0.03	11,25,818	1.54
	October 6, 2017- Purchase	24,433	0.03	11,50,251	1.57
	October 27, 2017- Purchase	24,307	0.03	11,74,558	1.61
	November 3, 2017- Purchase	1,365	0.00	11,75,923	1.61
	November 10, 2017- Purchase	35,720	0.05	12,11,643	1.66
	November 24, 2017- Purchase	2,810	0.00	12,14,453	1.66
	December 1, 2017- Sale	26,000	0.04	11,88,453	1.62
	December 15, 2017- Sale	4,000	0.01	11,84,453	1.62
	January 26, 2018- Sale	6,366	0.01	11,78,087	1.61
	February 2, 2018- Sale	6,134	0.01	11,71,953	1.60
	February 9, 2018- Sale	9,544	0.01	11,62,409	1.59
	February 16, 2018- Sale	9,454	0.01	11,52,955	1.58
	At the End of the year			11,52,955	1.58
5	Malabar India Fund Limited				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year				
	August 11, 2017- Purchase	10,28,471	1.41	10,28,471	1.41
	September 22, 2017- Purchase	3,782	0.01	10,32,253	1.41
	September 29, 2017- Purchase	27,530	0.04	10,59,783	1.45
	October 6, 2017- Purchase	1,650	0.00	10,61,433	1.45
	October 13, 2017- Purchase	17,038	0.02	10,78,471	1.47
	At the End of the year			10,78,471	1.47
6	Abu Dhabi Investment Authority - BEHAVE				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year				
	August 11, 2017- Purchase	6,74,856	0.92	6,74,856	0.92
	August 18, 2017- Purchase	1,69,140	0.23	8,43,996	1.15
	At the End of the year			8,43,996	1.15
7	Parvest Equity India				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year				
	August 11, 2017- Purchase	3,98,680	0.54	3,98,680	0.54
	August 18, 2017- Purchase	2,68,306	0.37	6,66,986	0.91
	September 15, 2017- Purchase	11,356	0.02	6,78,342	0.93
	September 22, 2017- Purchase	53,158	0.07	731,500	1.00
	September 29, 2017- Purchase	17,296	0.02	748,796	1.02
	October 27, 2017- Purchase	6,161	0.01	754,957	1.03
	December 22, 2017- Purchase	2,678	0.00	757,635	1.04
	At the End of the year			757,635	1.04

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Reliance Capital Trustee Co. Ltd. - A/C Reliance Tax Saver (ELSS) Fund				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year				
	August 8, 2017- Purchase	2,25,460	0.31	2,25,460	0.31
	August 11, 2017- Purchase	3,92,634	0.54	6,18,094	0.84
	At the End of the year			6,18,094	0.84
9	Piyush Goyal				
	At the beginning of the year	4,93,735	0.72		
	Increase / Decrease in Shareholding during the year				
	February 2, 2018- Purchase	7,797	0.01	5,01,532	0.69
	February 9, 2018- Sale	7,797	0.01	4,93,735	0.67
	At the End of the year			4,93,735	0.67
10	Altera Absolute Global Master Fund				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year				
	August 11, 2017- Purchase	1,22,214	0.17	1,22,214	0.17
	August 25, 2017- Purchase	85,000	0.12	2,07,214	0.28
	October 13, 2017- Purchase	36,200	0.05	2,43,414	0.33
	October 20, 2017- Purchase	5,500	0.01	2,48,914	0.34
	October 27, 2017- Purchase	80,800	0.11	3,29,714	0.45
	November 10, 2017- Purchase	55,000	0.08	3,84,714	0.53
	November 17, 2017- Purchase	42,206	0.06	4,26,920	0.58
	November 24, 2017- Purchase	3,910	0.01	4,30,830	0.59
	January 19, 2018- Purchase	8,500	0.01	4,39,330	0.60
	February 16, 2018- Purchase	15,931	0.02	4,55,261	0.62
	February 23, 2018- Purchase	13,000	0.02	4,68,261	0.64
	March 31, 2018- Purchase	1,833	0.00	4,70,094	0.64
	At the End of the year			4,70,094	0.64

@ Change in shareholding is due to allotment of shares by the Company pursuant to initial public offering and exercise of stock options.

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name of the Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Ravindra Kishore Sinha (Chairman)				
	At the beginning of the year	2,85,64,888	41.58		
	Increase / Decrease in Shareholding during the year				
	August 3, 2017- Purchase	18,55,285	2.70	3,04,20,173	44.27
	August 8, 2017- Sale	7,86,517	1.08	2,96,33,656	40.51
	At the End of the year			2,96,33,656	40.49@
2	Rituraj Kishore Sinha (Managing Director)				
	At the beginning of the year	70,86,893	10.32		
	Increase / Decrease in Shareholding during the year				
	July 19, 2017- Sale	70,143	0.10	70,16,750	10.21
	August 3, 2017- Purchase	18,55,285	2.70	88,72,035	12.91
	August 8, 2017- Sale	5,24,345	0.72	83,47,690	11.41
	At the End of the year			83,47,690	11.41
3	Uday Singh (Whole-time Director and Chief Executive Officer)				
	At the beginning of the year	6,12,447	0.89		
	Increase / Decrease in Shareholding during the year				
	August 8, 2017- Sale	1,66,232	0.23	4,46,215	0.61
	At the End of the year			4,46,215	0.61
4	Arvind Kumar Prasad (Director Finance)				
	At the beginning of the year	1,65,000	0.24		
	Increase / Decrease in Shareholding during the year				
		0	0.00	1,65,000	0.24
	At the End of the year			1,65,000	0.23@
5	Rita Kishore Sinha (Director)				
	At the beginning of the year	1,21,11,055	17.63		
	Increase / Decrease in Shareholding during the year				
		0	0.00	1,21,11,055	17.63
	At the End of the year			1,21,11,055	16.55@

S. No.	Name of the Director/Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	Devdas Apte (Independent Director)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year	0	0.00	0	0.00
	At the End of the year			0	0.00
7	Arun Kumar Batra (Independent Director)				
	At the beginning of the year	0	0.00	0	0.00
	Increase / Decrease in Shareholding during the year				
	August 18, 2017- Purchase	300	0.00	300	0.00
	August 25, 2017- Purchase	275	0.00	575	0.00
	September 1, 2017 - Purchase	45	0.00	620	0.00
	September 22, 2017 - Purchase	100	0.00	720	0.00
	October 13, 2017 - Purchase	34	0.00	754	0.00
	December 8, 2017 - Purchase	96	0.00	850	0.00
	December 22, 2017 - Purchase	70	0.00	920	0.00
	January 5, 2018 - Purchase	80	0.00	1000	0.00
	January 12, 2018 - Purchase	10	0.00	1010	0.00
	At the End of the year	1,010	0.00	1,010	0.00
8	Amrendra Prasad Verma (Independent Director)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year	0	0.00	0	0.00
	At the End of the year			0	0.00
9	Jayanta Kumar Basu (Nominee Director)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year	0	0.00	0	0.00
	At the End of the year			0	0.00
10	Tirumalai Cunnavakaum Anandanpillai Ranganathan (Independent Director)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year	0	0.00	0	0.00
	At the End of the year			0	0.00
11	Rajan Krishnanath Medhekar (Additional Director- Independent)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year	0	0.00	0	0.00
	At the End of the year			0	0.00
12	Renu Mattoo (Additional Director- Independent)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year	0	0.00	0	0.00
	At the End of the year			0	0.00
13	Devesh Desai (Chief Financial Officer)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year				
	August 8, 2017- purchase	338	0.00	338	0.00
	At the End of the year			338	0.00
14	Brajesh Kumar (CFO (India Security and Facility Management))				
	At the beginning of the year	9,900	0.01		
	Increase / Decrease in Shareholding during the year				
	August 8, 2017- Sale	9,900	0.01	0	0.00
	At the End of the year			0	0.00
15	Pushpalatha K (Company Secretary)				
	At the beginning of the year	0	0.00		
	Increase / Decrease in Shareholding during the year	0	0.00	0	0.00
	At the End of the year			0	0.00

@ Change in shareholding is due to allotment of shares by the Company pursuant to initial public offering and exercise of stock options

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
Principal Amount	3,456,955,565	1,146,760,297	0	4,603,715,862
Interest due but not paid	0	0	0	0
Interest accrued but not due	13,836,614	0	0	13,836,614
Total (i+ii+iii)	3,470,792,178	1,146,760,297	0	4,617,552,475
Change in Indebtedness during the financial year				
Addition	461,352,530	377,060	0	461,729,591
Reduction	(2,491,435,233)	(308,293,439)	0	(2,799,728,672)
Net Change	(2,030,082,703)	(307,916,379)	0	(2,337,999,082)
Indebtedness at the end of the financial year				
Principal Amount	1,423,701,937	838,843,918	0	2,262,545,855
Interest due but not paid	0	0	0	0
Interest accrued but not due	17,007,539	0	0	17,007,539
Total (i+ii+iii)	1,440,709,476	838,843,918	0	2,279,553,393

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Ravindra Kishore Sinha (Chairman)	Mr. Uday Singh (Whole-time Director)	Mr. Rituraj Kishore Sinha (Managing Director)	Mr. Arvind Kumar Prasad (Director Finance)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,12,12,064	1,11,18,956	77,64,460	45,07,448	4,46,02,928
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	0	39,600	0	79,200
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0
2	Stock Option	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0
4	Commission - as % of profit - others, specify..	0	0	0	0	0
5	Others, please specify	0	0	0	0	0
	Total (A)	2,12,51,664	1,11,18,956	78,04,060	45,07,448	4,46,82,128
	Ceiling as per the Act (Being 10% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)					9,29,83,024

B. Remuneration to other directors:

S. No.	Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board / Committee Meetings	Commission	Others, please specify	
1.	Independent Directors				
	Mr. Devdas Apte	4,50,000	-	-	4,50,000
	Mr. Arun Kumar Batra	-	-	-	-
	Mr. Amrendra Prasad Verma	3,75,000	-	-	3,75,000
	Dr. Ajoy Kumar ⁽¹⁾	75,000	-	-	75,000
	Mr. Ashok Kumar Mattoo ⁽²⁾	-	-	-	-
	Mr. Tirumalai Cunnavakaum Anandanpillai Ranganathan	7,50,000	-	-	7,50,000
	Mr. Rajan Krishnanath Medhekar	5,25,000	-	-	5,25,000
	Mrs. Renu Mattoo	-	-	-	-
	Total Amount (B)(1)	21,75,000	-	-	21,75,000
2.	Other Non-Executive Directors				
	Mrs. Rita Kishore Sinha	2,25,000	-	-	2,25,000
	Mr. Jayanta Kumar Basu	-	-	-	-
	Total Amount (B)(2)	-	-	-	2,25,000
	Total Amount (B) = (B)(1) + (B)(2)	-	-	-	24,00,000
	Total Managerial Remuneration (A+B)	-	-	-	4,70,82,128
	Overall Ceiling as per the Act	-	-	-	10,22,81,326
	<i>(Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)</i>				

⁽¹⁾ Dr. Ajoy Kumar resigned from the Board effective September 25, 2017.

⁽²⁾ Mr. Ashok Kumar Mattoo ceased to be Director of the Company effective December 27, 2018 owing to his demise.

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Devesh Desai (Chief Financial Officer)	Mr. Brajesh Kumar (CFO (IS and FM))	Ms. Pushpalatha K (Company Secretary)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	90,46,154	44,40,160	35,82,618
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	90,46,154	44,40,160	35,82,618

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: None

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	:	L75230BR1985PLC002083
2. Name of the Company	:	Security and Intelligence Services (India) Limited
3. Registered address	:	Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna, Bihar - 800010
4. Website	:	www.sisindia.com
5. E-mail id	:	investorrelations@sisindia.com
6. Financial Year reported	:	April 1, 2017 to March 31, 2018
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Security services
8. List three key products/services that the Company manufactures/ provides (as in balance sheet)	:	Security services
(a) Number of International Locations (Provide details of major 5)	:	Nil
(b) Number of National Locations	:	Training centres – 19, Branches - 253 Registered and corporate offices: The registered office is situated at Patna (Bihar) and the Corporate office is situated at New Delhi
9. Markets served by the Company (Local/State/National/International)	:	India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital : ₹ 731.84 million
- Total Turnover : ₹ 21,350.52 million
- Total profit after taxes : ₹ 730.11 million
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 6.18%
- List of activities in which expenditure in 4 above has been incurred:-
 - Promoting education and other educational projects
 - Programs towards betterment of health
 - Measures for the benefit of armed forces veterans, war widows and their dependents
 - Promotion of Sports and Cultural & Research Activities
 - Protection of national heritage
 - Rural Development Programmes
 - Contribution to Relief Fund

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? Yes
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).
No

- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].
No

SECTION D: BR INFORMATION

- Details of Director/Directors responsible for BR
 - Details of the Director/Director responsible for implementation of the BR policy/policies
 - DIN Number: 00945635
 - Name: Mr. Ravindra Kishore Sinha
 - Designation: Chairman
 - Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	Mr. Ravindra Kishore Sinha,
2	Name	Chairman of the Board
3	Designation	and Chairman of the CSR
4	Telephone number	committee, oversees the BR
5	e-mail id	implementation. The Company does not have a BR head as of now.

2. Principle-wise (as per NVGs) BR Policy/policies

- 01 PRINCIPLE**
Business should conduct and govern themselves with Ethics, Transparency and Accountability. (Business Ethics)
- 02 PRINCIPLE**
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle. (Product Responsibility)
- 03 PRINCIPLE**
Business should promote the well-being of all employees. (Wellbeing of Employees)
- 04 PRINCIPLE**
Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. (Stakeholder Engagement and CSR)
- 05 PRINCIPLE**
Business should respect and promote human rights. (Human Rights)
- 06 PRINCIPLE**
Business should respect, protect and make efforts to restore the environment. (Environment)
- 07 PRINCIPLE**
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner. (Public Policy)
- 08 PRINCIPLE**
Business should support inclusive growth and equitable development. (CSR)
- 09 PRINCIPLE**
Business should engage with and provide value to their customers and consumers in a responsible manner. (Customer Relations)

(a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	N	Y	Y	N	N	N	Y	N
2	Has the policy being formulated in consultation with the relevant stakeholders?	All the policies have been formulated in consultation with the Management of the Company and are approved by the Board.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the policies are in compliance with respective applicable regulations								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All the policies have been approved by the Board and have been signed by the Chairman.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The members of the respective Committees will oversee policy implementation.								
6	Indicate the link for the policy to be viewed online?	http://sisindia.com/investors/corporate-governance/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been formally communicated to internal and external stakeholders, wherever applicable and required and are also available on the company's website at http://sisindia.com/investors/corporate-governance/								
8	Does the company have in-house structure to implement the policy/ policies.	Y	NA	Y	Y	NA	NA	NA	Y	NA
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	NA	Y	Y	NA	NA	NA	Y	NA
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Board reviews the working, implementation and effectiveness of the policies from time to time.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)	Considering the business activities of the Company and the nature of its business, the Board has not felt the need to formulate certain policies. However, the Board reviews the requirements from time to time and will formulate relevant policies as and when the need is felt by the Board.								

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year Annual

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The BR report for FY18 forms part of the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

01 PRINCIPLE

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?	The Company's governance structure is guided by its core values of Integrity, Commitment, Passion, Speed and Ownership. The Corporate Principles and the Code of Conduct cover the Company and all its subsidiaries, joint ventures and associates and are applicable to all the employees of the Company and its subsidiaries, joint ventures and associates
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	SIS stakeholders includes our investors, clients, employees, partners, government and local communities. For details of investor complaints, please refer Corporate Governance Report in the Annual Report.

02 PRINCIPLE**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is primarily engaged in the business of security services.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): Not applicable	The Company's business does not involve the sale or purchase of goods or products and so this is not applicable to the Company.
a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	
b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	
3. Does the company have procedures in place for sustainable sourcing (including transportation)?	The Company's business does not involve the sale or purchase of goods or products and so this is not applicable to the Company.
a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Though the Company's business does not involve the sale or purchase of goods wherever possible, an effort is made to source goods and products used in the Company's business from local suppliers and encouraging them to register themselves under the relevant regulations.
a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Company's business does not involve the sale or purchase of goods or products and so this is not applicable to the Company

03 PRINCIPLE**Businesses should promote the well-being of all employees**

1. Please indicate total number of employees	111,770 as at March 31, 2018
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis	53
3. Please indicate the Number of permanent women employees	5,333
4. Number of permanent employees with disabilities	Nil
5. Do you have an employee association that is recognized by management	There is no employee association.
6. What percentage of your permanent employees is members of this recognized employee association	Not applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Information required under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 was provided in the Annual Report. No complaints were received in the matters relating to child labour, forced labour, involuntary labour.
8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?	Safety is of paramount importance to the Company. All employees of the Company are provided with safety training as part of their initial training and induction programme.
a. Permanent Employees	
b. Permanent Women Employees	
c. Casual/Temporary/Contractual Employees	
d. Employees with Disabilities	The Company believes in continual learning of its employees and has institutionalized a continual learning model for skill upgradation by a combination of onsite, mobile based and offsite training.

04 PRINCIPLE**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. Has the company mapped its internal and external stakeholders?	Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes. More than 95% of the employees of the Company belong to the disadvantaged, vulnerable & marginalized sections of society and the business of the Company provides them the opportunity to earn a reasonable livelihood and enter the organised workforce. Additionally, the Company also regularly engages in activities to improve the society and environment in which it operates.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Details of CSR programmes undertaken by the Company are provided in the Annual Report

05 PRINCIPLE**Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?	Not applicable
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	We are committed to and are compliant with all statutory laws and regulations, and have put in place grievance redressal and whistleblower mechanisms for issues faced by the employees and for any complaints they have. In the reporting year, there were no complaints against the Company.

06 PRINCIPLE**Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/others.	Not applicable
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Not applicable
3. Does the company identify and assess potential environmental risks? Y/N	Not applicable
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?	Not applicable
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Not applicable
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Not applicable
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Not applicable

07 PRINCIPLE**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of Federation of Indian Chambers of Commerce and Industry (FICCI), Central Association of Private Security Industry (CAPSI), and Overseas Security Advisory Council (OSAC).
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The chambers/associations mentioned above engage with regulatory bodies from time to time for matters concerning its members.

08 PRINCIPLE**Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	<p>More than 95% of the employees of the Company belong to the disadvantaged, vulnerable & marginalized sections of society and the business of the Company provides them the opportunity to earn a reasonable livelihood and enter the organised workforce.</p> <p>Additionally, the Company also regularly engages in activities to improve the society and environment in which it operates.</p> <p>Our community development programmes are intended to contribute towards a better quality of life for the people and uplift the marginalised sections of the society. We are guided by our comprehensive Corporate Social Responsibility (CSR) Policy which has also been posted on our website.</p> <p>Health, education, water, infrastructure and livelihood are some of our important CSR focus areas.</p>
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2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?	In-house. Please refer CSR activities in the Directors Report section of the Annual Report.
3. Have you done any impact assessment of your initiative?	Yes
4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.	Please refer CSR activities in the Directors Report section of the Annual Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes, we do regular monitoring of our projects to ensure that they are adopted and sustainable within the communities.

09 PRINCIPLE

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	Nil. The business of the company involves the provision of services to other businesses and does not involve the provision of services to individual consumers.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks(additional information)	The Company's business does not involve the sale of goods or products and so this is not applicable to the Company.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	Nil
4. Did your company carry out any consumer survey/customer satisfaction trend	We interact with our clients on a regular basis and across multiple platforms in order to gain feedback on the quality of our services.

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2017-18 was a significant year in the evolution of SIS as this was the year we went public, becoming one of the few listed companies in the security and facility management spaces in APAC. Our IPO attracted a lot of interest from Indian and international funds and our strong share price performance post-listing also indicates the continued interest and support that we are seeing from investors.

We have ended FY18 with consolidated revenues of over ₹ 58,334 million, an increase of 33% over the FY17 consolidated revenues of ₹ 43,872 million. Operating leverage is key to margin growth in our business. In FY18 the consolidated EBITDA increased from ₹ 2,203 million to ₹ 3,120 million, an increase of almost 42% and the consolidated EBITDA margin has increased from 5.02% in FY17 to 5.35% in FY18. Underlying this is a strong productivity growth in all our businesses. Going forward, we intend to consolidate our productivity gains and introduce greater elements of technology in our business and our services over time which is expected to further increase the margin profile as technology linked services generally carry higher operating margins with longer term contracts too.

All our segments have shown strong growth during the year:

- India Security – we ended the year at ₹ 21,441 million revenues which is a 34% increase over FY17. The EBITDA margin went up from 6.4% in FY17 to 6.9% in FY18

- Australia Security – Our Australia business had a strong growth organically which was further boosted by the acquisition of Southern Cross Protection (SXP), the leader in the mobile patrols business in Australia. We ended the year at AUD 603 million revenues which is a 26% increase over FY17. The EBITDA margin continues to hold up in spite of cost and pricing pressures.

- Facility Management - Our Facility Management Business comprising Service Master Clean, DTSS and Terminix had a stellar year ending at ₹ 6,707 million, up from ₹ 3,966 million in FY17. This is a 69% growth over the previous year. The EBITDA margins increased significantly from 3.4% in FY17 to 5.1% in FY18

For a detailed summary of the segment wise performance, please refer to the other sections in this report from pages 24 – 35.

The SIS Group has always delivered high return ratios despite an increasing capital base, further boosted by the IPO, and this year also we displayed our commitment to fiscal prudence by delivering a Return on Capital Employed (ROCE) of 26.0% and Return on Net Worth of 20.1%

A summary of our financial performance during the year is indicated in the tables below:

INCOME STATEMENT (AMT. IN ₹ MILLION)

	Q4FY18	Q4FY17	Y-o-Y	FY18	FY17	Y-o-Y
Revenue from operations	15,921.9	12,380.5	28.6%	58,333.7	43,872.0	33.0%
EBITDA	865.6	652.0	32.8%	3,119.6	2,203.6	41.6%
Share of net profit/ (loss) of Associates	(56.6)	10.3	(650.4%)	(117.9)	(60.5)	94.9%
Depreciation and amortisation expense	182.9	102.1	79.1%	559.7	358.2	56.3%
Other Income	41.2	7.1	479.7%	357.1	86.7	311.7%
Finance costs	276.9	243.8	13.6%	924.8	766.9	20.6%
Profit before Tax	390.4	323.5	20.7%	1,874.3	1,104.8	69.7%
Tax expense	29.8	(232.3)	-	244.0	77	-
Profit after taxes	360.6	555.9	(35.1%)	1,630.3	1,097.1	48.6%
Profit after tax %	2.3%	4.5%	-	2.8%	2.5%	-
EPS	4.66	8.09	(42.4%)	22.77	16.03	42.0%
Diluted EPS	4.57	7.94	(42.4%)	22.36	15.81	41.4%

(a) Economic scenario

The global economy continued its steady uptick with a 3.8% growth in calendar year 2017, on the back of strong global trade. This growth has been quite broad-based with Europe and Asia seeing surprisingly strong growth. The U.S economy continues to do well which has been further boosted by the recent tax cuts. Around 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010. Challenges to the global growth do persist with rich asset valuations across the globe, rising oil prices and restrictive trade practices that major

economies, led by the US, are starting to impose. Global growth forecasts for 2018 and 2019 is estimated to be at 3.9%, a 0.1% higher than 2017.

The Indian economy witnessed another challenging year, with the effects of demonetization still lingering in the first couple of quarters. Real GDP growth for FY18 is estimated at 6.75% representing a slowdown over the 7.1% growth seen in FY17. The slow start to the year was further hurt by the implementation of Goods and Services Tax (GST), starting July 1, 2017. While the GST is a landmark indirect tax reform, there is short term pain that GST has inflicted on the economy. This was expected when a policy change of

such magnitude and complexity is rolled out. While various businesses and the government departments took their time to understand and implement the new rules, business took a backseat. This state of things eased out by end of the year with GDP back on track and GST collections also picking up. The Economic Survey predicts the Indian GDP to register a 7 – 7.5% growth in 2018-19, thereby re-instating India as the world's fastest growing major economy.

(b) Opportunities and Threats

Each of our business units is dynamic in nature with a host of economic, regulatory and technological changes that need to be constantly monitored.

Our security services business is expected to see an increasing role of technology in the way we deliver our services and also run our operations. We have been making significant investments in offering security solutions through technology – both through Tech SIS, where we provide Man-Tech solutions to B2B clients and through VProtect which is our first B2C venture providing alarm monitoring and response services to residential and retail customers. We believe that we are ahead of the both the competition and the market here and we are proactively evangelizing these services, despite customer awareness still being low. We believe that technology is an opportunity and not a threat. With our financial resources and reach, we believe that we are well placed to maximise the opportunities from technology.

Similarly in Australia we have widened our bouquet of offerings by acquiring a 51% stake in Southern Cross Protection (SXP). This enhances our capabilities and provides interesting learning opportunities on the way industry can involve and use some of these learnings in other parts of our business.

The biggest opportunity in Facility Management is in offering more technical services, more vertical specialisation and integrated services. Newer models of facility management are evolving which are more output oriented and we have to get our contracting and delivery operations in sync to ensure that we are able to optimise operational and financial efficiency. Government outsourcing can be a big opportunity for facility management in India. The government has only just started to wake up to the efficiencies that can be garnered through outsourcing and we are poised to capitalise on this with our sterling work with the Railways and other government departments in the last few years.

The Cash Logistics industry has been seeing muted growth over the past 2-3 years because of various reasons – the poor intermediary role being played by Managed Service Providers (MSP), the slowdown in ATM penetration, short term shocks of demonetisation etc. Cash in circulation has

come back to pre-demonetisation levels. There are also recent changes that RBI has mandated that are going to bring about a much needed change to quality of operations. We feel that the industry is ready to put its past behind it and move on to the next phase of growth.

(c) Industry Outlook

Security Services

The private security services market is estimated to be around ₹ 650,000 million in size with nearly 65-70% of this controlled by smaller, non-compliant players. Some of the key growth drivers of the organized industry include the following:

- Strict enforcement of regulations such as minimum wages, provident fund norms, gratuity, insurance, etc.
- Greater economic activity – industries, commercial buildings, retail, education, infrastructure etc.
- Increased threat perception and security risk awareness
- B2C security is the next frontier for security industry with current offerings being outdated in their comprehensiveness

The security services market in India is estimated to grow at the rate of 20.00% per annum to reach ₹ 970,000 millions by 2020.

This year we have made remarkable strides to come close to being No. 1 and are confident of reaching there soon.

Facility Management

Facility Management industry is a sunrise industry that has not yet seen the full impact of outsourcing.

Some of the key growth drivers of the facility management industry include:

- Greater awareness of cleanliness and Hygiene
- Government playing a pro-active role in outsourcing
- More outsourcing by corporates who were hitherto insourcing
- Increasing penetration of modern commercial real estate and comfort of developers with outsourcing to established players
- Emerging sectors like healthcare, pharmaceuticals, food and beverage, restaurants etc demanding high levels of cleanliness that can't be provided by inhouse personnel

(d) Risks and concerns.

The beauty of the security or facility management industry is its recurring nature, which gives a high degree of predictability

to the financials. So the financial risks are lower. The bigger risk is operational. Considering that we operate across more than 14,000 sites, we need to ensure that each of these sites operates to the same exacting quality standards across the length and breadth of the country.

Over the past 4 decades we have developed a lot of learnings in foreseeing risks and the control measures needed. These run across the gamut – in hiring, training, evaluation and in control systems to ensure that risks of slippage are minimized.

We also continually invest in technology to simplify the process of managing operations across all these sites. A high degree of standardization is needed – so that measurement and reporting becomes simplified.

(e) Internal control systems and their adequacy.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial statements.

Our rapid growth, while a matter of great satisfaction, continues to put pressure on our internal systems and processes. It is important that we work to ensure that these continue to keep pace with the business growth and that our policies remain current and relevant in the rapidly changing business landscape. Information systems are being continuously evaluated and revamped in order to deliver timely and relevant information to various stakeholders so as to arm them with the necessary information and tools to enable them to compete in a tough market and environment. We believe that IT and information systems are critical in today's world and we have several dedicated groups of people constantly working to continuously evolve and improve these systems to keep abreast of the fast changing environment.

The Company's system of continuous internal audits ensures that laid down processes and practices are followed and complied with and that quality processes are strictly adhered to. Financial discipline is emphasised at all levels of the business and adherence to quality systems and focus on

customer satisfaction are critical for the Company to retain and attract customers and business and these are followed rigorously.

(f) Material developments in Human Resources / Industrial Relations front, including number of people employed.

SIS is one of the largest private sector employers in India and we continue to create massive number of jobs in all our businesses. We impact thousands of families by providing them a steady livelihood which is further backed by our strong compliance regime. We also go beyond the mandated wages and benefits by providing them health and medical benefits, ESOPs that are very forward looking. During the year, the total no. of people employed by the SIS Group went up from 151,917 in March 2017 to 170,159 in March 2018. More than the sheer numbers, our care for our employees extends to making them the cornerstone of our Vision 2020.

The business is people-intensive and the proper management of this resource is key to success, profitability and sustainability. At the SIS Group, we possess the largest trained manpower supply chain in India with integrated capabilities to source, train and deploy a large manpower base. We have 19 training centres across 14 states possessing state-of-the-art infrastructure and providing up-to-date courses, with capacity to churn out more than 25,000 trained guards every year. Besides, SIS also possesses robust pan-India recruitment capabilities, providing a perpetual source of manpower.

To ensure that our employees get continuously upskilled we have launched Management Development Programmes this year that have been very well received. These Programmes have been structured to create the next level of senior management at SIS. We have also changed our training content for security personnel to make them more relevant to the changing requirements of technology and the industrial climate. All of our training content has been digitized and with the recent launch of our new mobile training initiative – M- Trainer, we can now do continuous on job training.

We feel proud that our people management skills have led to a very slow attrition at the middle and senior management level. They form the backbone of SIS and by providing them a visible career path and the skills to get there, SIS is well placed to maximize the opportunities before us.

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is based on the principles of equity, fairness, integrity, transparency, accountability and commitment to values. The Company has adopted fair, transparent and ethical governance practices and is committed to follow and practice the highest level of corporate governance across all its business segments.

II. BOARD OF DIRECTORS

a) Composition of the Board

As on March 31, 2018, the Company's Board comprised of 12 Directors, of which 6 are Independent Directors (including 1 woman director), 2 are Non-Executive Directors (including 1 woman director), and 4 are Executive Directors. The Board is well diversified and its composition is in conformity with the provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Except for Mr. Ravindra Kishore Sinha, Mrs. Rita Kishore Sinha and Mr. Rituraj Kishore Sinha who are related inter se, the other Directors of the Company are not related to each other.

b) Number of Board meetings

During the year under review, the Board of Directors met 15 times on April 24, 2017, May 31, 2017, June 20, 2017, July 4, 2017 (2 meetings), July 8, 2017, July 17, 2017, July 19, 2017, August 4, 2017, August 8, 2017 (2 meetings), September 25, 2017, November 22, 2017, January 29, 2018 and February 9, 2018. The necessary quorum was present for all the meetings. The maximum time gap between any two consecutive meetings did not exceed 120 days.

c) Directors' attendance record and details of Directorships/Committee Positions held

As mandated by SEBI Listing Regulations, none of the Directors on the Board is a member of more than ten Board-level committees and Chairman of more than five such committees, across all such companies in which he/she is a Director.

Further, none of the Directors of the Company serves as an Independent Director in more than seven listed companies.

The below table gives the names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting and also the number of Directorships and Board-level committee positions held by them.

Name of the Director	Category	Number of board meetings during the year 2017-18		Whether attended last AGM held on September 25, 2017	Number of Directorships in other Public Companies (including SIS)*		Number of the Committee positions held in other Public Companies (including SIS)#	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Ravindra Kishore Sinha	Promoter, Chairman	15	15	Yes	1	9	-	-
Mr. Rituraj Kishore Sinha	Promoter, Managing Director	15	12	Yes	-	8	-	-
Mr. Uday Singh ⁽¹⁾	CEO and Whole-time Director	15	7	Yes	-	5	-	-
Mr. Arvind Kumar Prasad	Director – Finance	15	8	Yes	-	4	-	-
Mrs. Rita Kishore Sinha	Non-Executive Director	15	12	No	-	8	-	-
Mr. Jayanta Kumar Basu	Nominee Director	15	9	No	-	3	-	1
Mr. Devdas Apte	Independent Director	15	8	No	-	3	-	1
Mr. Arun Kumar Batra	Independent Director	15	7	Yes	-	1	-	-
Mr. Amrendra Prasad Verma	Independent Director	15	9	Yes	-	4	2	2
Mr. Tirumalai Cunnavakaum Anandanpillai Ranganathan	Independent Director	15	7	Yes	1	5	-	3
Mr. Rajan Krishnanath Medhekar ⁽²⁾	Independent Director	15	4	N.A.	-	1	-	2
Mrs. Renu Mattoo ⁽³⁾	Independent Director	15	2	N.A.	-	2	-	1
Mr. Ashok Kumar Mattoo ⁽⁴⁾	Independent Director	15	6	Yes	-	Not applicable	-	-
Dr. Ajoy Kumar ⁽⁵⁾	Independent Director	15	3	No	-	Not applicable	-	-

* Excludes Private Limited Companies (which are not subsidiaries of public companies), Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013 (i.e. companies with charitable objects).

Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee in other Public Companies only has been considered.

⁽¹⁾ Mr. Uday Singh stepped down as the CEO and Whole-Time Director effective April 24, 2018. He, however, continues to be a Non-Executive Director of the Company.

⁽²⁾ Mr. Rajan Krishnanath Medhekar was appointed as Additional Director (Independent) effective September 25, 2017.

⁽³⁾ Mrs. Renu Mattoo was appointed as Additional Director (Independent) effective January 29, 2018.

⁽⁴⁾ Mr. Ashok Kumar Mattoo ceased to be Director of the Company effective December 27, 2018 owing to his demise.

⁽⁵⁾ Dr. Ajoy Kumar resigned from the Board effective September 25, 2017.

d) Directors with pecuniary relationship or business transaction with the Company

The Executive Directors receive salary, perquisites and allowances, while the Non-Executive Directors receive sitting fees for attending meetings of the Board and Committees.

e) Remuneration of Directors

(i) Details of remuneration paid to Executive Directors during the year under review are as under:

					(in ₹)
Name of the Director	Salary	Perquisites, allowances and benefits	Performance linked incentive	Stock Option Details, if any,	Total
Mr. Ravindra Kishore Sinha, Chairman	1,10,70,000	1,01,81,664	Nil	-	2,12,51,664
Mr. Uday Singh, CEO and Whole-Time Director	41,20,000	39,98,956	30,00,000	-	1,11,18,956
Mr. Rituraj Kishore Sinha, Managing Director	37,00,000	41,04,060	-	-	78,04,060
Mr. Arvind Kumar Prasad, Director – Finance	20,71,800	24,35,648	-	-	45,07,448

Notes: No severance fees are paid to the Directors of the Company

(ii) Details of remuneration paid to Non-Executive Directors for the year under review are as under:

			(in ₹)
Name of the Director	Commission	Sitting Fees*	
Mrs. Rita Kishore Sinha	-	2,25,000	
Mr. Jayanta Kumar Basu	-	Nil	
Mr. Devdas Apte	-	4,50,000	
Mr. Arun Kumar Batra	-	Nil	
Mr. Amrendra Prasad Verma	-	3,75,000	
Dr. Ajoy Kumar	-	75,000	
Mr. Ashok Kumar Mattoo	-	Nil	
Mr. Tirumalai Cunnavakaum Anandanpillai Ranganathan	-	7,50,000	
Mr. Rajan Krishnanath Medhekar	-	5,25,000	
Mrs. Renu Mattoo	-	Nil	

*Sitting fees comprises payment made to Non-Executive Directors for attending meetings of the Board and Committees.

There has been no pecuniary relationship or transaction between the Company and its Non-Executive Directors for the financial year under review.

f) Details of equity shares and convertible instruments held by Non-Executive Directors

There were no outstanding convertible instruments held by Non- Executive Directors and the details of equity shares held by Non-Executive Directors as on March 31, 2018 are provided below:

Name of the Director	Number of equity shares held
Rita Kishore Sinha	12,111,055

g) Meeting of Independent Directors

A separate meeting of the Independent Directors of the Company was held on November 22, 2017, without the presence of Non-Independent Directors and members of the Management, to discuss the matters as required under the Act and SEBI Listing Regulations.

h) Code of conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management

Personnel which is available on the Company's website – www.sisindia.com.

All Board members and Senior Management Personnel have confirmed compliance with the Code of Conduct. A declaration to that effect signed by the Managing Director forms part of this Report.

i) Familiarization Programme for Independent Directors

The Familiarization program aims to provide insight to the Independent Directors to understand the business of the Company. Upon induction, the Independent Directors are familiarized with their roles, rights and responsibilities.

In addition to the above, the familiarization program for Independent Directors forms part of the Board process. At the Board/Committee meetings of the Company held during the financial year 2017-18, the Directors are familiarized with the Company's business, its operations, strategy, functions and policies. Changes in regulatory framework and its impact on the operations of the Company are also presented at the Board/Committee meetings.

The details of the familiarization program for Independent Directors are available on the Company's website - www.sisindia.com.

j) Nomination and Remuneration Policy

The Non-Executive Directors (NEDs) are paid sitting fees for attending the meetings of the Board and Committees which is within the limits laid down by the Act read with relevant rules made thereunder. The Company pays a sitting fee of ₹ 75,000 to each NED for attending the meetings of the Board and Committees.

The detailed Remuneration Policy of the Company has been provided in the Board's Report which forms part of the Annual Report.

k) Performance Evaluation

A formal evaluation framework for evaluation of the Board's performance, performance of its Committees and individual Directors of the Company, including the Chairman of the Board, in terms of the requirement of the Act and the SEBI Listing Regulations, is in place. In terms of the evaluation framework, the Board has carried out the annual performance evaluation of its own performance and the Directors individually. Criteria for evaluation inter alia includes, providing strategic perspective, Chairmanship of the Board and its Committees, attendance and preparedness for the meetings, contribution at the meetings.

l) Prevention of Insider Trading

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, and to prevent misuse of unpublished price sensitive information, your Company has formulated and adopted a Code of Conduct for Directors, designated employees and connected persons to prevent insider trading in the equity shares of the Company.

The composition of the Audit Committee and the details of meetings attended by the Members are provided below.

Name	Category	Position	No. of meetings held	No. of meetings attended
Mr. Amrendra Prasad Verma	Independent Director	Chairman	5	3
Mr. Devdas Apte	Independent Director	Member	5	3
Mr. TCA Ranganathan [®]	Independent Director	Member	5	2
Mr. Rajan Krishnanath Medhekar [®]	Additional Director (Independent)	Member	5	2
Mr. Ashok Kumar Mattoo [#]	Independent Director	Member	5	3

[®] Appointed as a member of the Committee effective November 21, 2017.

[#] Ceased to be a member of the Committee effective December 27, 2017 owing to his demise.

The terms of reference of the Audit Committee include the following:

- (a) oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) make recommendations for appointment, remuneration and terms of appointment of auditors of the Company;
- (c) approve payment to statutory auditors for any other services rendered by them;
- (d) review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (i) matters required to be included in the Director's Responsibility Statement to be included in the board of directors report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions; and
 - (vii) modified opinion(s) in the draft audit report.
- (e) review, with the management, the quarterly financial statements before submission to the board of directors for their approval;
- (f) review, with the management, the statement of uses / application of funds raised through an issue (public issue,

III. COMMITTEES OF THE BOARD

The Board of Directors has constituted four committees viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee in line with the requirements of Act and SEBI Listing Regulations.

Details of the role and composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below.

A. Audit Committee

As on March 31, 2018, the Audit Committee comprised four Independent Directors viz. Mr. Amrendra Prasad Verma, Mr. Devdas Apte, Mr. TCA Ranganathan and Mr. Rajan Krishnanath Medhekar. All Members of the Audit Committee possess accounting and financial management knowledge.

The Managing Director, Chief Executive Officer, Director – Finance and Chief Financial Officers are invited for the meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 25, 2017.

During the year under review, 5 Audit Committee meetings were held, on April 24, 2017, May 31, 2017, August 8, 2017, November 22, 2017 and January 29, 2018. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days.

- rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to our board of directors to take up steps in this matter;
- (g) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (h) approve or subsequently modify transactions of the Company with related parties;
- (i) scrutinise inter-corporate loans and investments;
- (j) conduct valuation of undertakings or assets of the Company, wherever it is necessary;
- (k) evaluate internal financial controls and risk management systems;
- (l) review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (m) review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (n) discuss with internal auditors of any significant findings and follow up there on;
- (o) review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (p) discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (q) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (r) to review the functioning of the whistle blower mechanism;
- (s) approve the appointment of the Chief Financial Officer of the Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (t) carry out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the board of directors of the Company or specified/provided under the Companies Act, 2013 or by the SEBI Listing Regulations or by any other regulatory authority.
- (u) Review of information by Audit Committee:
- (a) management discussion and analysis of financial condition and results of operations;
- (b) statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;
- (c) management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;
- (d) internal audit reports relating to internal control weaknesses;
- (e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and
- (f) statement of deviations in terms of the SEBI Listing Regulations:
- (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and
- (ii) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice.

B. Nomination and Remuneration Committee

As on March 31, 2018, the Nomination and Remuneration Committee ("NRC") comprised three Independent Directors viz. Mr. TCA Ranganathan, Mr. Arun Kumar Batra and Mr. Amrendra Prasad Verma. The Company Secretary is the Secretary to the Committee.

During the year under review, 7 NRC meetings were held on April 24, 2017, July 4, 2017, August 1, 2017, August 8, 2017, September 18, 2017, November 22, 2017 and January 29, 2018.

The composition of the NRC and the details of meetings attended by Members are given below:

Name	Category	Position	No. of meetings held	No. of meetings attended
Mr. TCA Ranganathan [®]	Independent Director	Chairman	7	2
Mr. Arun Kumar Batra	Independent Director	Member	7	3
Mr. Amrendra Prasad Verma [†]	Independent Director	Member	7	1
Mr. Devdas Apte [‡]	Independent Director	Member	7	5
Mr. Jayanta Kumar Basu [§]	Nominee Director	Member	7	5

[®] Appointed as Chairman of the Committee effective September 25, 2017.

[†] Appointed as a member of the Committee effective September 25, 2017.

[‡] Ceased to be members of the Committee effective September 25, 2017.

The terms of reference of the Nomination and Remuneration Committee are as under:

- (i) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the board of directors their appointment and removal and carry out evaluation of every director's performance (including that of independent directors);
- (ii) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (iii) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (iv) recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (v) devise a policy on diversity of the Board;
- (vi) consider whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (vii) perform such functions as are required to be performed by the Compensation Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014; and
- (viii) perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or by any other regulatory authority.

C. Stakeholders' Relationship Committee

As on March 31, 2018, the Stakeholders' Relationship Committee comprised three Independent Directors. The Committee is headed by Mr. Amrendra Prasad Verma, Non-Executive Independent Director and the composition of the Committee is provided below:

Name	Category	Position
Mr. Amrendra Prasad Verma [®]	Independent Director	Chairman
Mr. Rajan Krishnanath Medhekar [#]	Additional Director (Independent)	Member
Mrs. Renu Mattoo [#]	Additional Director (Independent)	Member

[®] Appointed as Chairman of the Committee effective January 29, 2018.

[#] Appointed as a member of the Committee effective January 29, 2018.

Notes:

1. Mr. Ashok Kumar Mattoo ceased to be the Chairman of the Committee effective December 27, 2017 owing to his demise.

2. Mr. Ravindra Kishore Sinha ceased to be a member of the Committee effective January 29, 2018

Ms. Pushpalatha K, Company Secretary, is the Compliance Officer of the Company.

No Committee meetings were held during the financial year 2017-18.

The terms of reference of the stakeholders' relationship committee are as under:

- (a) redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;
- (b) giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/ consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
- (c) overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and
- (d) carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or SEBI Listing Regulations, or by any other regulatory authority.

The details of the shareholder's complaints received and redressed during the financial year ended March 31, 2018 are provided below:

Nature of Compliant	Received	Resolved	Closing
Non-receipt of refund amount IPO	168	168	Nil
Non-receipt of share certificate –	1	1	Nil
Transfer of shares			
Non-receipt of share certificate – rejected demat requests	2	2	Nil

D. Corporate Social Responsibility Committee

As on March 31, 2018, the Corporate Social Responsibility Committee comprised three directors viz. Mr. Ravindra Kishore Sinha, Mr. Devdas Apte and Mr. Rajan Krishnanath Medhekar and the role of the Committee is as under:

- a. formulate and recommend to our Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- b. recommend the amount of expenditure to be incurred on the activities referred to in clause (a) of sub-section (3) of Section 135 of the Companies Act, 2013; and
- c. monitor the Corporate Social Responsibility Policy of the Company from time to time.

During the year, one meeting of the CSR Committee was held on April 24, 2017.

The Composition of the CSR Committee and the details of meetings attended by the Members are given below:

Name	Category	Position	No. of meetings held	No. of meetings attended
Mr. Ravindra Kishore Sinha [®]	Chairman	Chairman	1	1
Mr. Devdas Apte	Independent Director	Member	1	1
Mr. Rajan Krishnanath Medhekar [‡]	Additional Director (Independent)	Member	1	0
Dr. Ajoy Kumar [§]	Independent Director	Member	1	0

[®] Appointed as Chairman of the Committee effective September 25, 2017.

[‡] Appointed as member of the Committee effective September 25, 2017.

[§] Resigned as a member of the Committee effective September 25, 2017.

IV. GENERAL BODY MEETINGS

- a. Details of the General Meetings of the Company held in the last three years along with details of special resolutions as passed by the Members, are as follows:

Financial Year	Date, Time and Venue	Particulars of special resolution
2014-15 Annual General Meeting	September 26, 2015 at 12:00 p.m. at Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna-800010	<ol style="list-style-type: none"> Approval for payment of remuneration of Mr. Ravindra Kishore Sinha, Chairman-cum-Managing Director. Increase in the remuneration of Mr. Uday Singh, Group CEO and Whole-time Director. Increase in Authorised Share Capital. Approval for issue of Bonus Shares.
2015-16 Annual General Meeting	August 30, 2016 at 11:00 a.m. at Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna-800010	Issue of 40,565 (Forty thousand five hundred and sixty-five) equity shares to Mr. Uday Singh, on preferential basis.
2016-17 Annual General Meeting	September 25, 2017 at 12:30 p.m. at Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001	<ol style="list-style-type: none"> Re-appointment of Mr. Ashok Kumar Mattoo, Independent Director of the Company, to hold office for a period of 5 years. Re-appointment of Mr. Amrendra Prasad Verma, Independent Director of the Company, to hold office for a period of 5 years. Re-appointment of Mr. Arun Kumar Batra, Independent Director of the Company, to hold office for a period of 5 years. Modification of terms of appointment of Mr. Arvind Kumar Prasad, Director-Finance of the Company. Alteration of Articles of Association. Ratification of Employee Stock Option Plan – 2016. Approval of right to appoint a Nominee Director.
2017-18 Extra-Ordinary General Meeting	May 31, 2017 at 5:30 p.m. at A-28 & 29, Okhla Industrial Area, Phase-1, New Delhi-110020	<ol style="list-style-type: none"> Increase in the remuneration of Mr. Ravindra Kishore Sinha, Chairman of the Company. Appointment of Mr. Rituraj Kishore Sinha as Managing Director of the Company. Re-appointment and remuneration of Mr. Uday Singh, as Chief Executive Officer and Whole-time Director of the Company. Appointment of Mr. Arvind Kumar Prasad as Whole-Time Director of the Company.
2017-18 Extra-Ordinary General Meeting	July 10, 2017 at 10:00 a.m. at A-28 & 29, Okhla Industrial Area, Phase-1, New Delhi-110020	Amendment of Articles of Association

- b. Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern

Postal Ballot

Details of resolution passed through postal ballot are given below:

Date of Postal Ballot Notice	: February 9, 2018
Voting Period	: February 16, 2018 (from 9.00 hrs. IST) to March 17, 2018 (to 17:00 hrs. IST)
Date of Declaration of Results	: March 19, 2018
Date of Approval	: March 17, 2018
Person who conducted the Postal Ballot	: Ms. Ambika VS, Partner of R.K. Bhat and Co., Company Secretaries, Bangalore, was appointed to act as the Scrutinizer for conducting the postal ballot and e-voting exercise.

Details of voting

Name of the resolution	Type of resolution	No. of votes polled	Votes cast in favor		Votes cast against	
			No. of votes	%	No. of votes	%
Issue of Secured Redeemable Rated Listed Non-Convertible Debentures upto ₹ 500 Crores on private placement basis in one or more tranches	Special	6,31,44,684	6,31,44,615	99.9999	69	0.0001
Giving loans, guarantees, providing security and/or acquiring the securities of any other body corporate upto ₹ 1,200 Crores	Special	6,28,38,261	6,23,09,911	99.1592	5,28,350	0.8408
Creation of charge by way of mortgage/hypothecation on the movable and immovable properties of the Company, both present and future, in respect of the borrowings upto ₹ 1,500 Crores	Special	6,31,44,684	6,31,44,633	99.9999	51	0.0001

Procedure for postal ballot

In compliance with Section 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the rules made thereunder, the Company provided electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited.

Postal ballot notices and forms were dispatched, along with postage-prepaid business reply envelopes to registered members/beneficiaries. The same notice was sent by email to members who have opted for receiving communication through the electronic mode. The Company also published a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date.

The scrutinizer completed her scrutiny and submitted her report to the Chairman, and the consolidated results of the voting were displayed on the Company's website, www.sisindia.com and submitted to the stock exchanges.

c. Details of special resolution proposed to be conducted through postal ballot

No special resolution is proposed to be conducted through postal ballot.

V. OTHER DISCLOSURES

i. Disclosures regarding Board of Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed

under the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations. A detailed profile of the Directors who are seeking appointment / re-appointment at the ensuing Annual General Meeting of the Company is given under the Explanatory Statement to the Notice convening the annual general meeting of the Company

ii. Means of Communication

- Quarterly/half-yearly/annual results of the Company are normally published in Mint (all editions), Economic Times (Delhi, Mumbai, Chennai, Kolkata, Bangalore and Ahmedabad) and Business Standard, Hindi (Patna edition). The results are displayed on the Company's website www.sisindia.com and the stock exchanges on which the equity shares of the Company are listed.
- All official news releases and presentations made to Institutional Investors/Analysts are also displayed on the Company's website.
- Disclosures pursuant to various provisions of SEBI Listing Regulations, as applicable, are promptly communicated to the stock exchanges where the shares of your Company are listed.

iii. Details of materially significant related party transactions that may have potential conflict with the interests of the Company

During the year under review, no materially significant related party transactions, that may have a potential conflict with the interest of the Company at large, have been entered into.

All contracts/arrangements/transactions entered into by the Company with its related parties were on an arm's length basis and in the ordinary course of business.

A policy on related party transactions has been uploaded on the website of the Company, www.sisindia.com.

iv. Whistle Blower Policy

The Company has established a Vigil Mechanism for reporting concerns through the Whistle Blower Policy of the Company. The Policy provides for a framework and process, for the employees and directors to report genuine concerns or grievances about illegal and unethical behavior. During the year, no personnel has been denied access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on the website of the Company, www.sisindia.com .

v. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by the stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.

The equity shares of the Company are admitted for listing on BSE Limited and National Stock Exchange of India Limited effective August 10, 2017. There have been no instances of non-compliances by the Company on any matters related to capital markets from the listing date and no penalty or strictures have been imposed by SEBI or the Stock Exchange or any statutory authority.

vi. Compliance with mandatory requirements

The Company has complied with all the mandatory requirements under the SEBI Listing Regulations.

vii. Status of Compliance of non-mandatory requirement

a. Modified Opinion(s) in Audit Report

The Auditors have issued an unmodified opinion on the standalone and consolidated financial statements of the Company.

b. Separate Posts of Chairman and Managing Director

The position of the Chairman of the Board of Directors and the Managing Director is separate.

VI. SUBSIDIARY COMPANIES

As on March 31, 2018, Mr. Devdas Apte, Independent Director of the Company is on the Board of Service Master Clean Limited, which is reckoned as a material non-listed Indian subsidiary company.

The Subsidiaries of the Company function independently, with an adequately empowered Board of Directors and necessary management resources.

The Audit Committee reviews the financial statements and, in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings of the

unlisted subsidiary companies are placed before the Board of Directors of the Company for its review.

The Company has formulated a policy for determining 'material subsidiaries' and the same is available on the Company's website www.sisindia.com.

VII. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting for FY 2017-2018

Date: June 28, 2018

Day: Thursday

Time: 12: 30 p.m.

Place: Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001.

ii. Financial Calender

Financial Year of the Company : 1st April to 31st March

For the quarter ending June 30, 2018

2018

For the quarter/half-year ending : October, 2018

September 30, 2018

For the quarter/nine-months : January, 2019

ending December 31, 2018

For the quarter/year ending : May, 2019

March 31, 2019

35th Annual General Meeting for : June, 2019

the year ending March 31, 2019

iii. Dividend payment date : July 12, 2018

iv. Date of Book Closure/Record : Friday, June 22, 2018 to

date Thursday, June 28, 2018 (both days inclusive)

v. Listing on stock exchanges : The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.

Name and address of the stock exchanges:

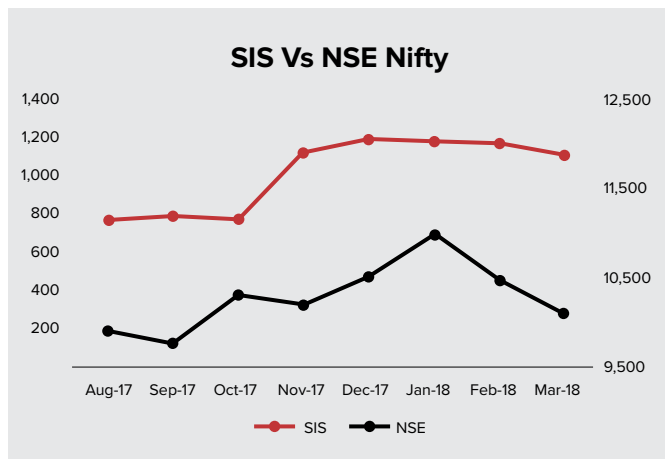
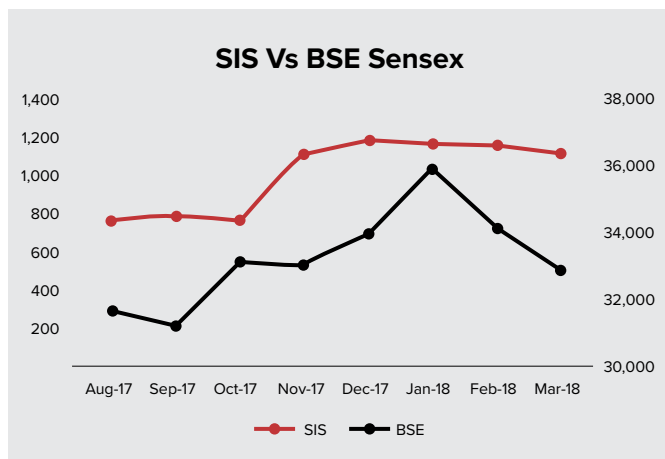
BSE Limited (BSE)	National Stock Exchange of India Limited (NSE)
Phiroze Jeejeebhoy Towers,	Exchange Plaza, Plot No.
	C-1, G Block,
Dalal Street, Mumbai – 400 001	Bandra-Kurla Complex, Bandra (East),
Tel: 022-22721233/34	Mumbai – 400 051
Fax: 022-22721919	Tel: 022 26598100 - 8114
Website: www.bseindia.com	Fax: 022-26598120
	Website: www.nseindia.com

Annual listing fee for the financial year 2018-19 has been paid to BSE and NSE

vi. Stock Codes/Symbol : BSE: 540673
NSE: SIS

vii. Market price data- high, low during each month in last financial year:

Month	BSE				NSE			
	High	Low	Closing Price	Volume	High	Low	Closing Price	Volume
Aug-17	878.00	708.00	777.90	21,39,043	879.80	705.10	775.55	1,04,59,308
Sep-17	817.00	725.00	799.30	94,338	817.70	753.10	799.60	8,00,192
Oct-17	800.00	761.15	781.15	27,794	803.45	764.00	783.55	3,88,353
Nov-17	1,191.00	778.50	1,123.95	2,26,285	1,193.95	775.10	1,126.25	23,22,267
Dec-17	1,293.00	1,034.20	1,197.10	93,614	1,295.05	1,010.05	1,201.55	8,07,714
Jan-18	1,300.00	1,093.70	1,179.60	1,23,957	1,290.00	1,091.30	1,189.15	4,87,659
Feb-18	1,232.00	1,060.00	1,165.65	20,735	1,238.95	1,049.95	1,184.40	3,26,810
Mar-18	1,185.75	1,047.35	1,125.20	81,254	1,188.00	1,049.95	1,121.85	2,21,045

viii. Performance in comparison to broad-based indices such as BSE Sensex, Nifty**ix. Dividend Policy:**

The declaration and payment of dividend will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Act. The dividend, if any, will depend on a number of factors, including but not limited to growth plans, capital requirements and the available distributable surplus.

The Dividend Distribution Policy of the Company, adopted by the Board pursuant to the SEBI Listing Regulations, forms part of the Annual Report.

x. Registrars and Transfer Agents

Name and Address : Link Intime India Private Limited

C 101, 247 Park, L.B.S. Marg, Vikhroli West,

Mumbai 400 083

Telephone : +91 22 4918 6200

Fax : +91-22 4918 6195

E-mail : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

xi. Share Transfer System:

99.48% of the equity shares of the Company are in electronic form. Transfers of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be sent to the Registrar and Share Transfer Agent.

The Registrars and Share Transfer Agent have put in place an appropriate Share Transfer system to ensure timely share transfers. Share transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt, if the documents are clear in all respects. Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within 21 days.

xii. Address for members' correspondence

Members are requested to correspond with the Registrars and Share Transfer Agents at the below given address on all matters relating to transfer/ dematerialisation of shares, payment of dividend and any other query relating to equity shares of the Company.

Registrar and Share Transfer Agents:

Contact Officer: Mr. Ajay Jadhav

Link Intime India Private Limited

C 101, 247 Park, L.B.S. Marg,

Vikhroli West, Mumbai 400 083

Telephone : +91 22 4918 6270

Fax : +91-22 4918 6195

E-mail : rnt.helpdesk@linkintime.co.in

Members are required to note that, in respect of shares held in dematerialized form, they will have to correspond with their respective Depository Participants (DPs) for related matters.

Members may contact the Compliance Officer at the following address:

Ms. Pushpalatha Katkuri

Company Secretary and Compliance Officer

106, 1st Floor, Ramanashree Arcade,

18, M.G. Road, Bangalore, Karnataka – 560 001, India,

Ph.: 080-2559 0801, E-mail: pushpalatha.k@sisindia.com

xiii. Shareholding as on March 31, 2018:

a. Distribution of equity shareholding as on March 31, 2018:

No. of equity shares held	No. of shares held	% Shareholding	Number of shareholders	% of Shareholders
1 to 500	363,756	0.50	10,913	96.26
501-1000	93,397	0.13	131	1.16
1001-2000	1,12,938	0.15	79	0.70
2001-3000	94,001	0.13	38	0.34
3001-4000	1,05,030	0.14	30	0.26
4001-5000	69,507	0.09	15	0.13
5001-10000	3,10,402	0.42	44	0.39
10001 and above	7,20,34,754	98.43	87	0.77
Grand Total	7,31,83,785	100.00	11,337	100.00

b. Categories of shareholding as on March 31, 2018:

Category	No. of shareholders	Number of equity shares held	% of holding
Promoters and Promoter Group- A	10	5,52,42,575	75.48
Public - B			
Domestic - B-1			
Bodies Corporate	184	9,48,149	1.30
Mutual Funds	25	34,06,352	4.65
Alternate Investment Funds	1	2,17,490	0.30
Financial Institutions/ Banks	2	17,414	0.02
Hindu Undivided Family	581	63,879	0.09
Other Individuals	10322	18,05,663	2.47
Clearing Members	85	21,106	0.03
Trust	3	73,356	0.10
Directors	2	6,11,215	0.84
Total B-1	11,205	71,64,624	9.79
Foreign- B-2			
Foreign Nationals	2	28,93,000	3.95
Foreign Corporate Bodies	1	33,99,919	4.65
Non-resident Indians	98	2,61,419	0.36
Foreign Portfolio Investors	21	42,22,248	5.77
Total B-2	122	1,07,76,586	14.73
Grand Total	11,337	7,31,83,785	100.00

c. Top ten equity shareholders of the Company as on March 31, 2018:

S. No.	Name of the shareholder	Number of equity shares held	% of holding
1	Ravindra Kishore Sinha	2,96,33,656	40.49
2	Rita Kishore Sinha	1,21,11,055	16.55
3	Rituraj Kishore Sinha	83,47,690	11.41
4	Theano Private Limited	33,99,919	4.65
5	Vocational Skills Council India Private Limited	25,40,626	3.47
6	Rivioli Sinha	24,08,780	3.29
7	Thomas Fredrik Berglund	14,46,500	1.98
8	Haakan Gustaf Oscar Winberg	14,46,500	1.98
9	Sundaram Mutual Fund A/C Sundaram Select Midcap	11,52,955	1.58
10	Malabar India Fund Limited	10,78,471	1.47

xiv. Dematerialization of shares and liquidity:

As on March 31, 2018, 7,28,00,192 equity shares representing 99.48% of the total equity share capital of the Company were held in dematerialised form.

The Promoters hold their entire equity shareholding in the Company in dematerialized form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE285J01010.

xv. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:

There are no outstanding convertible instruments as on March 31, 2018 except employee stock options.

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2018, the Company does not have any outstanding GDRs / ADRs / Warrants.

xvi. Unclaimed dividends

Pursuant to Section 124 and 125 of the Act, all unpaid and unclaimed dividends, remaining unpaid and unclaimed for a period of 7 (seven) years from the date of transfer to unpaid dividend account, will be transferred to the Investor Education and Protection Fund (IEPF), established by the Central Government. Members, who have so far not

encashed the dividend warrant(s) for the year ended March 31, 2013, or any subsequent years, are requested to make their claim in the prescribed form to the Company's RTA.

The details of unpaid/unclaimed dividends from 2012-2013 onwards, are as under:

Date of declaration	Due Date of Transfer of Unpaid/Unclaimed to IEPF
12-03-2013	17-04-2020
17-07-2013	22-08-2020
24-03-2014	29-04-2021
13-12-2014	18-01-2022
21-03-2016	26-04-2023
29-01-2018	06-03-2025

xvii. Commodity price risk or foreign exchange risk and hedging activities.

Information with respect to 'Foreign Currency Risk' is provided in the relevant notes to the financial statements.

VIII.COMPLIANCE

The Certificate issued by Mr. Sudhir V Hulyalkar, Company Secretary in Practice, confirming that the Company has complied with the conditions of Corporate Governance is annexed to and forms part of this report.

DECLARATION ON CODE OF CONDUCT

I, Rituraj Kishore Sinha, Managing Director of the Company, to the best of my knowledge and belief, confirm that all the members of the Board and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2018.

Place: Delhi
Date: May 9, 2018

Rituraj Kishore Sinha
Managing Director

CERTIFICATION BY CEO AND CFO UNDER REGULATION 17(8) OF SEBI LISTING REGULATIONS.

To,
The Board of Directors
Security and Intelligence Services (India) Limited

We Rituraj Kishore Sinha, Managing Director and Devesh Desai, Chief Financial Officer hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2018 are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - (i) There has not been any significant change in internal control over financial reporting during the year under review;
 - (ii) The changes in the significant accounting policies arising from the adoption of the Indian Accounting Standards have been discussed with the auditors and have been approved by the Audit Committee; and
 - (iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Delhi
Date: May 9, 2018

Rituraj Kishore Sinha
Managing Director

Devesh Desai
Chief Financial Officer

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Security and Intelligence Services (India) Limited

I have examined the compliance of conditions of corporate governance, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Security and Intelligence Services (India) Limited (the Company) for the year ended on March 31, 2018.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with all the applicable mandatory conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bangalore
Date: May 9, 2018

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No: 6040, CP No. 6137

FINANCIAL STATEMENTS

Standalone	88-150
Consolidated	151-229

INDEPENDENT AUDITORS' REPORT

To The Members of

SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Standalone Ind AS financial statements of SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks

of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

OTHER MATTER

The financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Standalone Ind AS financial statements are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditors, on which they expressed unmodified opinions dated May 31, 2017 and July 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

- d) in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder.
- e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 in its Standalone Ind AS financial statements – refer Note 34;
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There was no amount required to be transferred by the Company to the Investor Education and Protection Fund.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

CA D.K. Saxena
(Partner)
Membership No. 082118

Place: New Delhi
Date: May 9, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED as of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over

Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA D.K. Saxena
(Partner)
Membership No. 082118

Place: New Delhi
Date: May 9, 2018

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED of even date)

- 1.a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management at reasonable intervals. As informed, the discrepancies noticed on physical verification of fixed assets as compared to book records were not material and have been properly dealt with in the books of account.
- c) With respect to immovable properties of land and buildings, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court orders approving schemes of arrangements/ amalgamations provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.
- 2.a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- b) The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- 3.a) The Company has given unsecured loans to companies listed in the Register maintained under Section 189 of the Companies Act, 2013.
- b) In our opinion, the rate of interest and other terms and conditions of the grant of such loans are not, prima facie, prejudicial to the Company's interest
- c) In our opinion, and according to the information and explanations given to us, the schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations
- d) There are no overdue amounts in respect of such loans.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, in respect of grant of loans, making investments and providing guarantees and securities, where applicable.
5. The Company has not accepted any deposits and so the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under do not apply to the Company.
6. The Central Government has not prescribed maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013 in respect of the products dealt with by the Company.
- 7.a) Statutory dues including provident fund, employees' state insurance, income tax, service tax, professional tax, customs duty, excise duty, value added tax, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been some delays in deposit of dues relating to Service Tax and Income Tax.

- b) There were no outstanding statutory dues as at March 31, 2018 for a period of more than six months from the date they became payable.
- c) Details of dues of Income-tax and Service Tax, which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of statute	Nature of dues	Amount (in ₹ million)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	5.93	2009-2012	Appellate Authority – Tribunal level
Finance Act, 1994	Service tax	0.86	2006-2013	Appellate Authority – upto Comm. appeal level
Finance Act, 1994	Service tax	21.33	2006-2013	Appellate Authority – upto Commissioners level
Income tax Act 1961	Income tax	4.22	2012-2013	Appellate Authority – upto Commissioners appeal

8. In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to financial institutions, banks, Government or debenture holders.
9. a) The Company has raised term loans during the year and the same have been applied for the purposes for which they were raised.
b) The Company raised a sum of ₹ 3,622.50 million by way of an initial public offer and the same have been applied for the purposes for which they were raised (refer Note 14).
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and, therefore, paragraph 3 (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanation given to us, and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and, therefore, paragraph (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year and, therefore, paragraph 3 (xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India (RBI) Act, 1934.

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

CA D.K. Saxena
(Partner)
Membership No. 082118

Place: New Delhi
Date: May 9, 2018

BALANCE SHEET

as at March 31, 2018

All figures in ₹ million except per share data

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A ASSETS				
Non – Current Assets				
Property, Plant and Equipment	4	714.89	750.89	728.46
Capital work-in-progress	4	8.32	3.05	-
Other Intangible Assets	5	21.10	40.24	9.69
Financial Assets				
(i) Investments	6	2,063.96	1,826.04	556.62
(ii) Other Non-Current financial assets	7	472.29	184.75	97.25
Deferred tax assets (net)	8	712.76	583.55	266.30
Income tax Assets	8	705.82	476.15	180.55
Other Non – Current Assets	9	5.16	6.90	6.04
Total Non – Current Assets		4,704.30	3,871.57	1,844.91
Current Assets				
Inventories	10	91.43	-	-
Financial Assets				
(i) Trade Receivables	11	2,290.61	1,496.08	963.91
(ii) Cash and Cash Equivalents	12	708.00	92.88	81.42
(iii) Bank Balances other than above	12	508.57	949.79	137.44
(iv) Other current financial assets	7	2,026.46	1,769.76	1,258.63
Other Current Assets	9	696.53	612.79	501.05
Assets classified as held for distribution to shareholders	13	-	156.60	-
Total Current Assets		6,321.59	5,077.90	2,942.45
Total Assets		11,025.89	8,949.47	4,787.36
B EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	731.84	687.03	62.00
Other Equity	15	5,332.67	1,512.46	1,295.49
Equity attributable to owners		6,064.51	2,199.49	1,357.49
Total Equity		6,064.51	2,199.49	1,357.49
Liabilities				
Non – Current Liabilities				
Financial Liabilities				
(i) Borrowings	16	986.03	2,523.79	249.72
(ii) Other Non – Current financial liabilities	18	22.52	15.18	10.44
Provisions	20	374.71	278.11	219.12
Total Non- Current liabilities		1,383.25	2,817.08	479.28
Current Liabilities				
Financial Liabilities				
(i) Borrowings	16	1,110.74	1,811.04	1,546.85
(ii) Trade Payables	17	170.16	125.23	70.93
(iii) Other current financial liabilities	18	1,504.84	1,530.48	933.07
Other Current Liabilities	21	752.53	421.98	369.12
Provisions	20	39.84	44.17	30.62
Total Current Liabilities		3,578.12	3,932.90	2,950.59
Total Liabilities		4,961.38	6,749.98	3,429.87
Total Equity and Liabilities		11,025.89	8,949.47	4,787.36

Note: The above Standalone balance sheet should be read in conjunction with the accompanying notes.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Place: New Delhi
Date: May 9, 2018

Devesh Desai
Chief Financial Officer

Brajesh Kumar
Chief Financial Officer (IS & FM)

Pushpalatha Katkuri
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

All figures in ₹ million except per share data

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
1 INCOME			
a) Revenue from Operations	23	21,350.52	16,018.22
b) Other Income	24	72.26	58.82
c) Other Gain/(loss)	25	3.70	4.37
Total Income (a + b + c)		21,426.48	16,081.41
2 Expenses			
a) Purchases		195.29	-
b) Changes in inventory of stock-in-trade	26	(91.43)	-
c) Employee benefits expense	27	18,820.41	14,357.42
d) Finance costs	29	465.54	509.05
e) Depreciation and amortization expenses	30	305.27	242.63
f) Other expenses	31	950.30	678.21
Total expenses (a + b + c + d + e + f)		20,645.38	15,787.31
3 Profit before tax and exceptional items (1-2)		781.10	294.10
4 Exceptional items	27	8.32	-
5 Profit before tax (3-4)		772.78	294.10
6 Tax Expense	8		
Current tax		173.02	50.05
Deferred tax		(130.35)	(295.71)
Total Tax expense		42.67	(245.66)
7 Profit for the year (5-6)		730.11	539.76
8 Other Comprehensive income			
Items that will not be reclassified to profit or loss			
a) Re-measurement of Defined benefits plan		(2.66)	(34.31)
b) Income tax relating to these items	8	0.93	11.88
Other Comprehensive income for the year (net of taxes)		(1.73)	(22.44)
9 Total Comprehensive income for the year (7 + 8)		728.38	517.32
10 Earnings Per Share (EPS) Face Value ₹ 10 per share	32		
(a) Basic (₹)		10.20	7.88
(b) Diluted (₹)		10.01	7.83
11 Weighted average equity shares used in computing earnings per equity share			
(a) Basic (Nos.)		71,598,073	68,459,899
(b) Diluted (Nos.)		72,911,682	69,799,908

Note: The above Standalone statement of profit and loss should be read in conjunction with the accompanying notes.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Place: New Delhi
Date: May 9, 2018

Devesh Desai
Chief Financial Officer

Brajesh Kumar
Chief Financial Officer (IS & FM)

Pushpalatha Katkuri
Company Secretary

STATEMENT OF CHANGES IN EQUITY

All figures in ₹ million except per share data

A. EQUITY SHARE CAPITAL

	Amounts
As at April 1, 2016	62.00
Changes in equity share capital	625.03
As at March 31, 2017	687.03
Changes in equity share capital	44.81
As at March 31, 2018	731.84

B. OTHER EQUITY

	Equity Component of Compounded financial Instrument	Reserves and Surplus				Total Other Equity
		Securities premium reserve	Share options outstanding account	Retained earnings	General reserve	
As at April 1, 2016	47.85	380.50	14.74	37.40	815.00	1,295.49
Profit for the year	-	-	-	539.76	-	539.76
Other comprehensive income	-	-	-	(22.44)	-	(22.44)
Total Comprehensive Income for the year	-	-	-	517.32	-	517.32
Employee Stock Option Expense	-	-	66.89	-	-	66.89
Issue of Equity shares	-	95.94	-	-	-	95.94
Fixation of conversion ratio of Compulsorily Convertible Debentures into equity shares	161.40	-	-	-	-	161.40
Exercise of Employee Stock options	-	10.85	(10.85)	-	-	-
Issue of bonus shares	-	-	-	-	(624.57)	(624.57)
As at March 31, 2017	209.25	487.29	70.78	554.72	190.43	1,512.46

	Equity Component of Compounded financial Instrument	Reserves and Surplus				Total Other Equity
		Securities premium reserve	Share options outstanding account	Retained earnings	General reserve	
As at April 1, 2017	209.25	487.29	70.78	554.72	190.43	1,512.46
Profit for the year	-	-	-	730.11	-	730.11
Other comprehensive income	-	-	-	(1.73)	-	(1.73)
Total Comprehensive Income for the year	-	-	-	728.38	-	728.38
Employee Stock Option Expense	-	-	81.53	-	-	81.53
Issue of Equity shares	-	3,578.05	-	-	-	3,578.05
Conversion of Compulsorily Convertible Debentures into equity shares	(209.25)	209.25	-	-	-	-
Exercise of Employee Stock options	-	4.44	(4.44)	-	-	-
Utilised for Demerger of certain businesses (Note 13)	-	(179.22)	-	-	-	(179.22)
Utilised for share issue expenses	-	(212.03)	-	-	-	(212.03)
Issue of bonus shares	-	-	-	-	(0.33)	(0.33)
Interim Dividends	-	-	-	(146.37)	-	(146.37)
Dividend distribution tax	-	-	-	(29.80)	-	(29.80)
As at March 31, 2018	-	3,887.78	147.87	1,106.93	190.10	5,332.67

Note: The above Standalone statement of changes in equity should be read in conjunction with the accompanying notes.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Place: New Delhi
Date: May 9, 2018

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Devesh Desai
Chief Financial Officer

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Brajesh Kumar
Chief Financial Officer (IS & FM)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Pushpalatha Katkuri
Company Secretary

STATEMENT OF CASH FLOWS

for the year ended March 31, 2018

All figures in ₹ million except per share data

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before taxation	772.78	294.10
Adjusted for:		
Depreciation and Amortization expenses	305.27	242.63
Unrealised Foreign exchange (gain) / loss	1.11	(1.06)
Net (gain) /loss on sale of fixed assets	(0.03)	(0.18)
Finance Costs	443.08	497.13
Interest income classified as investing cash flows	(70.12)	(56.29)
Dividend income classified as investing cash flows	(2.15)	(2.53)
Employee stock option compensation expense	70.98	59.38
Operating profit/(loss) before working capital changes	1,520.92	1,033.18
Movement in working capital:		
Decrease / (increase) in Trade receivables	(795.48)	(532.17)
Decrease / (increase) in Inventories	(91.43)	-
Decrease / (increase) in other current assets	(166.10)	(217.06)
Decrease / (increase) in other current financial assets	(254.84)	(441.02)
(Decrease) / increase in Trade payables	44.93	54.30
(Decrease) / increase in provisions	89.62	38.21
(Decrease) / increase in other current liabilities	341.71	99.69
(Decrease) / increase in other current financial liabilities	74.30	444.93
	763.63	480.06
Decrease / (increase) in other non-current financial assets	(205.13)	(571.9)
(Decrease) / increase in other non-current financial liabilities	7.35	4.74
Cash (used in)/generated from operations	565.85	427.61
Direct tax paid including fringe benefit tax (net of refunds)	(397.93)	(345.65)
Net cash inflow (outflow) from operating activities	167.92	81.96
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Subsidiary	(116.63)	(1,176.49)
Purchase of property, plant and equipment and changes in capital work in progress	(256.56)	(463.80)
Proceeds from sale/disposal of property, plant and equipment	2.85	7.81
Purchase of Investments	(146.24)	(5.44)
Proceeds from sale of investments	-	7.04
(Investment) in / matured fixed deposits	441.23	(812.25)
Interest received	69.10	60.40
Dividend received	1.29	3.39
Net cash inflow (outflow) from investing activities	(4.95)	(2,379.34)

STATEMENT OF CASH FLOWS

for the year ended March 31, 2018

All figures in ₹ million except per share data

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (net of share issue expenses)	3,410.51	0.05
Foreign exchange gain/(loss) realized	(1.11)	1.06
Proceeds from term loans	352.31	1,179.23
Repayment of term loans	(1,203.43)	(104.61)
Change in loans repayable on demand	(264.33)	319.58
Bonds/debentures issued	(789.75)	1,535.28
Interest paid	(439.91)	(473.65)
Dividends paid to Company's shareholders	(146.37)	(53.40)
Tax on dividends paid	(29.80)	(39.32)
Net cash inflow (outflow) from financing activities	888.12	2,364.22
D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,051.09	66.84
E. Cash and cash equivalents at the beginning of the year	92.88	81.42
F. Opening cash credit	(1,080.75)	(1,139.89)
G. Opening bank overdrafts	(15.96)	(12.21)
H. Cash and cash equivalents at the end of the year (D+E+F+G)	47.25	(1,003.83)

Reconciliation of cash and cash equivalents as per the statement of Cash flows

	March 31, 2018	March 31, 2017
Cash and cash equivalents as per above comprise of the followings		
Cash and cash equivalents	708.00	92.88
Closing cash credit	(660.74)	(1,080.75)
Closing bank overdrafts	-	(15.96)
Balance as per statement of cash flows	47.25	(1,003.83)

Note: The above Standalone statement of cash flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Place: New Delhi
Date: May 9, 2018

Devesh Desai
Chief Financial Officer

Brajesh Kumar
Chief Financial Officer (IS & FM)

Pushpalatha Katkuri
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

1. COMPANY OVERVIEW

Security and Intelligence Services (India) Limited (“the Company”) is a company limited by shares, incorporated and domiciled in India. The Company is listed on the BSE Limited (“BSE”) and The National Stock Exchange of India Limited (“NSE”). Its registered office is situated at Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna, Bihar – 800010, India, and its principal place of business is situated at A-28 & 29, Okhla Industrial Area, Phase I, New Delhi – 110020.

The Company is directly and indirectly engaged in rendering security and related services consisting of manned guarding, consulting and investigation (up to January 18, 2018), training, and indirectly engaged in paramedic and emergency response services; loss prevention, asset protection and mobile patrols; facility management services consisting of cleaning, house-keeping and pest control management services in the areas of facility management; cash logistics services consisting of cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion; and alarm monitoring and response services consisting of trading and installation of electronic security devices and systems through its subsidiaries, joint ventures and associates.

The financial statements are presented in Indian Rupees (₹) rounded off to nearest millions except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

These financial statements were authorized for issue by the directors on May 09, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these financial statements.

2.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind-AS) and comply in all material respects with the Ind-AS and other applicable provisions of the Companies Act, 2013 (“the Companies Act”). The Ind-AS are notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (“Previous GAAP”). The actual date of transition to Ind-AS is April 1, 2017 for the financial year ended March 31, 2018 and so the financial statements for the year ended March 31, 2017 have also been translated to Ind-AS resulting in the balance sheet as of April 1, 2016 being redrawn to comply with Ind-AS. These financial statements for the year ended March 31, 2018 are the first financial

statements the Company has prepared in accordance with Ind-AS. Refer Note 42 for an explanation of how the transition from Previous GAAP to Ind-AS has affected the Company’s financial position, financial performance and cash flows.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following material items which have been measured at fair value as required by relevant Ind-AS:

- a) certain financial assets and financial liabilities (including derivative financial instruments) and contingent consideration that are measured at fair value;
- b) assets held for distribution to owners upon demerger that are held at lower of carrying cost and fair value less cost to distribute;
- c) share based payments; and
- d) The defined benefit asset/(liability) which is recognised as the present value of defined benefit obligation less fair value of plan assets.

Accounting policies have been applied consistently to all periods presented in these financial statements.

For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

2.3 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period ;

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments, do not affect its classification.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

On transition to Ind-AS, since there is no change in the functional currency, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work-in-progress.

Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a written down value method from the date the assets are available for use. Assets acquired under finance lease are depreciated over the asset's useful life, or over the shorter of the estimated useful life of the asset and the related lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term. Leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Freehold land is not depreciated.

The estimated useful lives of assets are as follows:

Category	Useful life
Buildings	60 years
Plant and machinery	15 years
Leasehold improvement	Shorter of useful life or lease period
Computer equipment	3 years
Furniture and fixtures	10 years
Office Equipment	5 years
Vehicles	8 years

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets may therefore be different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values are generally not more than 5% of the original cost of the asset. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Additions are depreciated on a pro-rata basis from the date the asset is available for use till the date the assets are derecognised.

An item of property, plant and equipment and any significant part, initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of such expenditure can be measured reliably. All other repair and maintenance costs are recognised in profit or loss as incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using written down value method over their estimated useful lives of 60 years. The useful life has been determined based on a technical evaluation performed by the management's expert.

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognised in its Previous GAAP financial statements as deemed cost at the transition date, viz., April 1, 2016.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised software development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

On transition to Ind-AS, since there is no change in the functional currency, the Company has elected to continue with the carrying value of all its intangible assets recognised as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of the intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life on a written down value method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

The estimated useful lives of intangible assets are as follows:

Category	Useful life
Computer software	5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials, services, and direct payroll and payroll related costs of employees' time spent on the project.

e) Investment in subsidiaries, associates and joint ventures

A subsidiary is an entity over which the Company has control. The Company controls an investee when it is exposed to, or has rights to variable returns from its involvement with, the investee and has the ability to affect those returns through its power over the investee.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions

of the investee but is not control or joint control over those policies. This is generally the case where the Company holds between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control exist are similar to those necessary to determine control over the subsidiaries.

Investments in subsidiaries, associates and joint ventures is accounted for at cost. On transition to Ind-AS, the Company has elected to continue with the carrying value of all its investments in subsidiaries, associates and joint ventures recognized as at April 1, 2016 measured as per the Previous GAAP and used that carrying value as the deemed cost of investments in subsidiaries, associates and joint ventures.

f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Debt instruments at amortised cost
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
- (iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions call and similar options) but does not consider the expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income based on EIR is included as interest income as a part of other income in the statement of profit and loss. The losses arising from impairment are recognised in profit or loss. A gain or loss on such financial asset which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 7 and Note 11.

Financial instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income calculated using the EIR method, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Financial instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is made only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss in respect of such assets that are not part of a hedging relationship. The gain /loss on assets measured at FVTPL are presented in the statement of profit and loss within other gains/losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with gain/loss presented in the statement of profit and loss within other gains/losses in the period in which it arises.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized. Similarly, where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

The Company recognizes loss allowances on a forward-looking basis using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. Note 40 details how the Company determines whether there has been a significant increase in the credit risk. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Borrowings

After initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares which are mandatorily redeemable are classified as liabilities. The dividends on these preference

shares, to the extent such dividends are mandatorily payable, are recognised in profit or loss as finance costs.

The fair value of the liability portion of an optionally convertible debenture/ bond/ preference share or a zero-coupon debenture/ bond/ preference share or compulsorily convertible debenture where the price of conversion of the debenture into equity share is not fixed, is determined using a market rate of interest for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

When the terms of a financial liability are renegotiated and the entity issues equity instrument to a creditor to extinguish all or part of a liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss as other gains/losses.

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Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends upon whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

Derivatives which are not designated as hedges are accounted for at fair value through profit or loss and are included in other gains/ losses.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines changes in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the

first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company of the counterparty.

g) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

h) Current and deferred tax

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and unused tax credits.

The current income tax is a charge calculated on the basis of tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary

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differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- (i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i) Inventories

Inventories are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost includes custom duty, freight and other charges as applicable. The Company periodically reviews inventories to provide for diminution in the value of, and/or any unserviceable or obsolete, inventories.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise

cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit facilities) as they are considered an integral part of the Company's cash management. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

k) Non-current assets held for sale/distribution to owners and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn and Management must be committed to the sale/distribution being completed within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/distribute except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. Assets and liabilities classified as held for sale/distribution are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell/distribute. A gain is recognised for any subsequent increases in fair value less costs to sell/distribute an asset (or a disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale/distribution of the non-current asset (or disposal group) is recognised on the date of derecognition.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- (i) Represents a separate major line of business or geographical area of operations,
- (ii) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- (iii) Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

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Additional disclosures are provided in Note 13. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

l) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n) Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, bonds and debentures and mutual funds that have quoted price. The fair value of all financial instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

In accordance with Ind-AS 113, assets and liabilities are to be measured based on the following valuation techniques:

(i) **Market approach** – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

(ii) **Income approach** – Converting the future amounts based on market expectations to its present value using the discounting method.

(iii) **Cost approach** – Replacement cost method.

o) Provisions and Contingent Liabilities

Provisions

A provision is recognized when the Company has a present legal or a constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised for legal claims and service warranties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as an interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. In respect of losses that are covered by insurance, such losses are recognised as an expense when there is clear evidence or determination or probability that any portion of the loss is not expected to be settled through insurance or other forms of recovery.

Asset Retirement Obligations (ARO)

ARO are recognised for those operating lease arrangements where the Company has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset and amortised or written down or depreciated in the same manner as the asset to which it pertains. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of the amount cannot be made.

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Contingent liability recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

p) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

Government grants relating to income are recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are shown as reduction of expenses in profit or loss on a straight-line basis over the expected lives of related assets and presented within other income.

q) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, discounts, rebates, deductions by customers, service tax, value added tax, goods and services tax and amounts collected on behalf of third parties.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized as follows:

Revenue from services represents the amounts receivable for services rendered.

- (i) For non-contract-based business, revenue represents the value of goods delivered or services performed.
- (ii) For contract-based business, revenue represents the sales value of work carried out for customers during the period. Such revenues are recognized in the period in which the service is provided.
- (iii) Unbilled revenue net of expected deductions is recognised at the end of each period. Such unbilled revenue is reversed in the subsequent period when actual invoice is raised.
- (iv) Unearned revenue represents revenue billed but for which services have not yet been performed and is included under Advances from customers. The same is released to the profit and loss account as and when the services are rendered.

Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume

rebates. Discounts and rebates are estimated based on accumulated experience. The Company recognizes normal warranty provisions for general repairs for one year on all its products sold, in line with the industry practices. A liability is recognized at the time the product is sold. Revenue is deferred and recognized on a straight line basis over the extended warranty period in case warranty is provided to customer for a period beyond one year.

Rendering of services

In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, material and maintenance, revenue for each element is determined based on each element's fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Dividend income from investments is recognised in profit or loss as other income when the Company's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

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Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increase and is included in revenue in the statement of profit or loss due to its operating nature.

r) Foreign currency translation

The financial statements of the Company are presented in Indian Rupees (₹) which is also the Company's functional currency, i.e., the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

s) Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and compensated absences expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for compensated absences is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as other payables and accruals.

Bonus

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually or legally obliged or where there is a past practice that has created a constructive obligation.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to a specified portion of the unutilized

accumulated compensated absences and utilize it in future periods or receive cash at retirement. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

In respect of those employees who are entitled to an encashment of the leave at the end of every calendar year, a provision is created to account for the liability.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates the following post-employment schemes:

- i) Defined contribution plans such as provident fund and employees' state insurance; and
- ii) Defined benefit plans such as gratuity.

Defined Contribution Plan

The Company contributes on a defined contribution basis for eligible employees, to Employees' Provident Fund, Employees' Pension Scheme and Employees' State Insurance Scheme towards post-employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution which is expected in the year in which it pertains. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined Benefit Plan

The Company has a defined benefit plan, viz., Gratuity, for all its employees, the liability for which is accrued and provided for as determined by an independent actuarial valuation. A portion of this liability for gratuity is contributed to a fund administered and operated by a reputed insurance company. The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit is actuarially determined (using the projected unit credit method) at the end of each year.

Present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting periods on government bonds that have terms approximating to the terms of the related obligation.

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The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss.

Past service costs are recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- (ii) Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

t) Equity settled stock-based compensation

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of options granted under various Employee Share option plans is recognised as an employee benefit expense with a corresponding increase in equity.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with corresponding adjustment to equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions, if any, are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there

are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

u) Borrowing costs

Borrowing costs include interest calculated on the effective interest rate method basis, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

v) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

(ii) Finance leases

Leases where the lessor has passed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of

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the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. The outstanding liability is included in other current/ non-current borrowings.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless payments are structured to increase in line with the expected general inflation to compensate for the expected inflationary cost increase. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The respective leased assets are included in the balance sheet based on their nature.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

w) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less cost of disposal and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units or CGU). Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's CGUs expected to benefit from the synergies arising from the business combination. Total impairment loss

of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

x) Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (Note 32).

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

Diluted Earnings per share amounts are computed by dividing the net profit attributable to the equity holders of the Company (after deducting preference dividends and attributable taxes but after adjusting the after income tax effect of interest and other financing cost associated with dilutive potential equity shares) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

y) Cash dividend and non-cash distribution to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the carrying value of the assets to be distributed in case of distributions in which all owners of the same class of equity instruments are treated equally or the distributed asset is ultimately controlled by the same party or parties both before and after the distribution, and at fair value of the assets to be distributed in other cases, with such value recognised directly in equity. For this purpose, a group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power

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to govern its financial and operating policies so as to obtain benefits from its activities, and that ultimate collective power is not transitory. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss or directly in the equity as approved by the National Company Law Tribunal / applicable regulatory or other authority.

z) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

aa) Recently issued accounting pronouncements

Ind AS 12, Income Taxes: The amendments clarify the requirement for recognizing deferred tax assets on unrealized losses on debt instruments that are measured at fair value. The amendment also clarifies certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the Standalone financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Along with the issuance of Ind AS 115, Revenue from contracts with customers, the Ministry of Company Affairs has also notified consequential amendments to various other Indian Accounting Standards.

The standard permits two possible methods of transition:

- (i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies,

Changes in Accounting Estimates and Errors

- (ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 and consequential amendments to various other Indian Accounting Standards is not expected to be material.

Ind AS 40, Investment Property: On March 28, 2018, Ministry of Corporate Affairs has notified amendments to Ind AS 40, Investment Property. The amendments relate to clarifications in respect of transfer of a property to, or from, investment property, apart from other changes consequential to notification of Ind AS 115, revenue from contracts with Customers.

This amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the Standalone financial statements and the impact is not material.

Ind AS 28, Investments in Associates and Joint Ventures: On March 28, 2018, Ministry of Corporate Affairs has notified amendments to Ind AS 28, Investments in Associates and Joint Ventures. The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to financial statements of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Use of estimates and judgment

The preparation of the financial statements in conformity with Ind-AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements

In the process of applying the Company's accounting policies, management has made various judgements, which have the most significant effect on the amounts recognised in the financial statements.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items

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which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- (i) Estimation of current tax expense and payable – Note 8
- (ii) Estimated useful life of intangible assets – Note 2.3.d
- (iii) Estimation of defined benefit obligation – Note 20
- (iv) Recognition of deferred tax assets for carried forward of tax losses – Note 8
- (v) Impairment of trade receivables – Note 40
- (vi) Classification of leases as operating leases or finance leases – Note 2.3.v
- (vii) Whether assets held for distribution to owners meet the definition of discontinued operations – Note 2.3.k

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There are no reasonable foreseeable changes in these key estimates which would have caused an impairment of these assets.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be

available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer Note 8

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

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4. PROPERTY, PLANT AND EQUIPMENT

Year ended March 31, 2017

Description of Assets	Gross Block					Depreciation				Net Book Value As at March 31, 2017	
	As at April 1, 2016*	Additions during the year	Sale and adjustments	Demerger	As at March 31, 2017	Up to March 31, 2016	For the year	Sale and adjustments	Demerger		Up to March 31, 2017
Buildings	173.43	-	-	106.50	66.93	-	8.76	-	-	8.76	58.17
Leasehold improvement	50.10	-	-	50.10	-	-	-	-	-	-	-
Plant & Machinery	25.51	0.06	-	-	25.57	-	8.28	-	-	8.28	17.29
Furniture & Fixture	215.70	109.98	-	-	325.68	-	73.48	-	-	73.48	252.20
Vehicles	152.65	104.22	33.03	-	223.84	-	66.11	25.39	-	40.72	183.12
Office Equipment	96.86	193.88	-	-	290.74	-	70.25	-	-	70.25	220.49
Computer Equipment	14.21	15.78	-	-	29.99	-	10.37	-	-	10.37	19.62
	728.46	423.92	33.03	156.60	962.75	-	237.24	25.39	-	211.86	750.89
Capital work in progress	-	3.05	-	-	3.05	-	-	-	-	c-	3.05
Grand Total	728.46	426.97	33.03	156.60	965.80	-	237.24	25.39	-	211.86	753.94

Year ended March 31, 2018

Description of Assets	Gross Block				Depreciation				Net Book Value As at March 31, 2018
	As at April 1, 2017	Additions during the year	Sale and adjustments	As at March 31, 2018	Up to March 31, 2017	For the year	Sale and adjustments	Up to March 31, 2018	
Buildings	66.93	28.25	-	95.18	8.76	3.17	-	11.93	83.25
Leasehold improvement	-	-	-	-	-	-	-	-	-
Plant & Machinery	25.57	0.50	-	26.07	8.28	4.85	-	13.13	12.94
Furniture & Fixture	325.68	77.81	-	403.49	73.48	76.99	-	150.47	253.02
Vehicles	223.84	70.33	22.20	271.97	40.72	67.69	19.38	89.03	182.94
Office Equipment	290.74	48.78	-	339.52	70.25	104.00	-	174.25	165.27
Computer Equipment	29.99	11.85	-	41.84	10.37	14.00	-	24.37	17.47
	962.75	237.52	22.20	1,178.07	211.86	270.70	19.38	463.18	714.89
Capital work in progress	3.05	8.32	3.05	8.32	-	-	-	-	8.32
Grand Total	965.80	245.84	25.25	1,186.39	211.86	270.70	19.38	463.18	723.21

*Deemed cost being carrying value of property, plant and equipment measured as per Previous GAAP.

(i) Assets under construction

Capital work in progress (CWIP) as at March 31, 2017 comprises expenditure for building in the course of construction. The total amount of CWIP as at March 31, 2018 is ₹ 8.32 million (March 31, 2017: ₹ 3.05 million, March 31, 2016: ₹ Nil).

(ii) Property, Plant and Equipment pledged as security

Refer Note 16 for information on Property, Plant and Equipment pledged as security by the Company.

(iii) Contractual obligations

Refer Note 34 for disclosure on contractual commitments for the acquisition of Property, Plant and Equipment.

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5. OTHER INTANGIBLE ASSETS

Year ended March 31, 2017

Description of Assets	Gross Block				Depreciation				Net Book Value	
	As at April 1, 2018*	Acquisition of Business	Additions	Sale and adjustments	As at March 31, 2017	Up to March 31, 2016	For the year	Sale and adjustments	As at March 31, 2017	As at March 31, 2017
Computer Software **	9.69	-	35.94	-	45.63	-	5.39	-	5.39	40.24
Grand Total	9.69	-	35.94	-	45.63	-	5.39	-	5.39	40.24

Year ended March 31, 2018

Description of Assets	Gross Block				Depreciation				Net Book Value	
	As at April 1, 2017*	Acquisition of Business	Additions	Sale and adjustments	As at March 31, 2018	Up to March 31, 2017	For the year	Sale and adjustments	As at March 31, 2018	As at March 31, 2018
Computer Software **	45.63	-	15.43	-	61.06	5.39	34.57	-	39.96	21.10
Grand Total	45.63	-	15.43	-	61.06	5.39	34.57	-	39.96	21.10

* Deemed cost being carrying value of intangible assets measured as per Previous GAAP.

** Computer software consists of purchased software licenses and implementation costs of Enterprise Resource Planning (ERP) software.

6. INVESTMENTS

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Non-current investments			
Investments in Equity Instruments			
Investment in Subsidiaries			
Unquoted equity shares (fully paid)			
4,000,000 (March 31, 2017: 4,000,000, April 1, 2016: 4,000,000) equity shares in SIS International Holdings Ltd. of AUD 1/- each fully paid up	249.07	249.07	152.73
11,512,800 (March 31, 2017: 11,512,800, April 1, 2016: 11,512,800) equity shares in Service Master Clean Limited of ₹ 10/- each fully paid up *	94.05	116.83	115.17
11,252,250 (March 31, 2017: 11,252,250, April 1, 2016: 11,252,250) equity shares in Terminix SIS India Private Limited of ₹ 10/- each fully paid up	112.52	112.52	112.52
4,800,000 (March 31, 2017: 4,800,000, April 1, 2016: 4,800,000) equity shares in Tech SIS Limited of ₹ 10/- each fully paid up	51.01	51.01	50.68
800,000 (March 31, 2017: 800,000, April 1, 2016: 800,000) equity shares in Australia Group Pty Ltd. of AUD 1/- each fully paid up	46.09	42.03	40.59
2,407,263 (March 31, 2017: 2,205,561, April 1, 2016: Nil) equity shares in Total Solutions Services Private Limited of ₹. 10/- each fully paid up	1,293.12	1,176.49	-
10,000 (March 31, 2017: 10,000, April 1, 2016: Nil) equity shares in Services Private Limited of ₹ 10/- each fully paid up	0.10	0.10	-
10,000 (March 31, 2017: 10,000, April 1, 2016: Nil) equity shares in Support Services and Solutions Private Limited of ₹ 10/- each fully paid up	0.10	0.10	-
Total Investment in Subsidiaries	1,846.07	1,748.15	471.69
Investment in associates			
Unquoted equity shares (fully paid)			
7,788,892 (March 31, 2017: 7,788,892, April 1, 2016: 7,788,892) equity shares in Cash Services Private Limited of ₹ 10/- each fully paid up	77.89	77.89	77.89
Total Investment in Associates	77.89	77.89	77.89
Investment in joint ventures			
Unquoted equity shares (fully paid)			
9,000,000 (March 31, 2017: Nil, April 1, 2016: Nil) equity shares in Monitoring and Response Services Private Limited of ₹ 10/- each fully paid up	90.00	-	-
Total Investment in Joint Ventures	90.00	-	-
Investments at fair value through profit or loss (FVTPL)			

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Unquoted equity shares (fully paid)			
NIL (March 31, 2017: Nil, April 1, 2016: 24,500) equity shares in Mahamanav Mritunjay Institute of Yoga & Alternative Medicine Ltd. of ₹ 10/- each fully paid up	-	-	0.24
Nil (March 31, 2017: Nil, April 1, 2016: 24,500) equity shares in Mritunjay Educational Foundation Ltd. of ₹ 10/- each fully paid up	-	-	0.24
NIL (March 31, 2017: Nil, April 1, 2016: 65,000) equity shares in Rituraj Resorts Limited of ₹ 100/- each fully paid up	-	-	6.50
NIL (March 31, 2017: Nil, April 1, 2016: 4,900) equity shares in Superb Intelligence Services Private Limited of ₹ 10/- each fully paid up	-	-	0.05
Total FVTPL investments	-	-	7.03
Total investment in equity instruments	2,013.96	1,826.04	556.62
Investments in debentures or bonds			
50 Non-convertible debentures (March 31, 2017: Nil, April 01, 2016: Nil) in SIS Cash Services Private Limited of ₹ 1,000,000/- each fully paid up	50.00	-	-
Investments in debentures or bonds	50.00	-	-
Total non-current investments	2,063.96	1,826.04	556.62
Aggregate book value of quoted investments and market value thereof	-	-	-
Aggregate book value of unquoted investments	2,063.96	1,826.04	556.62
Aggregate amount of impairment in value of investments	-	-	-
Current investments	-	-	-
Total investments	2,063.96	1,826.04	556.62

*Refer Note 13 regarding demerger of certain business and consequential impact on the cost of investment in Service Master Clean Limited.

Aggregate deemed cost of those investments for which deemed cost as at April 1, 2016 is their Previous GAAP carrying amount is ₹ 556.62 million.

Effective August 19, 2016, the Company has acquired 78.72% of the outstanding equity shares of Dusters Total Solutions Services Private Limited for an aggregate consideration of ₹ 1,169.03 million. In addition, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by August 2019, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. In July 2017, the Company acquired a further 7.20% of the outstanding equity shares of Dusters Total Solutions Services Private Limited for an aggregate consideration of ₹ 116.63 million taking the total shareholding to 85.92%.

7. OTHER FINANCIAL ASSETS

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Other non-current financial assets			
Security Deposits	233.77	154.39	97.25
Loans to related parties (unsecured, considered good)	112.72	30.36	-
Margin money in the form of fixed deposits*	125.80	-	-
Total Other non-current financial assets	472.29	184.75	97.25
Other current financial assets			
Unbilled revenue	1,845.88	1,598.07	1,156.93
Security Deposits (unsecured, considered good)	171.76	164.73	89.78
Interest accrued on deposits	6.66	5.66	9.77
Dividend receivable on investments	2.15	1.29	2.15
Total Other Current financial assets	2,026.46	1,769.76	1,258.63

* Fixed deposits have been pledged as margin money against bank guarantees.

No loans or other advances are due from directors or other officers of the Company either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member.

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All figures in ₹ million except per share data

8. INCOME TAX

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

Statement of profit and loss:

Profit or loss section:

Particulars	March 31, 2018	March 31, 2017
Current income tax:		
Current income tax charge	165.69	50.05
Adjustments in respect of current income tax of previous years	7.33	-
Deferred tax:		
Decrease/(increase) in deferred tax assets	(130.35)	(295.71)
Income tax expense reported in the statement of profit or loss	42.67	(245.66)

The Company has accounted for certain benefits under the Income Tax Act, 1961 in the years ended March 31, 2017 and March 31, 2018. On application of Ind-AS effective April 1, 2017 with the transition date as April 1, 2016, the Company has accounted for a deferred tax asset in respect of the related benefits in the respective financial year.

OCI section:

Tax related to items recognised in OCI during the year:

Particulars	March 31, 2018	March 31, 2017
Net loss/(gain) on re-measurements of defined benefit plans	0.93	11.88
Income tax charged to OCI	0.93	11.88

Amount recognized directly in equity:

Particulars	March 31, 2018	March 31, 2017
Aggregate current and deferred tax arising in the reporting period and not recognized in profit or loss or other comprehensive income, but directly debited/credited to equity		
Deferred tax: reversal of deferred tax on fixation of conversion ratio of compulsorily convertible bonds	-	(7.85)
Income tax charged/(credited) to equity	-	(7.85)

Reconciliation of tax expense and the accounting profit multiplied by the tax rate for March 31, 2017 and March 31, 2018:

Particulars	March 31, 2018	March 31, 2017
Accounting profit before tax from continuing operations	772.78	294.10
Accounting profit before income tax	772.78	294.10
At the statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	267.44	101.78
Adjustments in respect of current income tax of previous years	7.33	-
Change in applicable tax rate for deferred tax assets and liabilities	(1.39)	-
Additional temporary tax deductible in respect of benefits under the Income Tax Act, 1961	(239.47)	(341.28)
Benefit of Indexation on investments	(5.86)	(7.15)
Non-deductible expenses for tax purposes:		
Corporate social responsibility expenditure	9.13	3.63
Donations	6.41	1.25
Other non-deductible expenses	(0.56)	(0.56)
Income not part of Taxable Income		
Profit on sale of fixed assets	(0.01)	(0.06)
others	-	(2.85)
Income taxed at differential rates		
Dividend from foreign subsidiaries	(0.37)	(0.44)
Income tax expense reported in the statement of profit and loss	42.67	(245.66)

The applicable statutory tax rate of the Company for financial year ended March 31, 2017 and March 31, 2018 is 34.608%. The Finance Act 2018 has increased the tax rate and the effective tax rate applicable to the Company for the financial year 2018-19 would be 34.944%.

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The balance in deferred tax assets/ (liabilities) comprises temporary differences attributable to:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Property, plant and equipment	163.38	139.88	115.71
Intangible assets	1.59	(4.91)	(1.96)
Deductions in respect of certain benefits under the Income Tax Act, 1961	276.06	227.52	-
Defined benefit obligations	165.35	125.42	86.36
Accruals and other	88.79	75.21	77.45
Compulsorily Convertible Debenture	-	-	(11.26)
Loss on sale of investment	1.41	1.40	-
Minimum Alternative Tax (MAT) credit entitlement	16.19	19.03	-
Total deferred tax assets/(liabilities)	712.76	583.55	266.30

Reflected in the balance sheet as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Deferred tax assets	712.76	583.55	277.56
Deferred tax liabilities:	-	-	(11.26)
Deferred tax assets/(liabilities), net	712.76	583.55	266.30

Reconciliation of deferred tax assets (liabilities), net:

	Property, plant and equipment	Intangible assets	Deductions in respect of certain benefits under the Income Tax Act, 1961	Defined benefit obligations	Accruals and others	Compulsorily Convertible Debenture	Loss on sale of investment	Minimum Alternative Tax (MAT) credit Entitlement	Total
As at April 1, 2016	115.71	(1.96)	-	86.36	77.45	(11.26)	-	-	266.30
Tax income/(expense) during the period recognised in profit or loss	24.17	(2.95)	227.52	27.18	(2.24)	3.41	1.40	19.03	297.52
Tax income/(expense) during the period recognised in OCI	-	-	-	11.88	-	-	-	-	11.88
Amount recognised directly in equity	-	-	-	-	-	7.85	-	-	7.85
As at March 31, 2017	139.88	(4.91)	227.52	125.42	75.21	-	1.40	19.03	583.55
Tax income/(expense) during the period recognised in profit or loss	23.50	6.50	48.54	39.00	13.58	-	0.01	(2.85)	128.28
Tax income/(expense) during the period recognised in OCI	-	-	-	0.93	-	-	-	-	0.93
As at March 31, 2018	163.38	1.59	276.06	165.35	88.79	-	1.41	16.19	712.76

Income tax assets:

Particulars	March 31, 2018	March 31, 2017
Opening balance	476.15	180.55
Add: Taxes paid	434.78	345.65
Less: Tax refund	(32.09)	-
Less: Current tax payable for the year	(173.02)	(50.05)
Current tax assets	705.82	476.15

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

9. OTHER ASSETS

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Other non-current assets			
Capital advances	2.38	4.07	3.16
Prepaid expenses	2.78	2.83	2.88
Total Other non-current assets	5.16	6.90	6.04
Other current assets			
Other advances	665.55	500.17	479.02
Prepaid expenses	30.98	105.61	11.43
Service Tax/VAT/GST recoverable	-	7.01	10.60
Total other current assets	696.53	612.79	501.05
Total Other Assets	701.69	619.69	507.09

10. INVENTORIES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Uniforms	91.43	-	-
Total inventories at the lower of cost and net realisable value	91.43	-	-

During the year ended March 31, 2018, ₹ Nil (March 31, 2017: ₹ Nil) was recognised as an expense for inventories carried at net realisable value, of which ₹ 91.43 million (March 31, 2017: Nil) was recognised as “changes of inventories of stock-in-trade” in the statement of profit and loss.

11. TRADE RECEIVABLES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Trade Receivables	2,290.61	1,496.08	969.16
Less: Allowance for doubtful debts	-	-	(5.25)
Total trade receivables	2,290.61	1,496.08	963.91

Break-up of security details:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Secured, considered good	-	-	-
Unsecured, considered good	2,290.61	1,496.08	963.91
Doubtful	-	-	5.25
Total	2,290.61	1,496.08	969.16
Impairment Allowance (allowance for bad and doubtful debts)	-	-	(5.25)
Total Trade receivables	2,290.61	1,496.08	963.91

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member.

Refer Note 40 for the Company's policy regarding impairment allowance on trade receivables.

For terms and conditions relating to related party receivables, refer Note 39.

12. CASH AND BANK BALANCES

Cash and cash equivalents

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Balances with banks:			
– On current accounts	707.65	91.24	80.81
Cash on hand	0.35	1.64	0.61
Total	708.00	92.88	81.42

Cash-in-hand and bank balances lying in various current accounts bear no interest.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Other bank balances

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Unclaimed dividend accounts	0.34	0.34	0.23
Deposits with remaining maturity greater than three months but up to twelve months from reporting date	508.23	949.45	137.21
Total	508.57	949.79	137.44

Specified Bank Notes (SBNs)

During the year ended March 31, 2017, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016. The details of SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	127.52	0.84	128.36
Add: Permitted receipts	-	34.87	34.87
Less: Permitted payments	1.18	15.32	16.50
Less: Amount deposited in Banks	126.34	17.42	143.76
Closing cash in hand as on December 30, 2016	-	2.97	2.97

For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic affairs number S.O. 3407(E), dated November 08, 2016.

13. DEMERGER OF CERTAIN BUSINESS AND NON-CASH ASSETS

Demerging Business:

The Honourable National Company Law Tribunal, Kolkata has vide its order dated December 22, 2017 approved a composite scheme of arrangement under sections 391 to 394 of the Companies Act, 1956 between the Company, Service Master Clean Limited ("SMC"), SIS Asset Management Private Limited (formerly known as Tech SIS Access Management System Private Limited) and their respective shareholders and creditors ("Demerger Scheme"). The Demerger Scheme provides for the demerger, transfer and vesting of:

- the consultancy and investigation business of the Company, including all related assets, properties, identified investments (direct, or through nominees), liabilities and provisions, employees, business contracts and movable and immovable properties, as well as certain compulsorily convertible preference shares allotted or deemed to be allotted pursuant to the Demerger Scheme ("SIS Demerging Business"), and
- the payroll outsourcing business of SMC, including all related assets, properties, identified investments (direct, or through nominees), liabilities and provisions, employees, business contracts and movable and immovable properties ("SMC Demerging Business") to SIS Asset Management Private Limited, on a going concern basis (such transaction, the "Proposed Demerger").

Revenues from the SIS Demerging Business (the "Demerging Businesses") accounted for ₹ 2.03 million (March 31, 2017: ₹ 2.59 million).

Some of the key terms of the Demerger Scheme are as follows:

- The Demerger Scheme provides for the transfer of the Demerging Businesses to SIS Asset Management Private Limited, for Consideration (defined hereinafter) and in accordance with section 2(19AA) of the Income Tax Act. The Demerger Scheme has been drawn up to comply with the conditions relating to a demerger under section 2(19AA) of the Income Tax Act, and if found inconsistent with this section, shall stand modified to the extent required for compliance.
- The "Appointed Date" for the Demerger Scheme is July 01, 2016.
- The Demerger Scheme, inter alia, provides for, in consideration for the transfer of the Demerging Businesses, the issuance by SIS Asset Management Private Limited of (a) 43,070,000 fully paid-up compulsorily convertible preference shares of ₹ 10 each ("CCPS") proportionately for every 19,512,800 equity shares of ₹ 10 each of SMC held by shareholders of SMC on the Appointed Date, and (b) 16,520,000 equity shares of ₹ 10 each of SIS Asset Management Private Limited for every 6,202,659 Equity Shares held by shareholders of our Company on the Appointed Date ("Consideration"). Any CCPS allotted, or deemed to be allotted to the Company (on account of the Company being a shareholder of SMC) as consideration for transfer of the SMC Demerging Business would stand cancelled;
- The difference between the book values of the assets and liabilities transferred and vested in SIS Asset Management Company Private Limited shall be adjusted against the share premium account of the respective demerging companies;

Upon the Demerger Scheme becoming effective on January 18, 2018 (being the date of filing of the order of the honourable National Company Law Tribunal, Kolkata with the Registrar of Companies, Patna), sixteen immovable properties owned by the Company and

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three investments owned by SMC ("Demerged Properties") stand transferred to, and vested with, SIS Asset Management Private Limited. The Demerged Properties of the Company consist primarily of land and buildings, including the Company's administrative office, training centres at Garwha, Jharkhand (including academic blocks and hostels), Dehradun and Cuttack, and investments by SMC in Lotus Learning Private Limited, Vardan Overseas Private Limited and Sunrays Overseas Private Limited, which own the Company's corporate office.

The net financial impact of the Demerger Scheme on the Company is as follows:

Particulars	Amounts transferred pursuant to the demerger
Assets	
Land	50.10
Building	106.50
Total Assets	156.60
Net Assets transferred	156.60

14. EQUITY SHARE CAPITAL

Authorised share capital

Equity shares of ₹ 10 each authorised	(Nos. in million)	(₹ million)
At April 1, 2016	135.00	1,350
Increase/(decrease) during the year	-	-
At March 31, 2017	135.00	1,350
Increase/(decrease) during the year	-	-
At March 31, 2018	135.00	1,350

Issued equity capital

	(Nos. in million)	(₹ million)
Equity shares of ₹ 10 each authorised		
At April 1, 2016	6.20	62.00
Issued on exercise of stock options	0.01	0.05
Issue of bonus shares	62.46	624.57
Other issue of shares	0.04	0.41
At March 31, 2017	68.70	687.03
Issued on exercise of stock options	0.04	0.36
Public Issue of Shares	4.44	44.45
Conversion of compulsorily convertible debentures (Refer Note 16)**	0.00	0.00
At March 31, 2018	73.18	731.84

Subscribed and paid up equity capital

	(Nos. in million)	(₹ million)
Equity shares of ₹ 10 each subscribed and fully paid		
Subscribed share capital as at April 1, 2016	6.20	62.00
Less: Forfeited equity shares *	0.00	0.00
Subscribed and paid up share capital as at April 1, 2016	6.20	62.00
Exercise of options – proceeds received	0.01	0.05
Issue of bonus shares	62.46	624.57
Other issue of shares	0.04	0.41
At March 31, 2017	68.70	687.03
Exercise of options – proceeds received	0.04	0.36
Public Issue of Shares	4.44	44.45
Conversion of Compulsorily Convertible debentures (Refer Note 16)**	0.00	0.00
At March 31, 2018	73.18	731.84

* 125 equity shares of ₹ 10 each fully paid up.

** The Compulsorily Convertible Debentures were converted into 22 equity shares of ₹ 10 each fully paid up.

Notes:

- Of the above, 2,210,500 and 62,457,240 equity shares were allotted as fully paid Bonus Shares by capitalization of general reserve during the year ended March 31, 2006 and March 31, 2017 respectively.

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- b. Mr. Uday Singh was the holder of 79,000 unpaid shares in SIS International Holdings Ltd., a wholly owned subsidiary. In terms of a letter dated December 1, 2009, Mr. Singh had the option to exchange these shares for shares of the Company in a manner reflecting the fair value of these shares, reduced by the amounts unpaid on them. Subsequently, in lieu of these shares and suitably adjusted for amounts unpaid thereon, Mr. Singh was allotted 40,565 Equity Shares during the year ended March 31, 2017, at a ratio as determined in accordance with a valuation report prepared by a SEBI registered merchant banker.
- c. During the year ended March 31, 2018, the Company completed an Initial Public Offering (IPO) of its shares consisting of a fresh offer of 4,444,785 equity shares of ₹ 10 each at a premium of ₹ 805 per share and an offer for sale of 5,120,619 equity shares of ₹ 10 each by the selling shareholders. The proceeds of the fresh offer component from the IPO amounted to ₹ 3,410.47 (million) (net of issue expenses). The equity shares of the Company were listed on NSE and BSE effective August 10, 2017.

Details of the utilisation of IPO proceeds are as follows:

Particulars	Net proceeds as per prospectus
Gross proceeds of the Issue	3,622.50
Less: Estimated offer related expenses in relation to the Issue	233.82
Net Proceeds	3,388.68
Add: Saving in offer related expenses	21.79
Total	3,410.47

Particulars	Projected utilization of funds as per prospectus	Utilised up to March 31, 2018	Unutilised amount as on March 31, 2018
a. Prepayment & repayment of Debts of the Company	2,000.00	2,000.00	Nil
b. Funding working capital requirements of the Company	600.00	600.00	Nil
c. General corporate purposes	788.70		
Add : Saving in offer related expenses	21.79		
	810.47	228.30	582.17
Total	3,410.47	2,828.30	582.17

The unutilised amounts of the issue as at March 31, 2018 have been temporarily deployed in the cash credit accounts of the Company with banks which is in accordance with objects of the issue. The same needs to be utilised by March 31, 2019.

Expenses incurred by the Company, amounting to ₹ 212.03 million (net of recovery from shareholders), in connection with the IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and to participate in dividends in proportion to the number of and amounts paid on the shares held. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
Ravindra Kishore Sinha	29.63	40.49%	28.56	41.58%	2.60	41.88%
Rita Kishore Sinha	12.11	16.55%	12.11	17.63%	1.10	17.74%
Rituraj Kishore Sinha	8.35	11.41%	7.09	10.32%	0.65	10.54%
Theano Private Limited	3.40	4.65%	10.44	15.20%	0.95	15.31%

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Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2018 No.	March 31, 2017 No.	April 1, 2016 No.	March 31, 2015 No.	March 31, 2014 No.
Equity shares allotted as fully paid bonus shares by capitalization of general reserve	32,740	62,457,240	-	-	-
Equity shares allotted as fully paid up without payment being received in cash	-	40,565	-	-	-
Equity shares bought back	-	-	-	-	-

During the year ended March 31, 2018, 3,274 (March 31, 2017: 5,000) options issued to employees were exercised by them and equity shares allotted. Further, in terms of the ESOP 2008, the equity shares allotted on the exercise of the options shall be adjusted for the bonus issue of 10 shares for every 1 equity share announced by the Company on July 27, 2016. Accordingly, a total number of 36,014 (March 31, 2017: 55,000) equity shares were allotted by the Company on exercise of 3,274 (March 31, 2017: 5,000) options by the employees.

Shares reserved for issue under options

Employees share options

Refer Note 28 for details regarding employee share options issued by the Company.

15. OTHER EQUITY

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Reserves and Surplus			
Securities premium reserve	3,887.78	487.29	380.50
General reserve	190.10	190.43	815.00
Share options outstanding account	147.87	70.78	14.74
Retained earnings	1,106.93	554.72	37.40
Total reserves and surplus	5,332.67	1,303.22	1,247.64
Other Reserves			
Equity component of compound financial instruments	-	209.25	47.85
Total other reserves	-	209.25	47.85
Total Other Equity	5,332.67	1,512.46	1,295.49

Securities Premium Reserve

Particulars	April 1, 2016
At April 1, 2016	380.50
Add: Receipts on issue of equity shares	95.94
Add: Receipts on exercise of share options	10.85
At March 31, 2017	487.29
Add: Receipts on issue of equity shares	3,578.05
Add: Receipts on exercise of share options	4.44
Add: Receipts on conversion of Compulsorily Convertible Debentures	209.25
Less: Transaction costs arising on share issue	212.03
Less: Deficit arising on demerger of business (refer Note 13)	179.22
At March 31, 2018	3,887.78

General Reserve

Particulars	April 1, 2016
At April 1, 2016	815.00
Add: Transfer from retained earnings	-
Less: Capitalisation on issue of bonus shares	624.57
At March 31, 2017	190.43
Add: Transfer from retained earnings	-
Less: Capitalisation on issue of bonus shares	0.33
At March 31, 2018	190.10

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Share Options Outstanding Account

The Company has two share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees.

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 28 for further details of these plans.

Particulars	
At April 1, 2016	14.74
Add: Compensation in respect of options granted	66.89
Less: Transferred to Securities premium reserve on exercise of share options	10.85
At March 31, 2017	70.78
Add: Compensation in respect of options granted	81.53
Less: Transferred to Securities premium reserve on exercise of share options	4.44
At March 31, 2018	147.87

Retained earnings

Particulars	
At April 1, 2016	37.40
Add: Net Profit/(Loss) for the year	539.76
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Re-measurements of post-employment benefit obligations, net of taxes	(22.44)
At March 31, 2017	554.72
Add: Net Profit/(Loss) for the year	730.11
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Re-measurements of post-employment benefit plans directly in retained earnings	(1.73)
Less: Appropriations	
- Interim Dividend	146.37
- Dividend Distribution Tax	29.80
At March 31, 2018	1,106.93

Equity component of compound financial instruments

Particulars	
At April 1, 2016	47.85
Add: Equity component arising on determination of conversion ratio of compulsorily convertible debentures	161.40
At March 31, 2017	209.25
Less: transfer to Equity Capital / Securities Premium Reserve on conversion of compulsorily convertible debentures into equity shares	(209.25)
At March 31, 2018	-

Nature and purpose of Reserves

Securities Premium Reserve

Security premium reserve is used to record the premium on issue of shares or other securities such as debentures or bonds. The reserve is utilised in accordance with the Companies Act, 2013.

General Reserve

The general reserve is the result of a company's transferring a certain amount of profit from the account of retained earnings to the general reserve account. The purpose of setting up a general reserve account is to meet potential future unknown liabilities. In other words, the general reserve is a free reserves which can be utilized for any purpose after fulfilling certain conditions.

Share Options outstanding Account

The share options outstanding account is used to recognize the grant date fair value of options issued to employees under the company's employee share option plans. Refer Note 28 for details.

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All figures in ₹ million except per share data

16. BORROWINGS

Particulars	Refer note below	March 31, 2018	March 31, 2017	April 1, 2016
Non-current Borrowings				
Secured				
Bonds/ Debentures				
- Non Convertible Debentures issued to Piramal Enterprises Limited	a	-	790.13	-
Term Loans				
From Banks				
- HDFC Bank Limited	b	133.40	-	-
- IDBI Bank Limited	c	28.14	54.35	-
- IDFC Bank Limited	d	-	493.21	-
- Axis Bank Limited	e	-	21.98	50.15
- Vehicle Loan from Banks	f	93.77	106.08	71.48
From other parties				
- Piramal Finance Limited	g	-	393.08	-
- Vehicle Loan from Others	h	57.66	58.24	61.14
Total secured borrowings		312.97	1,917.07	182.77
Unsecured				
Bonds/ Debentures				
Liability component of compound financial instrument (0%, Compulsorily Convertible Debentures)	i	-	-	143.70
Rupee Denominated Bonds issued to SIS Australia Group Pty Ltd, a subsidiary company	j	745.53	745.15	-
Term Loans				
From Yes Bank Limited	k	93.30	130.45	-
Total unsecured borrowings		838.83	875.60	143.70
Total non-current borrowings		1,151.80	2,792.67	326.47
Less: Current maturity of long term borrowings		165.77	268.88	76.75
Non-current borrowings (as per balance sheet)		986.03	2,523.79	249.72
Current borrowings				
Secured				
Loans repayable on demand				
From Banks				
- Kotak Mahindra Bank Limited	l	450.00	439.65	369.25
- IDBI Bank Limited	m	-	153.36	126.65
- Axis Bank Limited	n	-	350.69	145.70
- Axis Bank Limited	o	-	-	5.93
- ICICI Bank Limited	o	-	13.82	6.25
- State Bank of India	o	-	2.14	0.03
- State Bank of India	p	-	173.91	650.02
- ICICI Bank Limited	q	259.07	305.64	217.52
- Yes Bank Limited	r	401.67	100.67	-
Total secured borrowings		1,110.74	1,539.88	1,521.35
Unsecured				
Loans repayable on demand				
From Banks				
- Standard Chartered Bank	s	-	250.00	-
From other parties				
- From related parties		-	21.16	25.50
Total unsecured borrowings		-	271.16	25.50
Net current borrowings		1,110.74	1,811.04	1,546.85
Aggregate Secured loans		1,423.71	3,456.95	1,704.12
Aggregate Unsecured loans		838.83	1,146.76	169.20

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Notes:

Long Term Borrowings - Secured:

Bonds/debentures:

- a) Piramal Finance Limited has subscribed to 80 non-convertible debentures (NCDs) of ₹ 10,000,000/- each. The NCDs carry interest @ 12.70 % per annum, payable monthly. The NCDs are secured against investments of the Company in Service Master Clean Limited and Dusters Total Solutions Services Private Limited. The principal amount is to be repaid in 48 equal instalments commencing 12 months from the deemed date of allotment of all the non-convertible debentures. Further, the Company is required to prepay 50% of the principal amount (together with interest) within 5 days of the completion of initial public offering of shares. Additionally the Company may make a prepayment of an amount not less than ₹ 100 million. The Company has a right to pre-pay the NCDs without any prepayment penalty with prior notice of 30 days.

Term loans:

- b) Secured by way of first charge on the movable fixed assets of the Company purchased out of the term loan proceeds and second charge on stock and book debts of the Company both present and future. The loan carries interest @ 9.60 % per annum (1 Year MCLR +145 bps.) and is repayable in 16 equal quarterly instalments of ₹9.53 million each, with repayment to commence from November 2017 and is scheduled to be repaid during FY 2021 – 22.
- c) Secured by an exclusive charge on the specified assets acquired out of the loan and second pari-passu charge on the current assets of the Company. The loan carries interest @ 11.50 % per annum (MCLR+285 bps) and is repayable in 15 equal quarterly instalments of ₹6.67 million each and scheduled to be repaid by September, 2019.
- d) Secured by way of first pari-passu charge on current assets and all immovable and movable fixed assets of the Company and exclusive charge over specific immovable properties (Residential/Commercial) located in East of Kailash, Noida, Okhla or any other property in NCR acceptable to Bank. The loan carries interest @ 12.00 % per annum. The loan has a moratorium of 6 months and is to be repaid in equal 18 quarterly instalments thereafter (i.e. first repayment to begin at the end of 9th month from the date of first disbursement)
- e) Secured by way of first charge on the fixed assets purchased out of the loan and by a second charge on the current assets of the Company. The loan carries interest @ 10.70% per annum (MCLR + 175 bps) as on March 31, 2017 and is repayable in 14 equal quarterly instalments of ₹7.10 million each.
- f) Vehicle Loan from Banks are secured by hypothecation of vehicles purchased against the loan taken from that Bank. The loans carry interest from 10.03% to 10.60% per annum and have various repayment schedules and are scheduled to be repaid by January, 2023.
- g) Secured by way of first exclusive charge on all present and future current assets and fixed assets acquired out of the loan and the investments in Service Master Clean Limited (59%) and Dusters Total Solutions Services Private Limited (78.72%). The loan carries interest @ 12.70 % per annum. Repayment of the principal amount to be made in 48 equal instalments commencing 12 months from the draw down date. Further, the Company is required to prepay 50% of the principal amount (together with interest) within 5 days of the completion of initial public offering of shares. Additionally the Company may make a prepayment of an amount not less than ₹ 100 million. The company has a right to prepay the loan without any prepayment penalty with prior notice of 30 days.

Other loans and advances:

- h) Vehicle Loan from Other Financiers are secured by hypothecation of the respective vehicle(s) purchased against the loan taken from that financier(s). The loans carry interest from 10.03% to 10.60% per annum and have various repayment schedules and are scheduled to be repaid by February, 2023.

Long Term Borrowings – Unsecured:

Bonds/debentures:

- i) Theano Private Limited and AAJV Investment Trust have subscribed to 1,762,380 compulsory convertible debentures (CCDs) of ₹100/- each on April 23, 2013. The CCDs are for a term of 18 years and non-interest bearing. The CCDs were to convert into a variable number of equity shares, subject to certain terms, at any time during the term of CCDs. The CCDs also carry various exit options after completion of 48 months from the date of issue. On Sept 26, 2016, the conversion ratio was fixed at 22 equity shares in lieu of all the CCDs. The holders converted the CCDs into shares on July 17, 2017.

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Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Face value of bonds issued	-	176.24	176.24
Less: Equity component of convertible bonds – value of conversion rights (before deferred taxes)	-	75.03	75.03
Add: Cumulative interest on March 31, 2016	-	42.49	42.49
Add: Interest expense	-	9.85	-
Less: Transfer to equity component of compound financial instrument on fixation of conversion ratio	-	153.55	-
Non-current borrowings	-	-	143.70

- j) SIS Australia Group Pty Limited, a subsidiary, has subscribed to 750 Rupee Denominated Bonds (RDBs) of face value of ₹ 1,000,000/- each. The RDBs will constitute direct, unconditional and unsecured obligations of the Company to repay the issue price plus interest @ 8% per annum. These RDB's shall be redeemed within 9 years from the date of issue with a lock-in-period of 3 years from the date of issue.

Term loans:

- k) The loan carries interest @10.75 % per annum (MCLR + 50 bps) and is repayable in 16 equal quarterly instalments of ₹ 9.37 million each, with repayment to commence from November 2016 and is scheduled to be completed in August 2020.

Short Term Borrowings - Secured Loans repayable on demand: full names of banks to be used

- l) Secured by first pari- passu charge over current assets and second pari-passu charge over the movable fixed assets of the Company and carries Interest @8.50% per annum.
- m) Secured by first pari- passu charge over current assets and second pari-passu charge over the movable & immovable fixed assets of the Company and carries interest @11.25% per annum.
- n) Secured by first pari- passu charge over current assets and second pari-passu charge over the movable & immovable fixed assets of the Company and carries interest @11% per annum.
- o) All bank overdrafts are secured against Fixed Deposit.
- p) Secured by pari passu charge over all current assets (both present and future) and first charge on the movable and immovable fixed assets (both present and future), (excluding assets specifically funded by other banks) of the Company and have also been guaranteed by Mr. R K Sinha, Chairman and Mrs. Rita Kishore Sinha, Director, as well as by a first pari passu charge on specified immovable properties in the name of Mr. R K Sinha and Mrs. Rita Kishore Sinha located at Dwarka, Delhi and exclusive charge on Fixed Deposit of ₹ 68.30 million and carries interest @ 10.80% per annum.
- q) Secured by pari passu charge over all the current assets (both present and future) and second charge over the movable and immovable fixed assets (both present and future) of the Company and carries interest @ 9.50% per annum.
- r) Secured by pari passu charge over the current assets of the Company and carries interest @ 8.75% per annum.

Short Term Borrowings - Unsecured Loans repayable on demand:

- s) The loan carries interest @ 10% per annum.

17. TRADE PAYABLES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Current			
Trade payables	170.16	125.23	70.93
Total current trade payables	170.16	125.23	70.93
Total trade payables	170.16	125.23	70.93

The terms and conditions of the above financial liabilities are as follows:

- a. Trade payables are non-interest bearing and are normally settled on credit terms ranging from 30-60 days which vary by vendor and type of service.
- b. For terms and conditions with related parties, refer to Note 39.

Based on the information available with the Company, there are no outstanding amount payable to creditors who have been identified as "suppliers" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006" as at March 31, 2018, March 31, 2017 and April 1, 2016.

For explanations on the Company's credit risk management processes, refer to Note 40.

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18. OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Non-current			
Lease rent equalization	12.85	8.89	4.76
Financial Guarantees	9.67	6.28	5.67
Total other non-current financial liabilities	22.52	15.18	10.44
Current			
Interest accrued but not due on borrowings	17.01	13.85	0.22
Current maturity of long term borrowings (refer Note 16)	165.77	268.88	76.75
Financial guarantees	0.27	2.23	0.68
Unclaimed dividends	0.34	0.34	53.62
Employee benefits payable	1,321.45	1,245.18	801.80
Total other current financial liabilities	1,504.84	1,530.48	933.07
Total other financial liabilities	1,527.36	1,545.66	943.51

Note: The Company/ other shareholders hold options to sell all or part of their shareholding or buy part of the shareholding in certain subsidiaries and Associates in terms of the respective shareholder agreements at a price and/or formula as mentioned in the respective agreements. The fair value of such options are not material on the balance sheet date and hence have not been recognised in the financial statements.

19. FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	March 31, 2018			March 31, 2017			April 1, 2016		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial Assets:									
Investments									
-Equity instruments	-	-	-	-	-	-	7.03	-	-
-Bonds and debentures	-	-	50.00	-	-	-	-	-	-
Trade receivables	-	-	2,290.61	-	-	1,496.08	-	-	963.91
Loans	-	-	112.72	-	-	30.36	-	-	-
Cash and cash equivalents	-	-	708.00	-	-	92.88	-	-	81.42
Other bank balances	-	-	508.57	-	-	949.79	-	-	137.44
Security deposits	-	-	233.77	-	-	154.39	-	-	97.25
Other financial assets	-	-	2,150.86	-	-	1,711.19	-	-	1,353.61
Total Financial Assets	-	-	6,054.53	-	-	4,434.69	7.03	-	2,633.63
Financial Liabilities:									
Trade and other payables	-	-	170.16	-	-	125.23	-	-	70.93
Borrowings	-	-	2,262.54	-	-	4,603.71	-	-	1,873.32
Other financial liabilities	-	-	1,361.59	-	-	1,276.78	-	-	866.76
Total Financial Liabilities	-	-	3,794.23	-	-	6,005.72	-	-	2,811.01

Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis and the basis for that measurement is as below:

Particulars	March 31, 2018			March 31, 2017			April 1, 2016		
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Level 1 inputs	Level 2 inputs	Level 3 inputs	Level 1 inputs	Level 2 inputs	Level 3 inputs
Financial Assets:									
Investments in unquoted equity instruments carried at fair value through profit and loss	-	-	-	-	-	-	-	-	7.03

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Valuation methodologies

Investments:

The Company's investments consist primarily of investment in equity shares of unquoted companies. Management has considered cost to be approximating to fair value considering the immateriality of such investments. Subsequently, the investments have been sold by the company at cost.

The following table presents the change in Level 3 items for the years ended March 31, 2018 and March 31, 2017:

Particulars	Unquoted equity securities
As at April 1, 2016	7.03
Disposal	7.03
As at March 31, 2017	-
As at March 31, 2018	-
Unrealised gains/(losses) recognized in profit and loss related to assets and liabilities held at the end of the reporting period:	
March 31, 2018	-
March 31, 2017	-

Fair Values of assets and liabilities carried at amortised costs are as follows:

Particulars	March 31, 2018		March 31, 2017		April 1, 2016	
	Carrying Value	Fair Value Level 2 inputs	Carrying Value	Fair Value Level 2 inputs	Carrying Value	Fair Value Level 2 inputs
Financial Assets:						
Investments in debentures or bonds	50.00	47.40	-	-	-	-
Loans	112.72	81.73	30.36	21.95	-	-
Others financial assets	2,150.86	2,150.86	1,711.19	1,711.19	1,353.61	1,353.61
Trade receivables	2,290.61	2,290.61	1,496.08	1,496.08	963.91	963.91
Cash and cash equivalents	708.00	708.00	92.88	92.88	81.42	81.42
Other bank balances	508.57	508.57	949.79	949.79	137.44	137.44
Security deposits	230.77	231.41	154.39	155.83	97.25	97.25
Financial Liabilities:						
Borrowings	2,262.54	2,262.54	4,603.71	4,609.76	1,873.32	1,895.23
Other financial liabilities	1,351.92	1,351.92	1,268.28	1,268.28	860.41	860.41
Trade payables	170.16	170.16	125.23	125.23	70.93	70.93

The Company has assessed that the fair value of cash and short-term deposits, trade receivables, capital creditors, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

Particulars	Fair value as at			Significant unobservable inputs
	March 31, 2018	March 31, 2017	April 1, 2016	
Unquoted equity shares	-	-	7.03	Cost

Valuation processes

The finance department of the Company includes the team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every 3 months, in line with the Company's quarterly reporting period. External valuer's assistance is also taken for valuation purposes where required.

The main level 3 inputs for investment in equity shares of unquoted companies used by the Company are derived and evaluated as follows:

- Discounts rate are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

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- Risk adjustments specific to the counter parties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit management group.
- Volatility used for option pricing model is based on historical volatility of comparable companies.
- Contingent consideration – estimated based on expected cash outflows arising from the forecasted sales and the entities; knowledge of the business and how the current economic environment is likely to impact it.

20. PROVISIONS

Particulars	Gratuity	Leave Liabilities	Total
At April 1, 2016			
Current	-	30.62	30.62
Non-current	219.12	-	219.12
Total	219.12	30.62	249.74
At March 31, 2017			
Current	-	44.17	44.17
Non-current	278.11	-	278.11
Total	278.11	44.17	322.28
At March 31, 2018			
Current	-	39.84	39.84
Non-current	374.71	-	374.71
Total	374.71	39.84	414.55

Refer Note 27 for details of employee benefits.

21. OTHER LIABILITIES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Other current liabilities			
Advances received from customers	-	7.77	7.01
Statutory dues payable	618.88	291.06	250.57
Other payables and accruals	133.65	123.16	111.53
Total other current liabilities	752.53	421.98	369.12
Total other liabilities	752.53	421.98	369.12

22. GOVERNMENT GRANTS

Particulars	March 31, 2018
At March 31, 2017	
Received during the year	88.87
Released to the statement of profit and loss	88.87
At March 31, 2018	
Current	-
Non-current	-

The Company is availing of benefits under a government scheme - Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) wherein the Central Government is paying the employer's contribution towards Employee Pension Scheme in respect of new employees meeting specified criteria. The grant is paid by the Government on a monthly basis on fulfilment of certain conditions. Accordingly, such Government Grant is taken to profit or loss when the conditions are met.

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23. REVENUE FROM OPERATIONS

Particulars	March 31, 2018	March 31, 2017
Rendering of services		
Security Services		
From guarding and other security services	21,050.28	15,905.61
From Investigation Services	2.04	2.59
Other Services		
From Training Fees	66.28	45.74
Total rendering of services	21,118.60	15,953.94
Other operating revenues	231.92	64.28
Total	21,350.52	16,018.22

24. OTHER INCOME

Particulars	March 31, 2018	March 31, 2017
Interest income from financial assets at amortized cost	70.12	56.29
Dividend income from Subsidiaries	2.15	2.53
Total	72.26	58.82

25. OTHER GAINS/(LOSSES)

Particulars	March 31, 2018	March 31, 2017
Net gain/(loss) on sale of property, plant and equipment	0.03	0.18
Foreign exchange gain/(loss)	(1.11)	1.06
Other items	4.78	3.14
Total	3.70	4.37

26. CHANGES IN INVENTORY OF STOCK-IN-TRADE

Particulars	March 31, 2018	March 31, 2017
Inventory at the beginning of the year	-	-
Inventory at the end of the year	91.43	-
Changes in inventory of Stock-in-Trade - increase/(decrease)	91.43	-

27. EMPLOYEE BENEFITS

(a) Employee costs include:

Particulars	March 31, 2018	March 31, 2017
Salaries, wages and bonus	15,763.87	11,717.92
Contribution to provident and other funds	2,898.96	2,292.10
Less: Government grants (Note 22)	88.87	-
Employee share-based payment expense	70.98	59.38
Gratuity expense	106.47	81.05
Leave compensation	(4.32)	13.54
Staff welfare expenses	73.32	193.43
Total employee benefit expense	18,820.41	14,357.42

NOTES TO THE FINANCIAL STATEMENTS

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(b) Unfunded Scheme – Leave obligations

Leave obligations cover the Company's liability for sick and earned leave.

The amount of the provision of ₹ 39.84 million (March 31, 2017: ₹ 44.17 million, April 1, 2016: ₹ 30.62 million) included in Note 20 is presented as current, since the Company does not have an unconditional right to defer settlement of any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months:

Particulars	March 31, 2018	March 31, 2017
Current leave obligation not expected to be settled within next 12 months	29.44	34.92

Unfunded Schemes:

Particulars	As at March 31, 2018	As at March 31, 2017
Present Value of unfunded obligations	39.84	44.17
Expenses to be recognized in the statement of Profit and Loss	(4.32)	13.54
Discount Rate (Per Annum)	7.20%	6.55%
Salary Escalation rate (Per Annum)	8.00%	8.00%

The liability for earned and sick leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

(c) Defined contribution plans

The Company has certain defined contribution plans.

Contributions are made to provident fund for employees at the rate of 12% of the salary (subject to a limit of ₹ 15,000 salary per month) as per regulations. The contributions are made to a statutory provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligations in this regard.

Further, contributions are made in respect of Employees' State Insurance Scheme, for specified employees, at the rate of 4.75% of the gross pay as per regulations. The contributions are towards medical benefits provided by the Government to the employees. The contributions are made to employees' state insurance authorities administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligations in this regard.

Contributions to provident fund and employees' state insurance scheme are recognized as an expense as they become payable which coincides with the period during which relevant employee services are received. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The expense recognised during the period towards defined contribution plans is ₹ 2,898.96 million (March 31, 2017: ₹ 2,292.10 million).

(d) Defined benefits plans

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The amount of gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of completed years of service. The payment of gratuity Act, 1972 has been amended during the year to enhance the gratuity ceiling from ₹ 1.00 million to ₹ 2.00 million. The gratuity plan is a partly funded plan and the Company makes contributions to a fund administered and operated by a reputed insurance company. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The Company has invested the plan assets in the insurer managed funds.

The following tables summarises the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Expenditure to be recognized during the period:

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Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Service Cost	90.23	66.20
Past Service Cost	8.32	-
Interest Cost	16.25	15.47
Total amount recognised in profit or loss	114.80	81.67
Remeasurements		
Return on plan assets, excluding amounts included in interest income	2.96	2.57
Gain/ (loss) from changes in financial assumptions	(16.46)	15.60
Gain/ (loss) from changes in demographic assumptions	19.16	-
Experience gain/ (loss)	(3.00)	16.14
Total amount recognised in other comprehensive income	2.66	34.31

Note: Past service cost of ₹ 8.32 million (March 31, 2017: ₹ Nil) has been shown as an exceptional item in the statement of profit and loss.

Change in present value of defined benefit obligation is summarized below:

Reconciliation of opening and closing balances of Defined Benefit Obligation	As at March 31, 2018	As at March 31, 2017
Benefit obligation at the beginning of the year	408.59	310.12
Current Service Cost	90.22	66.20
Past Service Cost	8.32	-
Interest Cost	23.87	20.26
Remeasurements	(0.30)	31.74
Benefits paid	(12.06)	(19.72)
Defined Benefit obligation at year end	518.65	408.59

Reconciliation of fair value of Plan Assets:

Reconciliation of opening and closing balances of fair value of Plan Assets	As at March 31, 2018	As at March 31, 2017
Fair value of Plan Assets at the beginning of the period	130.48	90.99
Interest income	7.62	4.78
Remeasurements	(2.96)	(2.57)
Contribution by Employer	20.86	57.00
Benefits Paid	(12.06)	(19.72)
Fair value of Plan Assets at the closing of the period	143.95	130.48

Reconciliation of fair value of Assets and Obligations:

Particulars	As at March 31, 2018	As at March 31, 2017
Fair value of Plan Assets	143.95	130.48
Present value of Obligation	518.65	408.59
Asset/(liability) recognized in Balance Sheet	(374.70)	(278.11)

The present value of defined benefit obligation relates to active employees only.

The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one-off contributions. The Company intends to continue to contribute to the defined benefit plans to achieve a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The principal assumptions used in determining gratuity and post-employment benefit obligations for the Company's plans are shown below:

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Principal Assumptions:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Discount Rate	7.20%	6.55%	7.40%
Future salary Increase			
- Non-Billing / indirect employees	8.00%	8.00%	8.00%
- Billing /direct employees	5.00%	5.00%	5.00%
- Life expectancy			
Attrition rate			
Billing/direct Employees			
- Age from 21-30 years	28%	40%	40%
- 31-34	21%	35%	35%
- 35-40	21%	30%	30%
- 41-45	21%	25%	25%
- 46-50	21%	20%	20%
- 51 and above	25%	25%	25%
Non Billing/indirect Employees			
- Age from 21-30 years	19%	15%	15%
- 31-40	13%	13%	13%
- 41-50	12%	11%	11%
- 51 & above	16%	9%	9%

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

Assumptions	Discount rate		Future salary increases	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Sensitivity Level				
Impact on defined benefit obligation				
31-Mar-17	(2.28%)	2.40%	2.24%	(2.17%)
31-Mar-18	(2.32%)	2.42%	2.39%	(2.31%)

The above sensitivity analysis are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Particulars	March 31, 2018			March 31, 2017			April 1, 2016		
	Unquoted	Total	%	Unquoted	Total	%	Unquoted	Total	%
Group gratuity policy managed by insurance companies	143.95	143.95	100	130.48	130.48	100	90.99	90.99	100

Risk Exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are market volatility, changes in inflation, changes in interest rates, rising longevity, changing economic environment and regulatory changes.

The Company has selected a suitable insurer to manage the funds in such a manner as to ensure that the investment positions are managed with an asset-liability matching framework that has been developed to achieve investments which are in line with the obligations under the employee benefit plans. Within this framework, the asset-liability matching objective is to match assets to the obligations by investing in securities to match the benefit payments as they fall due.

The insurer, on behalf of the Company, actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that failure of any single investment should not have a material impact on the overall level of assets.

Defined benefit liability and employer contributions

The weighted average duration of the post-employment benefit plan obligations is 4.74 years (March 31, 2017 – 4.68 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 Years	Total
March 31, 2018	96.51	89.76	230.15	363.50	779.92
March 31, 2017	88.33	76.50	170.94	258.27	594.04

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All figures in ₹ million except per share data

28. SHARE-BASED PAYMENTS

The Company has two Employee Stock Option plans namely ESOP 2008 and ESOP 2016.

ESOP 2008

- a) Under ESOP 2008 Employee Share options were granted in 2008, 2011, 2014, 2015, and 2016 and 59,000 options, 30,000 Options, 30,500 Options, 3,500 options, and 2,096 options respectively have been granted.
- b) All options granted in 2008 have been either exercised or lapsed.
- c) Out of the 30,000 options granted in 2011, 14,126 options were exercised, 8,146 options are vested and remaining to be exercised and the remaining 7,728 options have lapsed/forfeited.
- d) Out of the 30,500 options granted in 2014, 28,000 options have been exercised (including 1,500 options during the year ended March 31, 2018) and the remaining 2,500 options are to vest and be eligible for exercise in the financial year 2018-19.
- e) Out of the 3,500 Options granted in 2015, all were vested and exercised during the year ended March 31, 2017.
- f) Out of the 2,096 Options granted in 2016, the same will vest and be eligible for exercise over four financial years. Of these, 524 options have vested and been exercised.
- g) All options under ESOP 2008 will now be governed by the terms of ESOP 2016 except in respect of vesting and exercise which will still be governed by the terms mentioned in the respective grant letters. The Options issued under ESOP 2008 will be adjusted for the bonus issue of ten equity shares for every equity share held as on September 20, 2016, as and when such options are exercised.
- h) During the year ended March 31, 2018, upon exercise of stock options by the eligible employees, the Company has allotted 36,014 equity shares of ₹ 10 each.

ESOP 2016

- a) Under ESOP 2016, the Company granted 1,216,000 options on August 01, 2016 which will vest over four financial years and be eligible for exercise, subject to certain conditions, after August 1, 2020.
- b) Of these options:
 - i 39,760 have been forfeited on account of the respective employees no longer in employment
 - ii 117,624 have vested on August 01, 2017

During the year ended March 31, 2018, the Company issued a further 32,415 options to eligible employees which will vest over three financial years and be eligible for exercise, subject to certain conditions, after August 1, 2020.

Options granted under the aforesaid plans carry no dividend or voting rights.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Movements during the year

Year ended March 31, 2017

Particulars	ESOP 2008					ESOP 2016	Total
	ESOPs granted in					2016-17	
	2011-12 *	2014-15 *	2015-16 *	2016 -17 *			
Total No. of Options available as on April 1, 2016	10,355	5,500	3,500	-	-	-	19,355
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	2 years	4 years	1 Year	4 years	4 years		
Options Issued during the year	-	-	-	2,096	1,216,000		1,218,096
Options vested and exercised during the year*	-	1,500	3,500	-	-		5,000
Options forfeited/lapsed during the year	361	-	-	-	11,850		12,211
Options expired	-	-	-	-	-		-
Outstanding Stock Options as at March 31, 2017	9,994	4,000	-	2,096	1,204,150		1,220,240

* Prior to bonus adjustment

Year ended March 31, 2018

Particulars	ESOP 2008					ESOP 2016	Total
	ESOPs granted in					2017-18	
	2011-12 *	2014-15 *	2016-17 *	2016 -17			
Total No. of Options available as on April 1, 2017	9,994	4,000	2,096	1,204,150	-		1,220,240
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-		₹ 10/-
Exercise Period (from the date of grant of the option)	2 years	4 years	4 years	4 years	3 years		
Options Issued during the year	-	-	-	-	32,415		32,415
Options vested and exercised during the year**	1,250	1,500	524	-	-		3,274
Options forfeited/lapsed during the year	598	-	-	27,910	-		28,508
Options expired	-	-	-	-	-		-
Outstanding Stock Options as at March 31, 2018	8,146	2,500	1,572	1,176,240	32,415		1,220,873

* Prior to bonus adjustment

There were no cancellations or modifications to the awards in March 31, 2018 or March 31, 2017.

**The weighted average share price at the date of exercise of options during the year ended March 31, 2018 was ₹ 672.01 (March 31, 2017: ₹ 215.91 (post bonus)).

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Share options outstanding at the end of the year have the following details:

Grant	Tranche	Grant date	Vesting date	Expiry date	Exercise price (₹) @	Fair value (₹)	Share options outstanding March 31, 2018*	Share options outstanding March 31, 2017*	Share options outstanding April 1, 2016*
Plan I ESOP 2008 : Grant II	I	14-Jan-11	28-Oct-11	30-Sep-18	10.00	6.01	-	-	-
Plan I ESOP 2008 : Grant II	II	14-Jan-11	28-Oct-12	30-Sep-18	10.00	5.92	89,606	109,934	113,906
Plan I ESOP 2008 : Grant III (a)	III	01-Jul-14	01-Sep-16	30-Sep-16	10.00	189.91	-	-	16,500
Plan I ESOP 2008 : Grant III (a)	IV	01-Jul-14	01-Sep-17	30-Sep-17	10.00	186.64	-	16,500	16,500
Plan I ESOP 2008 : Grant III (a)	IV	01-Jul-14	01-Sep-18	30-Sep-18	10.00	183.45	27,500	27,500	27,500
Plan I ESOP 2008 : Grant IV (a)	I	01-Apr-15	01-Apr-16	30-Apr-16	10.00	201.80	-	-	22,000
Plan I ESOP 2008 : Grant IV (a)	II	01-Apr-15	01-Sep-16	30-Sep-16	10.00	200.35	-	-	11,000
Plan I ESOP 2008 : Grant IV (a)	I	01-Apr-15	01-Apr-16	30-Apr-16	10.00	201.80	-	-	5,500
Plan I ESOP 2008 : Grant V (a)	I	04-Apr-16	04-Apr-17	04-Apr-18	10.00	209.50	-	5,764	-
Plan I ESOP 2008 : Grant V (a)	II	04-Apr-16	04-Apr-18	04-Apr-19	10.00	205.91	5,764	5,764	-
Plan I ESOP 2008 : Grant V (a)	III	04-Apr-16	04-Apr-19	04-Apr-20	10.00	202.38	5,764	5,764	-
Plan I ESOP 2008 : Grant V (a)	IV	04-Apr-16	04-Apr-20	04-Apr-21	10.00	198.91	5,764	5,764	-
Plan II (ESOP 2016) : Grant V	I	01-Aug-16	01-Aug-17	01-Aug-22	10.00	190.81	17,624	120,415	-
Plan II (ESOP 2016) : Grant V	II	01-Aug-16	01-Aug-18	01-Aug-22	10.00	190.81	235,248	240,830	-
Plan II (ESOP 2016) : Grant V	III	01-Aug-16	01-Aug-19	01-Aug-22	10.00	190.81	352,872	361,245	-
Plan II (ESOP 2016) : Grant V	IV	01-Aug-16	01-Aug-20	01-Aug-22	10.00	190.81	470,496	481,660	-
Plan II (ESOP 2016) : Grant II	I	03-Jan-18	03-Jan-19	01-Aug-22	10.00	1122.17	8,903	-	-
Plan II (ESOP 2016) : Grant II	II	03-Jan-18	03-Jan-20	01-Aug-22	10.00	1122.17	8,903	-	-
Plan II (ESOP 2016) : Grant II	III	03-Jan-18	01-Aug-20	01-Aug-22	10.00	1122.17	11,870	-	-
Plan II (ESOP 2016) : Grant III	I	29-Jan-18	29-Jan-19	01-Aug-22	10.00	1,193.39	822	-	-
Plan II (ESOP 2016) : Grant III	II	29-Jan-18	29-Jan-20	01-Aug-22	10.00	1,193.39	822	-	-
Plan II (ESOP 2016) : Grant III	III	29-Jan-18	01-Aug-20	01-Aug-22	10.00	1,193.39	1,096	-	-
Total							1,343,053	1,381,140	212,905

@ For pre-bonus issue options, additional shares on account of bonus adjustment are issued without cost to the employee.

* Prior to bonus adjustment

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the market price being the latest available closing price prior to the date of the grant and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option as detailed below:

Grant date	Volatility	Market price (₹) *	Average life of the options (in Years)	Risk-free interest rate	Dividend Yield
14-Jan-11	38.25%	12.24	1.04	8.85%	2.00%
14-Jan-11	32.14%	12.24	2.04	7.69%	2.00%
01-Jul-14	26.31%	198.18	2.20	8.18%	1.75%
01-Jul-14	30.23%	198.18	3.20	8.33%	1.75%
01-Jul-14	29.49%	198.18	4.20	8.45%	1.75%
01-Apr-15	22.22%	198.20	1.04	7.84%	1.75%
01-Apr-15	22.97%	198.20	1.46	7.83%	1.75%
01-Apr-15	22.22%	215.91	1.04	7.84%	1.75%
04-Apr-16	27.77%	215.91	1.50	7.02%	1.75%
04-Apr-16	25.49%	215.91	2.50	7.13%	1.75%
04-Apr-16	25.65%	215.91	3.50	7.32%	1.75%
04-Apr-16	27.57%	215.91	4.50	7.38%	1.75%
01-Aug-16	29.18%	215.91	5.00	7.10%	1.75%
03-Jan-18	30.94%	1,137.85	2.58	6.91%	0.25%
29-Jan-18	31.27%	1,209.35	2.51	6.92%	0.25%

* Post bonus adjustment

In respect of options granted by the Company prior to listing of its shares on stock exchanges, the market value of shares was determined on the basis of valuation carried out by a SEBI registered merchant banker. The valuation was carried out using a combination of Market Approach (by using market multiples of comparable listed companies) and Cost Approach.

Total expenses arising from share-based payment transactions recognized in profit or loss as part of employee benefit expense were as follows:

Particulars	March 31, 2018	March 31, 2017
Employee stock option plan	70.98	59.38
Total employee share-based payment expense	70.98	59.38

29. FINANCE COSTS

Particulars	March 31, 2018	March 31, 2017
Interest and finance charges on financial liabilities not at fair value through profit or loss	418.90	486.98
Other borrowing costs	46.64	22.07
Finance costs expensed in profit or loss	465.54	509.05

30. DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	March 31, 2018	March 31, 2017
Depreciation on property, plant and equipment (Note 4)	270.70	237.24
Amortization of intangible assets (Note 5)	34.57	5.39
Total depreciation and amortisation expense	305.27	242.63

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All figures in ₹ million except per share data

31. OTHER EXPENSES

Particulars	March 31, 2018	March 31, 2017
Training Expenses	16.13	2.06
Other Direct Operating Cost	20.21	8.31
Uniform and kit items	45.99	37.11
Recruitment incentive expenses	50.48	38.45
Selling Expenses	5.31	2.90
Administrative Expenses:		
- Travelling and Conveyance	237.39	210.84
- Postage and Telephone	42.66	36.01
- Rent	63.14	26.29
- Rates & Taxes	8.36	4.86
- Insurance	31.52	24.12
- Repairs and Maintenance:		
- Buildings	0.95	0.77
- Machinery	4.84	4.11
- Others	24.04	9.14
- Vehicle Hire Charges	49.70	38.01
- Payments to auditors (Refer details below)	1.13	2.41
- Legal and professional fees	124.47	82.64
- Expense towards Corporate Social Responsibility	45.09	16.92
- Other Administration and General Expenses*	178.89	133.23
Total	950.30	678.21

*"Other Administration and General expenses" includes an amount of ₹ 6.00 million (March 31, 2017: ₹ Nil) towards contribution to a political party in terms of Section 182 of the Companies Act, 2013.

Payment to Auditors

Particulars	March 31, 2018	March 31, 2017
As auditor:		
Audit fee	0.90	0.90
Tax audit fee	-	0.27
In other capacity:		
Other services (certification fees)	0.23	1.24
Total payment to auditors	1.13	2.41

Details of CSR expenditure

During the year, the Company has incurred a sum of ₹ 45.09 million (March 31, 2017: ₹ 16.92 million) towards CSR activities per below:

Particulars	March 31, 2018	March 31, 2017
(a) Gross amount required to be spent by the Company during the year	8.37	7.06
(b) Amount spent during the year:		
(i) Promoting education to children including primary, secondary and university education, Building schools, colleges and training institutions including provision for full time residential institutions and full student sponsorship, Promoting and sponsoring girl education at all levels, Women education and self-employment training, Other educational projects	27.31	11.39
(ii) Local community health check camps, Building hospitals, clinics, diagnostic centres and associated infrastructure, Blood donation camps and other specific ailment camps.	1.33	0.03
(iii) Contribution towards Relief Fund	1.83	-
(iv) Measures for the benefit of armed forces veterans, war widows and their dependents	1.20	-
(v) Protection of national heritage	1.50	-
(vi) Programmes in connection with rural development	1.50	-
(vii) Promotion of Sports, culture and research activities	10.42	5.50
Total	45.09	16.92

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

32. EARNINGS PER SHARE (EPS)

A reconciliation of profit for the year and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

Particulars	March 31, 2018	March 31, 2017
Profit attributable to equity holders of the Company:		
Continuing operations	730.11	539.76
Profit attributable to equity holders of the Company for basic earnings	730.11	539.76
Interest on Compulsory Convertible Debenture (CCDs) (net of tax)	-	6.44
Profit attributable to equity holders of the Company adjusted for the effect of dilution	-	546.20
Weighted average number of Equity shares for basic EPS	71,598,073	68,459,899
Effect of dilution:		
Stock options (numbers)	1,313,609	1,339,987
Conversion of CCDs (numbers)	-	22
Weighted average number of Equity shares adjusted for the effect of dilution	72,911,682	69,799,908
Nominal value of equity shares (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	10.20	7.88
- Diluted (₹)	10.01	7.83

33. DISTRIBUTIONS MADE AND PROPOSED

Particulars	March 31, 2018	March 31, 2017
Cash dividends on Equity shares declared and paid:		
Interim dividend for March 31, 2018: ₹ 2.00 per share (March 31, 2017: ₹ Nil per share)	146.36	-
Dividend distribution tax on interim dividend	29.80	-
Proposed dividends on Equity shares:		
Final cash dividend @ ₹ 1.50 per share (March 31, 2017: ₹ Nil per share)	109.78	-
Dividend distribution tax on proposed dividends	22.35	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at the reporting date.

Also refer Note 13 in respect of Demerger of certain business and non-cash assets.

34. COMMITMENTS AND CONTINGENCIES

(a) Leases

Operating lease commitments — Company as lessee

Operating lease arrangements comprise of office premises and Barracks. All the lease agreements are cancellable with a notice period ranging from 2 months to 6 months. Most leases also provide a renewal clause with an escalation in lease rental which is generally higher than the expected inflation rate. There are no minimum lease payments due under the existing lease agreements.

Particulars	March 31, 2018	March 31, 2017
Minimum Lease Payments:		
- Not later than one year	Nil	Nil
- Later than one year but not later than five years	Nil	Nil
- Later than five years	Nil	Nil

Rental expenses relating to operating leases

Particulars	March 31, 2018	March 31, 2017
Total rental expenses relating to operating leases	63.14	26.29

The estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
	Nil	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

(b) Commitment for purchase of non-controlling interests

Effective August 19, 2016, the Company acquired 78.72% of the outstanding equity shares of Dusters Total Solutions Services Private Limited for an aggregate consideration of ₹ 1,169.03 million. In addition, the share purchase agreement (SPA), executed on August 06, 2016 provides for acquisition of 100% of the outstanding equity shares, by August 2019, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. The SPA also provides an option to the non-controlling interests to sell a part of the shareholding each after one year and two years of the initial acquisition. However, while a purchase consideration based on a specified formula is payable on exercise of such options, the final purchase consideration shall be computed only after the three years of initial acquisition based on the overall remaining 21.28% shareholding, at the date of initial purchase of the shares by the Company, and any purchase consideration paid after one and two years of the initial acquisition shall be treated as an advance for this purpose.

(c) Contingent liabilities

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Claims against the Company not acknowledged as debt			
- Litigation matters with respect to direct taxes	4.22	4.22	4.22
- Litigation matters with respect to indirect taxes	28.12	29.53	29.44
Other money for which the Company is contingently liable	2.08	2.08	1.37
	34.42	35.83	35.03

The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company reviews these provisions periodically and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at March 31, 2018.

Disputed claims against the Company, including claims raised by the tax authorities (e.g. Service tax) and which are pending in appeal /court and for which no reliable estimate can be made of the amount of the obligation, are not provided for in the accounts. However, the present obligation, if any, as a result of past events with a possibility of outflow of resources, when reliably estimable, is recognized in the accounts as an expense as and when such obligation crystallises.

35. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Refer Note 33 regarding dividend proposed by the Board of Directors in their meeting held on May 09, 2018. There were no other significant events that occurred after the Balance Sheet date.

36. OPERATING SEGMENT

Particulars	March 31, 2018	March 31, 2017
Revenue from security services	21,350.52	16,018.22
EBIDTA from security services	1,475.95	982.58

The Company is required to disclose segment information based on the 'management approach' as defined in Ind AS 108- Operating Segments, which in how the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on the analysis of the various performance indicators. In the case of the Company, the CODM reviews the results of the Company as a whole as the Company is primarily engaged in the business of rendering security services in India. Accordingly, the Company is a single CGU, hence single segment Company. The information as required under Ind AS 108 is available directly from the financial statements, hence no separate disclosures have been made. Further, there were no significant customers contributing more than 10% of revenues for the year ended March, 2018 and for the year ended March, 2017.

37. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisitions during the year ended March 31, 2018

Acquisition of additional interest in Dusters Total Solutions Services Pvt. Ltd

On July 31, 2017, the Company acquired an additional 7.20% interest in the voting shares of Dusters Total Solutions Services Pvt. Ltd, increasing its ownership interest to 85.92%. An interim cash consideration of ₹ 116.63 million was paid to the non-controlling shareholders in terms of the agreement entered into at the time of initial acquisition of controlling interest in that company. Refer Note 34(b).

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Acquisitions during the year ended March 31, 2017

Acquisition of Dusters Total Solutions Services Pvt. Ltd (DTSS)

Effective August 01, 2016, the Company has acquired 78.72% of the outstanding equity shares of Dusters Total Solutions Services Private Limited for an aggregate consideration of ₹ 1,169.03 million. In addition, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by August 2019, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. Refer Note 34(b).

Acquisition related costs

Acquisition related costs of ₹ Nil and ₹ 7.45 million for the year ended March 31, 2018 and March 31, 2017 respectively that related to the acquisition of subsidiaries are included in cost of investment of such subsidiaries and in cash flows from investing activities in the statement of cash flows.

38. INTERESTS IN OTHER ENTITIES

Information about subsidiaries

The subsidiaries of the Company are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company			Ownership interest held by the non-controlling interest		
			March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Direct subsidiaries								
Service Master Clean Limited *	India	Rendering cleaning and house-keeping services in the areas of facility management	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Tech SIS Limited	India	Trading and installation of electronic security devices and systems	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Terminix SIS India Private Limited	India	Pest Control Management Services	50.01%	50.01%	50.01%	49.99%	49.99%	49.99%
Dusters Total Solutions Services Private Limited	India	Providing facility management services	85.92%	78.72%	NA	14.08%	21.28%	NA
SIS Business Support Services Private Limited	India	Rendering business support services including guarding, parking services, pest control services	100.00%	100.00%	NA	0.00%	0.00%	NA
SISCO Security Services Private Limited	India	Rendering security and related services in areas of manned guarding	100.00%	100.00%	NA	0.00%	0.00%	NA
SIS International Holdings Limited	BVI	Holding company for international operations	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Step-down subsidiaries								
Sunrays Overseas Private Limited	India	Dealing in and agents for lands, buildings, factories, house, flats and other residential, commercial, agricultural and mining properties and construct, maintain and alter residential commercial and industrial plots and properties	NA	100.00%	100.00%	NA	0.00%	0.00%
Vardan Overseas Private Limited	India	Dealing in and agents for lands, buildings, factories, house, flats and other residential, commercial, agricultural and mining properties and construct, maintain and alter residential commercial and industrial plots and properties	NA	100.00%	100.00%	NA	0.00%	0.00%
Lotus Learning Private Limited	India	Trading of books, periodicals, magazines, and other print materials	NA	100.00%	100.00%	NA	0.00%	0.00%
SIS Asia Pacific Holdings Limited	Malta	Holding company for international operations	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
SIS Australia Holdings Pty Ltd	Australia	Holding company for Australia	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
SIS Australia Group Pty Ltd*	Australia	Holding company	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%

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Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company			Ownership interest held by the non-controlling interest		
			March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
SIS Group International Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
MSS Strategic Medical and Rescue Pty Ltd	Australia	Provision of paramedic and emergency response services	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
SIS MSS Security Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
MSS Security Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Australian Security Connections Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
MSS AJG Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Andwills Pty. Limited **	Australia	Holding company	42.36%	NA	NA	57.64%	NA	NA
SX Protective Services Pty. Ltd.	Australia	Holding company	45.56%	NA	NA	44.44%	NA	NA
Southern Cross Protection Pty. Ltd.	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Southern Cross FLM Pty Ltd ***	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Southern Cross Loss Prevention Pty Ltd***	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Cage Security Alarms Pty. Limited***	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Cage Security Guard Services Pty Ltd***	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Eymet Security Consultants Pty Ltd***	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Askara Pty Ltd***	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Charter Customer Services Pty Ltd***	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Charter Security Protective Services Pty Ltd***	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Charter Security (NZ) Pty Limited***	New Zealand	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA

* 41% ownership interest is held through SIS Group International Holdings Pty Ltd, Australia, a step-down subsidiary of the Company.

** Apart from Ordinary shares, SIS Australia Group Pty Ltd., also holds D class shares in Andwills Pty Limited effectively giving it 51.01% voting power in that company and in Southern Cross Protection Pty limited and its subsidiaries.

*** Wholly owned subsidiaries of Southern Cross Protection Pty limited.

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Associates

The Associates considered in the preparation of the financial statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company		
			March 31, 2018	March 31, 2017	April 1, 2016
Direct subsidiaries					
Southern Cross Protection Pty. Ltd.	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Southern Cross FLM Pty Ltd*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Southern Cross Loss Prevention Pty Ltd*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Cage Security Alarms Pty. Limited*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Cage Security Guard Services Pty Ltd*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Eymet Security Consultants Pty Ltd*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Askara Pty Ltd*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Charter Customer Services Pty Ltd*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Charter Security Protective Services Pty Ltd*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Annex Investigation Services Pty Ltd*	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Charter Security (NZ) Pty Limited*	New Zealand	Loss prevention, asset protection and security services	NA	10.00%	10.00%
SIS Cash Services Private Limited India		Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%	49.00%
SIS Prosegur Holdings Private Limited **	India	Cash-in-transit, ATM cash re-plenishment activities and secure transportation of precious items and bullion	49.00%	49.00%	49.00%
SIS Prosegur Cash Logistics Private Limited **	India	Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%	49.00%

* Wholly owned subsidiaries of Southern Cross Protection Pty Ltd.

** Wholly owned subsidiaries of SIS Cash Services Private Limited.

Joint ventures in which the Company is a joint venturer

The joint ventures considered in the preparation of the financial statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company		
			March 31, 2018	March 31, 2017	April 1, 2016
SIS Prosegur Alarm Monitoring & Response Services Private Limited	India	Alarm Monitoring and Response Services	50.00%	50.00%	50.00%
Habitat Security Pty Ltd	Australia	Provision of services relating to all aspects of physical security	49.00%	49.00%	49.00%

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

39. RELATED PARTY TRANSACTIONS

Note 38 above provides the information about the Company's structure including the details of the subsidiaries.

Names of related parties

Key Management Personnel and their relatives	Mr. Ravindra Kishore Sinha (Chairman)
	Mr. Uday Singh (Chief Executive Officer and Whole-Time Director)
	Mr. Rituraj Kishore Sinha (Managing Director)
	Mr. Arvind Kumar Prasad (Director - Finance)
	Ms. Rita Kishore Sinha – Non-Executive Director
	Mr. Jayanta Kumar Basu – Nominee Director
	Mr. Arun Batra – Independent Director
	Mr. Amrendra Prasad Verma – Independent Director
	Mr. T C A Ranganathan – Independent Director
	Mr. Devdas Apte – Independent Director
	Mr. A K Mattoo – Independent Director , passed away on December 27, 2017
	Mr. Rajan Krishnanath Medhekar – Additional Director (Independent), appointed w.e.f September 25, 2017
	Dr. Ajoy Kumar - Independent Director – resigned w.e.f. September 25, 2017
	Ms. Renu Mattoo – Additional Director (Independent), appointed w.e.f January 29, 2018
	Mr. Devesh Desai (Chief Financial Officer)
	Mr. Brajesh Kumar (Chief Financial Officer – Indian Security and Facility Management) w.e.f September 25, 2017
	Ms. Pushpalatha Katkuri (Company Secretary)
Associates/Joint Venture entities	SIS Prosegur Alarm Monitoring & Response Services Private Limited (Joint Venture)
	SIS Cash Services Private Limited (Associate)
	SIS Prosegur Holdings Private Limited (Associate)
Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	SIS Prosegur Cash Logistics Private Limited (Associate)
	Saksham Bharat Limited
	Security Skills Council India Limited
	SIS Group Enterprises Limited
	Mahamanav Mritunjay Institute of Yoga & Alternative Medicine Limited
	Mritunjay Educational Foundation Limited
	Rituraj Resorts Limited
	Superb Intelligence Services Private Limited
	Sunrays Overseas Private Limited w.e.f January 18, 2018
	Vardan Overseas Private Limited w.e.f January 18, 2018
SIS Asset Management Private Limited	

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Subsidiaries	Joint venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	Total
Transactions during the year							
Investments Made	Mar-18	-	90.00	50.00	-	-	140.00
	Mar-17	-	-	-	-	-	-
Sale of Investments	Mar-18	-	-	-	-	-	-
	Mar-17	-	-	-	-	7.04	7.04
Issue of Bonds and Debentures	Mar-18	-	-	-	-	-	-
	Mar-17	750.00	-	-	-	-	750.00
Fixed Assets purchased/(sold)	Mar-18	26.89	(0.08)	-	-	-	26.81
	Mar-17	97.42	-	-	-	-	97.42
Other receivables and accruals paid	Mar-18	59.73	0.98	12.06	-	14.03	86.81
	Mar-17	-	-	16.69	-	7.43	24.12
Other receivables and accruals received	Mar-18	-	-	-	-	-	-
	Mar-17	13.78	-	-	-	-	13.78
Loans given	Mar-18	82.36	-	-	-	-	82.36
	Mar-17	30.36	-	-	-	-	30.36
Loan and advance to related party outward	Mar-18	32.36	-	-	-	-	32.36
	Mar-17	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

		Subsidiaries	Joint venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	Total
Other payables and accruals outward	Mar-18	-	0.11	-	8.60	-	8.71
	Mar-17	10.42	-	-	-	-	10.42
Other payables and accruals inward	Mar-18	0.23	-	-	-	20.00	20.23
	Mar-17	-	0.11	-	8.50	-	8.61
Interest Paid on Bonds or Debentures or loans	Mar-18	60.09	-	-	-	-	60.09
	Mar-17	45.36	-	-	-	-	45.36
Interest Received on Bonds or Debentures or loans	Mar-18	8.93	-	1.30	-	0.16	10.39
	Mar-17	-	-	-	-	-	-
Dividend Received	Mar-18	2.15	-	-	-	-	2.15
	Mar-17	2.53	-	-	-	-	2.53
Sub-contracting service charge (net) received	Mar-18	-	-	6.85	-	-	6.85
	Mar-17	148.44	-	9.31	-	-	157.74
Service charges / Expenses paid	Mar-18	14.78	-	-	-	225.20	239.98
	Mar-17	162.71	0.61	-	-	11.70	175.02
Service charges / other Income received	Mar-18	32.08	4.65	11.50	-	76.99	125.22
	Mar-17	10.41	2.86	13.39	-	32.09	58.75
Salary & remuneration paid	Mar-18	-	-	-	65.70	-	65.70
	Mar-17	-	-	-	44.11	-	44.11
Rent received	Mar-18	7.03	-	2.23	-	-	9.26
	Mar-17	7.11	-	1.04	-	-	8.15
Rent paid	Mar-18	9.00	-	-	19.04	3.84	31.88
	Mar-17	12.00	-	-	18.65	0.84	31.49
Demerger of consultancy and investigation business	Mar-18	-	-	-	-	156.96	156.96
	Mar-17	-	-	-	-	-	-
Reduction in value of investment in Service Master Clean Ltd pursuant to demerger of SMC demerging Business	Mar-18	-	-	-	-	22.26	22.26
	Mar-17	-	-	-	-	-	-
Financial guarantee provided	Mar-18	3.41	-	-	-	-	3.41
	Mar-17	0.44	-	-	-	-	0.44
Balances outstanding at end of the year							
Investment in shares	Mar-18	1,846.07	90.00	77.89	-	-	2,013.96
	Mar-17	1,748.15	-	77.89	-	-	1,826.04
	Mar-16	471.69	-	77.89	-	7.04	556.62
Investment in bonds and debentures	Mar-18	-	-	50.00	-	-	50.00
	Mar-17	-	-	-	-	-	-
	Mar-16	-	-	-	-	-	-
Other payables and accruals	Mar-18	75.69	-	-	-	20.00	95.69
	Mar-17	75.46	0.11	-	8.60	-	84.18
	Mar-16	85.88	-	-	0.11	-	85.99
Other receivables and accruals	Mar-18	92.56	0.98	87.10	-	79.80	260.45
	Mar-17	32.83	-	75.04	-	65.77	173.64
	Mar-16	46.61	-	58.35	-	58.34	163.30
Loans and advances to related party	Mar-18	112.72	-	-	-	-	112.72
	Mar-17	30.36	-	-	-	-	30.36
	Mar-16	-	-	-	-	-	-
Bonds and Debentures	Mar-18	750.00	-	-	-	-	750.00
	Mar-17	750.00	-	-	-	-	750.00
	Mar-16	-	-	-	-	-	-
Financial guarantee provided	Mar-18	10.53	-	-	-	-	10.53
	Mar-17	7.12	-	-	-	-	7.12
	Mar-16	6.68	-	-	-	-	6.68

Terms and conditions of transactions with related parties

Transactions relating to dividends paid, subscription for new equity shares were on the same terms and conditions that applied to other shareholders.

Refer Note 13 in respect of demerger of consultancy and investigation business.

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The sales to, and purchases from, related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances at the year-end are unsecured and carry interest equivalent to market rate, where specified, in terms of the transactions, and settlement occurs in cash. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: ₹ Nil, April 1, 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

40. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support the financing of the operations of its subsidiaries, joint ventures and associates. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations, loans, security and other deposits.

The Company's operations expose it to market risk, credit risk and liquidity risk. The Company's focus is to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, loans and deposits given, FVTOCI investments and derivative financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates which arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency revenue and cash flows. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries. The Company has limited foreign currency transactions and has limited exposure to foreign currency assets and liabilities resulting in the foreign currency risk being low.

The exchange rate between the Indian Rupee and foreign currencies has fluctuated in recent years and may continue to do so in the future. Consequently, the results of the Company's operations may be affected as the Indian Rupee appreciates/depreciates against these currencies.

There are no foreign currency denominated financial assets and financial liabilities as at March 31, 2018, March 31, 2017 and March 31, 2016.

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates arises on borrowings with floating interest rate which is not material.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Variable rate borrowings:			
- Cash credit	1,110.74	1,539.88	1,521.35
- Loans	254.85	971.15	75.66
Fixed rate borrowings	896.96	2,092.68	276.31
Total borrowings	2,262.55	4,603.71	1,873.32

The Company's fixed rate borrowings are carried at amortised cost. They are, therefore, not subject to interest rate risk as defined in Ind-AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	March 31, 2018	March 31, 2017
Interest rates - increase by 25 basis points *	5.97	7.09
Interest rates - decrease by 25 basis points *	(5.97)	(7.09)

*Holding all other variables constant

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Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle their obligations as agreed resulting in a financial loss. The primary exposure to credit risk arises from Trade receivables and Unbilled revenue amounting to ₹ 2,243.43 million and ₹ 1,845.88 million respectively as at March 31, 2018 (₹ 1,496.08 million and ₹ 1,598.07 million respectively as at March 31, 2017). These are unsecured and are managed by the Company through a system of periodically assessing the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. No single customer accounted for more than 10% of the accounts receivable as of March 31, 2018 and March 31, 2017, respectively and revenues for the year ended March 31, 2018 and March 31, 2017, respectively. There is no significant concentration of credit risk. The Company uses the ECL method to assess the loss allowance for Trade receivables and Unbilled revenue taking into account primarily the historical trends and analysis of bad debts. The company does not expect any credit risk or impairment in respect of amounts lent to its subsidiaries, associates and joint ventures.

The credit risk for financial assets other than bank balances and trade receivables are considered low.

Significant estimates and judgements

Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions. The company estimates loss arising on trade receivables as a percentage of sales based on past trends and such loss is directly debited to revenue instead of creating a provision for impairment of receivables.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Surplus funds are invested in bank fixed deposits or used to temporarily reduce the balance of cash credit accounts to optimize interest costs.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet its financial obligations and maintain adequate liquidity for use.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, shareholder equity, and finance leases.

Approximately 14% of the Company's long term debt will mature in less than one year at March 31, 2018 (March 31, 2017: 17%, April 1, 2016: 29%) based on the carrying value of borrowings reflected in the financial statements. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and significant portion of short term debt maturing within 12 months can be rolled over with existing lenders. The Company believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Year ended March 31, 2018

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	1,110.74	44.86	120.62	240.50	745.53	2,262.55
Other financial liabilities	-	1,338.80	-	12.84	-	1,351.64
Trade and other payables	-	170.16	-	-	-	170.16
Financial guarantee contracts	-	-	0.27	9.68	-	9.95

Year ended March 31, 2017

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	1,811.04	67.22	201.66	1,778.65	745.15	4,603.72
Other financial liabilities	-	1,259.36	2.23	6.67	-	1,268.26
Trade and other payables	-	125.23	-	-	-	125.23
Financial guarantee contracts	-	-	2.23	6.28	-	8.51

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As at April 1, 2016

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	1,546.85	-	76.76	249.72	-	1,873.32
Other financial liabilities	-	855.63	-	4.09	-	859.72
Trade and other payables	-	70.93	-	-	-	70.93
Financial guarantee contracts	-	-	0.68	5.67	-	6.35

As a matter of policy, the Company does not carry out any hedging activities.

There have been no default in servicing borrowings and/ or breaches in loan covenants.

The entity has the following financial assets and liabilities at FVTPL which are mandatorily measured at FVTPL in accordance with the requirements of Ind AS 109.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Financial Assets:			
Investments in equity instruments	-	-	7.03
Total Financial Assets	-	-	7.03

The entity has the following financial assets which are subject to the impairment requirements of Ind AS 109. On assessment of the future cash flows arising from these assets, the Company believes that there is no provision required to be made for impairment losses on these assets.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Investments in bonds and debentures	50.00	-	-
Trade receivables	2,290.61	1,496.08	963.91
Loans	112.72	30.36	-
Security deposits	233.77	154.39	97.25
Other financial assets	2,150.86	1,711.19	1,353.61
Total Financial Assets	4,837.96	3,392.02	2,414.77

41. ADDITIONAL CAPITAL DISCLOSURES

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholder value and support its strategies and operating requirements. The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with a focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements for the Company's operations are generally met through operating cash flows generated and supplemented by long-term and working capital borrowings from banks.

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to optimise the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants to which it is subject. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is Net Debt divided by EBITDA. The Company defines Net Debt as borrowings less cash and cash equivalents, excluding discontinued operations, but including all free bank balances and deposits irrespective of their duration / maturity.

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Particulars	March 31, 2018	March 31, 2017
Borrowings (Note 16)	2,096.77	4,334.83
Current portion of long term debt (Note 18)	165.77	268.88
Less: Cash and cash equivalents (Note 12) (except unclaimed dividends), bank balances excluding restricted balances / deposits	999.55	918.97
Net Debt	1,262.99	3,684.74
EBITDA	1,475.95	982.58
Gearing ratio	0.86	3.75

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it simultaneously meets financial covenants attached to its borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the current period.

Dividends

The Company declares and pays dividends in Indian Rupees. According to the Companies Act, 2013 any dividend should be declared only out of accumulated distributable profits. A Company may, before the declaration of any dividend, transfer a percentage of its profits for that financial year, as it may consider appropriate, to the reserves.

The cash dividends paid per equity share were ₹ 2.00 for the year ended March 31, 2018 (March 31, 2017: ₹ Nil per share) aggregating ₹ 146.36 million (March 31, 2017: ₹ Nil) including an interim dividend of ₹ 2.00 aggregating ₹ 146.36 million (March 31, 2017: ₹ Nil) during the year ended March 31, 2018.

The Board, at its meeting dated May 9, 2018, has proposed a final dividend of ₹ 1.50 per share aggregating to ₹ 109.78 million for the year ended March 31, 2018 (March 31, 2017: ₹ Nil). This dividend has not been recognised as a distribution to shareholders at the end of the reporting period.

Also, refer to Note 13 regarding demerger of certain business to SIS Asset Management Company Private Limited.

The Board of Directors at its meeting held on September 21, 2016 had approved the issue of bonus shares in the proportion of 10:1, i.e. 10 (ten) equity shares of ₹ 10 each for every 1 (one) fully paid-up equity share held as on September 15, 2016 pursuant to resolution passed by the shareholders on July 27, 2016. The Company has not issued any bonus shares out of capitalisation of its revaluation reserves or unrealised profits.

42. FIRST-TIME ADOPTION OF IND-AS

These financial statements, for the year ended March 31, 2018, are the first the Company has prepared in accordance with Ind-AS. For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The date of transition to Ind-AS is April 1, 2016.

Accordingly, the Company has prepared financial statements, which comply with Ind-AS, applicable for periods ending on or after March 31, 2018, together with the comparative period data as at, and for the year ended, March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind-AS. Ind-AS 101 requires that all Ind-AS standards that are effective for the first Ind-AS Financial Statements be applied consistently and retrospectively for all periods presented. This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at, and for the year ended, March 31, 2017.

Exemptions applied

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS.

The Company has applied the following exemptions:

Optional exemptions from retrospective application

- A first-time adopter may opt to continue with the carrying value for all of its Property, plant and equipment (PPE), investment properties and intangible assets as recognised in its Previous GAAP financial statements as deemed cost at the transition date. However, it makes necessary adjustments for decommissioning liabilities to be included in the carrying value of PPE. If a first-time adopter opts to use the Previous GAAP carrying values as deemed cost at the transition date for all its PPE, investment property or intangible assets, the fact and the accounting policy will be disclosed by the entity. This disclosure is required in the entity's first Ind-AS financial statements and will continue for financial statements of subsequent years also until those items of PPE, investment properties or intangible assets, as the case may be, are significantly depreciated, impaired or derecognised from the entity's balance sheet. The Company has used this exemption to measure all its property, plant and equipment, and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition.

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- b. A first-time adopter may opt to continue with the carrying value for all of its investments in subsidiaries, joint ventures and associates as recognised in its Previous GAAP financial as deemed cost at the transition date. The Company has used this exemption to measure all its investments in subsidiaries, joint ventures and associates at the Previous GAAP carrying amount as its deemed cost on the date of transition.
- c. Ind-AS 102 Share-based Payment has not been applied to equity settled grants in share-based payment transactions that vested before April 1, 2016.
- d. Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind-AS 101 exemptions, and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.
- e. The Company has designated unquoted equity instruments held at April 1, 2016 as fair value through profit or loss investments.

Mandatory Exemptions from retrospective application:

Estimates

The estimates at April 1, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies).

Classification and measurement of financial assets and financial liabilities

Financial assets have been classified and measured on the basis of facts and circumstances existing on April 1, 2016 except for compulsorily convertible debentures which have been classified and measured based on facts and circumstances existing on the date of issue of such debentures.

Derecognition of financial assets

The Company has applied the exemption available under Ind-AS 101 to apply the derecognition criteria under Ind-AS 109 prospectively for transactions occurring on or after April 1, 2016.

Reconciliations

The following reconciliations provide the effect of transition to Ind-AS from Previous GAAP in accordance with Ind-AS 101:

1. Reserves as at April 1, 2016 and March 31, 2017; and
2. Net Profit after tax for the year ended March 31, 2017.

Reconciliations of reserves between Ind-AS and Previous GAAP are given below:

Nature of Adjustment	As at April 1, 2016	As at March 31, 2017
Reserves as per Previous GAAP	1,221.11	1,026.34
Impact of recognizing and measuring financial assets and financial liabilities in accordance with Ind-AS	(53.84)	(31.43)
ESOP expenses on fair value basis	0.20	(0.59)
Equity component of Compulsorily Convertible Debentures	47.85	209.25
Expected Credit Losses	(5.25)	-
Depreciation and amortization	-	(5.66)
Others	(6.69)	4.43
Deferred tax impact of Ind-AS adoption	92.11	310.12
Reserves as per Ind-AS	1,295.49	1,512.46

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Reconciliations of Net Profit after tax between Ind-AS and Previous GAAP are given below:

Nature of Adjustment	Year ended March 31, 2017
Net Profit as per Previous GAAP	262.15
Finance Income	8.59
Finance costs – Impact arising on recognizing and measuring financial assets and financial liabilities in accordance with Ind-AS	19.52
ESOP expenses on fair value basis	4.23
Employee benefit expenses – Actuarial gain and loss on long term defined benefits plan reclassified as OCI (net of taxes)	22.44
Depreciation and amortization expenses	(5.66)
Expected Credit Losses	5.25
Others	5.22
Deferred tax impact of Ind-AS adoption	218.02
Net Profit as per Ind-AS (A)	539.76
Other comprehensive Income (net of tax) (B)	(22.44)
Total comprehensive income as reported under Ind-AS (A+B)	517.32

Footnotes to the reconciliation of reserves as at April 1, 2016 and March 31, 2017 and statement of profit or loss for the year ended March 31, 2017

a. Trade receivables

Under Previous GAAP, the Company had created provision for impairment of receivables consisting only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to the implementation of the ECL model, the Company impaired its trade receivables by ₹ 5.25 million on April 1, 2016 which has been eliminated against retained earnings on that date, and has been subsequently reversed in the year ended March 31, 2017. For the year ended March 31, 2017, the Company has reduced its revenue based on actual and expected deductions by customers with corresponding credit to trade receivables. However, this has no impact on the profit for the year ended March 31, 2017.

b. Leasehold deposits

Under Ind-AS, long term lease deposits are required to be initially measured at fair value and subsequently at amortized cost using the effective interest method. Accordingly, fair value adjustment of ₹ 23.74 million (April 1, 2016) and ₹ 23.34 million (March 31, 2017) on security deposits has been recognized against increase in prepaid assets of ₹ 16.54 million (April 1, 2016) and ₹ 17.55 million (March 31, 2017) and decrease in retained earnings of ₹ 7.20 million (April 1, 2016) and decrease of ₹ 5.61 million (March 31, 2017) in profit and loss. Additionally, for the year ended March 31, 2017, interest income on deposit of ₹ 8.59 million and rent expense of ₹ 1.57 million is recognized in the statement of profit and loss. No such accounting was prescribed under Previous GAAP.

c. Defined benefit obligation

Both under Previous GAAP and Ind-AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost for the year ended March 31, 2017 has decreased by ₹ 34.31 million and re-measurement gain / loss on defined benefit plan net of related deferred taxes of ₹ 11.88 million has been recognized in the retained earnings through OCI.

d. Share-based payments

Under Previous GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind-AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. A reduction in expense of ₹ 0.20 million has been recognised in profit or loss for the year ended March 31, 2017.

An amount of ₹ 0.20 million in respect of the difference between the intrinsic value and fair value of share options outstanding and unvested on April 1, 2016 has been recognized as a credit in retained earnings with corresponding adjustment to the Securities Premium Reserve.

e. Leasehold land

Leasehold land was classified as finance lease arrangement under Previous GAAP. However, as per Ind-AS 17 it is accounted for as operating lease as the arrangement does not satisfy the conditions for classification as finance lease. Accordingly, written down value of leasehold land as at transition date of ₹ 2.88 million and March 31, 2017 of 2.88 million has been reclassified from property, plant and equipment to prepaid expenses. This change also has a reclassification impact of ₹ 0.05 million on the

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

statement of profit and loss for the year ended March 31, 2017 from depreciation to rent expense.

f. Deferred tax

Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP in addition to the various transitional adjustments leading to different temporary differences.

Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax assets is of ₹ 18.31 million (March 31, 2017: 228.58 million) with consequent impact on retained earnings (and net profit for the year ended March 31, 2017).

g. Other comprehensive income

Under Previous GAAP, the Company did not recognise other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP profit or loss to profit or loss as per Ind-AS. Further, Previous GAAP profit or loss is reconciled to total comprehensive income as per Ind-AS.

h. Statement of cash flows

The transition from Previous GAAP to Ind-AS has not had a material impact on the statement of cash flows.

i. Compound financial instruments

The Company has issued zero coupon compulsorily convertible debentures ("CCDs") during 2013. Such CCDs provided conversion into a variable number of equity shares of the Company based on fulfilment of certain conditions. Accordingly, the liability towards such CCDs was computed on the date of issue of such CCDs on a present value basis considering interest rate applicable to similar security without the conversion feature. The difference between the net proceeds and such present value of liability has been taken to Other Equity as Equity Component of Compound Financial Instrument. The unwinding of discount on such liability towards CCDs (net of deferred tax thereon) has been taken to retained earnings for a period upto March 31, 2016 and to profit or loss thereafter. The number of shares to which such CCDs were to be converted was fixed on September 26, 2016 and accordingly, the CCDs have been treated as an equity instrument from that date with no further accrual of interest amounts.

j. Financial instruments

Borrowings have been stated at their amortised cost on transition date and interest expense has been computed on effective interest rate basis. This has resulted in reduction of borrowings by ₹ 0.62 million and ₹ 29.99 million as at April 1, 2016 and March 31, 2017 and decrease in finance costs by ₹ 29.37 million for the year ended March 31, 2017.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Place: New Delhi
Date: May 9, 2018

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Devesh Desai
Chief Financial Officer

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Brajesh Kumar
Chief Financial Officer (IS & FM)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Pushpalatha Katkuri
Company Secretary

INDEPENDENT AUDITORS' REPORT

To The Members of

Security and Intelligence Services (India) Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated Ind AS financial statements of Security and Intelligence Services (India) Limited (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Parent's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"). The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Parent, as aforesaid.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit.

4. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in audit report

under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Group's preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

OPINION

8. In our opinion, and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures referred to in paragraph 10 of the Other Matters below, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures, as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date:

OTHER MATTERS

9. The financial information of the Parent for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Consolidated Ind AS Financial Statements are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditors, on which they expressed unmodified opinions dated May 31, 2017 and July 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting

principles adopted by the Group on transition to the Ind AS have been audited by us.

10. We did not audit the financial statements/ financial information of 28 subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 19,991.45 million as at March 31, 2018, total revenues of ₹ 37,079.56 million, total net profit after tax of ₹ 1,102.65 million and total comprehensive income of ₹ 1,094.62 million for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the Group's share of net profit of ₹ (117.86) million for the year ended March 31, 2018, in respect of 3 associates and 2 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.
11. Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Group's management has converted the financial statements of such subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Group's management. Our opinion, in so far as it relates to the balances and affairs of such subsidiaries, is based on the report of other auditors and the conversion adjustments prepared by the management of the Group and audited by us.
12. The comparative financial information for the year ended March 31, 2017, in respect of 28 subsidiaries and 5 associates/ joint ventures, included in the Consolidated Results and included in the Statements, prepared in accordance with Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the Consolidated Ind AS Financial Statements, and our audit on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on work done and the reports of other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. As required by section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries, associates and joint venture companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS

Financial Statements have been kept so far as appears from our examination of those books and the reports of the other auditors.

- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group Companies and its associates and joint ventures incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, please refer to our separate report in Annexure A which is based on the auditors' reports of the Parent, subsidiary companies, associate companies and joint ventures, which are companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's, subsidiary companies', associate companies' and joint venture companies' internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us:
- i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures in accordance with the generally accepted accounting practice.
- ii. The Group, its associates and joint ventures did not have any material foreseeable losses on long term contracts including derivative contracts.
- iii. There was no amount required to be transferred by the Parent and its subsidiary companies, associate companies and joint ventures incorporated in India to the Investor Education and Protection Fund.

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

CA D.K. Saxena
(Partner)

Place: New Delhi
Date: May 9, 2018

Membership No. 082118

ANNEXURE A TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 13(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT TO THE MEMBERS OF SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED AS OF EVEN DATE)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Security and Intelligence Services (India) Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associates and joint ventures as of March 31, 2018 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The management of the Group, its Associates and Joint Ventures is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group, its Associates and Joint Ventures considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls of the Group, its Associates and Joint Ventures over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Group, its Associates and Joint Ventures has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Group, its Associates and Joint Ventures considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA D.K. Saxena

(Partner)

Place: New Delhi

Date: May 9, 2018

Membership No. 082118

CONSOLIDATED BALANCE SHEET

as at March 31, 2018

All figures in ₹ million except per share data

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A ASSETS				
Non – current assets				
Property, Plant and Equipment	4	1,267.02	1,088.18	950.11
Capital work-in-progress	4	9.55	4.10	-
Investment properties	5	-	14.25	14.66
Goodwill	6	4,690.51	1,859.17	1,364.13
Other intangible assets	6	1,212.69	1,036.88	49.76
Intangible assets under Development	6	43.10	35.57	1.01
Investments in associates and joint ventures	7	673.96	827.32	904.62
Financial assets				
(i) Investments	7	247.00	147.00	-
(ii) Other non-current financial assets	8	539.27	193.89	121.50
Deferred tax assets (net)	9	1,163.13	895.44	534.77
Income tax Assets	9	941.64	691.82	241.12
Other non – current assets	10	209.76	232.75	230.35
Total non – current assets		10,997.63	7,026.37	4,412.03
Current assets				
Inventories	11	141.52	32.61	10.08
Financial assets				
(i) Trade receivables	12	6,242.71	4,206.58	2,605.29
(ii) Cash and Cash Equivalents	13	4,655.48	3,065.22	2,920.72
(iii) Bank Balances other than above	13	772.43	1,226.81	405.88
(iv) Other current financial assets	8	4,237.89	3,749.09	2,936.86
Other current assets	10	893.21	724.72	624.96
Assets classified as held for distribution to shareholders	14	-	409.08	-
Total current assets		16,943.24	13,414.11	9,503.79
Total assets		27,940.87	20,440.48	13,915.82
B EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	731.84	687.03	62.01
Other equity	16	9,551.20	5,218.67	4,464.41
Equity attributable to owners		10,283.04	5,905.70	4,526.42
Non-controlling Interests	40	13.69	3.29	24.72
Total equity		10,296.73	5,908.99	4,551.14
Liabilities				
Non – current liabilities				
Financial liabilities				
(i) Borrowings	17	3,763.23	3,734.71	1,642.53
(ii) Other non-current financial liabilities	19	2,695.65	600.21	4.88
Provisions	21	914.88	404.29	230.17
Deferred tax liabilities (net)	9	223.93	335.76	83.18
Total Non- Current liabilities		7,597.69	5,074.97	1,960.76
Current liabilities				
Financial liabilities				
(i) Borrowings	17	1,597.82	2,538.16	2,037.47
(ii) Trade payables	18	806.36	394.28	301.35
(iii) Other current financial liabilities	19	2,114.99	2,379.28	1,359.07
Other current liabilities	22	3,169.88	1,887.40	1,588.00
Provisions	21	2,185.45	2,225.50	2,118.03
Current tax liabilities	9	171.95	31.90	-
Total current liabilities		10,046.45	9,456.52	7,403.92
Total liabilities		17,644.14	14,531.49	9,364.68
Total Equity and Liabilities		27,940.87	20,440.48	13,915.82

Note: The above consolidated balance sheet should be read in conjunction with the accompanying notes.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Place: New Delhi
Date: May 9, 2018

Devesh Desai
Chief Financial Officer

Brajesh Kumar
Chief Financial Officer (IS & FM)

Pushpalatha Katkuri
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

All figures in ₹ million except per share data

S No	Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
1	INCOME			
a)	Revenue from operations	24	58,333.73	43,871.97
b)	Other income	25	147.53	106.89
c)	Other gain/(loss)	26	217.91	(20.15)
	Total Income (a+ b +c)		58,699.17	43,958.71
2	EXPENSES			
a)	Cost of materials consumed	27	204.43	133.28
b)	Purchases of stock-in-trade		55.35	51.09
c)	Changes in inventories of stock-in-trade	28	102.99	(21.50)
d)	Employee benefits expense	29	47,660.18	37,030.33
e)	Finance costs	30	924.83	766.90
f)	Depreciation and amortization expenses	31	559.73	358.2
g)	Other expenses	32	7,191.16	4,475.14
	Total expenses (a + b + c + d + e + f + g)		56,698.67	42,793.44
3	Profit before tax and exceptional items (1-2)		2,000.50	1,165.27
4	Share of profit/(loss) of associates / joint ventures	40	(117.86)	(60.46)
5	Exceptional items	29	8.33	-
6	Profit before tax (3+4-5)		1,874.31	1,104.81
7	Tax expense			
	Current tax	9	597.97	349.56
	Deferred tax	9	(353.94)	(341.85)
	Total tax expense		244.03	7.71
8	Profit for the year (6-7)		1,630.28	1,097.10
9	Other comprehensive income			
	Items that will be reclassified to profit or loss:			
a)	Foreign exchange gain/loss on monetary items included in net investment in foreign operations		(30.55)	(47.54)
b)	Income tax relating to these items		2.29	(1.36)
	Items that will not be reclassified to profit or loss:			
a)	Re-measurement of defined benefits plan		(8.19)	(30.95)
b)	Income tax relating to these items	9	3.79	10.30
	Other comprehensive income for the year (net of taxes)		(32.66)	(69.55)
10	Total comprehensive income for the year (8+9)		1,597.62	1,027.55
11	Profit attributable to:			
	Owners of the Parent		1,620.67	1,118.61
	Non-controlling interests	40	9.61	(21.51)
			1,630.28	1,097.10
12	Other comprehensive income attributable to:			
	Owners of the Parent		(32.89)	(69.65)
	Non-Controlling interests	40	0.23	0.10
			(32.66)	(69.55)
13	Total comprehensive income attributable to:			
	Owners of the Parent		1,587.78	1,048.96
	Non-controlling interests	40	9.84	(21.41)
			1,597.62	1,027.55
14	Earnings per share (EPS) (face value ₹ 10 per share)	33		
a)	Basic (₹)		22.77	16.03
b)	Diluted (₹)		22.36	15.81
15	Weighted average equity shares used in computing earnings per equity share			
a)	Basic (Nos.)		71,598,073	68,459,899
b)	Diluted (Nos.)		72,911,682	69,799,907

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Place: New Delhi
Date: May 9, 2018

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Devsh Desai
Chief Financial Officer

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Brajesh Kumar
Chief Financial Officer (IS & FM)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Pushpalatha Katkuri
Company Secretary

STATEMENT OF CHANGES IN EQUITY

All figures in ₹ million except per share data

A. EQUITY SHARE CAPITAL

	Amounts
As at April 1, 2016	62.00
Changes in equity share capital	625.03
As at March 31, 2017	687.03
Changes in equity share capital	44.81
As at March 31, 2018	731.84

B. OTHER EQUITY

Year ended March 31, 2017

	Equity Component of Compounded financial Instrument	Reserves and Surplus				Other Reserves	Total Other Equity	Non-Controlling Interests	Total
		Securities premium reserve	Share options outstanding account	Retained earnings	General reserve				
As at April 1, 2016	47.85	380.50	14.74	3,210.36	810.96	-	4,464.41	24.72	4,489.13
Profit for the year	-	-	-	1097.1	-	-	1,097.10	(21.51)	1,075.59
Other comprehensive income	-	-	-	(20.65)	-	(48.90)	(69.55)	0.10	(69.45)
Total Comprehensive Income for the year	-	-	-	1,076.45	-	(48.90)	1,027.55	(21.41)	1,006.14
Expense for the year	-	-	72.53	-	-	-	72.53	-	72.53
Issue of Equity shares	-	95.94	-	-	-	-	95.94	-	95.94
Exercise of Employee Stock options	-	10.85	(10.85)	-	-	-	-	-	-
Issue of bonus shares	-	-	-	-	(624.57)	-	(624.57)	-	(624.57)
Other appropriation	-	-	-	-	-	-	-	(0.02)	(0.02)
Transfer to minority interest	-	-	-	21.41	-	-	21.41	-	21.41
Fixation of ratio for conversion of compulsorily convertible debenture into equity shares	161.40	-	-	-	-	-	161.40	-	161.40
As at March 31, 2017	209.25	487.29	76.42	4,308.22	186.39	(48.90)	5,218.67	3.29	5,221.96

Year ended March 31, 2018

	Equity Component of Compounded financial Instrument	Reserves and Surplus				Other Reserves	Total Other Equity	Non-Controlling Interests	Total
		Securities premium reserve	Share options outstanding account	Retained earnings	General reserve				
As at April 1, 2017	209.25	487.29	76.42	4,308.22	186.39	(48.90)	5,218.67	3.29	5,221.96
Profit for the year	-	-	-	1,630.28	-	-	1,630.28	9.61	1,639.89
Other comprehensive income	-	-	-	(4.40)	-	(28.26)	(32.66)	0.23	(32.43)
Total Comprehensive Income for the year	-	-	-	1,625.88	-	(28.26)	1,597.62	9.84	1,607.46
Expense for the year	-	-	82.26	-	-	-	82.26	-	82.26
Issue of Equity shares	-	3,578.05	-	-	-	-	3,578.05	-	3,578.05
Conversion of Compulsorily Convertible Debentures	(209.25)	209.25	-	-	-	-	-	-	-
Exercise of Employee Stock options	-	4.44	(4.44)	-	-	-	-	-	-
Issue of bonus shares	-	-	-	-	(0.33)	-	(0.33)	-	(0.33)
Initial public offer expenses	-	(212.03)	-	-	-	-	(212.03)	-	(212.03)
Interim dividend	-	-	-	(146.37)	-	-	(146.37)	-	(146.37)
Dividend distribution tax	-	-	-	(29.79)	-	-	(29.79)	-	(29.79)
Transfer to minority interest	-	-	-	(9.84)	-	-	(9.84)	-	(9.84)
Other appropriation	-	-	-	39.51	-	-	39.51	0.56	40.07
Utilised for demerger of certain businesses	-	(566.55)	-	-	-	-	(566.55)	-	(566.55)
As at March 31, 2018	-	3,500.45	154.24	5,787.61	186.06	(77.16)	9,551.20	13.69	9,564.89

Note: The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Place: New Delhi
Date: May 9, 2018

Devesh Desai
Chief Financial Officer

Brajesh Kumar
Chief Financial Officer (IS & FM)

Pushpalatha Katkuri
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2018

All figures in ₹ million except per share data

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before tax	1,874.31	1,104.81
Adjusted for:		
Depreciation and Amortization expenses	559.73	358.20
Unrealised Foreign exchange (gain) / loss	6.82	(1.11)
Net (gain) /loss on sale of fixed assets	(3.50)	(0.82)
Finance costs	770.62	745.68
Interest income classified as investing cash flows	(116.77)	(106.89)
Bad debts written off	16.79	7.10
Employee stock option compensation expense	82.27	72.55
Other non-cash items	(77.26)	77.51
Operating profit/(loss) before working capital changes	3,113.02	2,257.03
Movement in working capital:		
Decrease / (increase) in Trade receivables	(1,631.35)	(1,608.38)
Decrease / (increase) in Inventories	(101.05)	(22.53)
Decrease / (increase) in other current assets	(253.37)	(179.02)
Decrease / (increase) in other current financial assets	(527.63)	(736.78)
(Decrease) / increase in Trade payables	106.62	92.93
(Decrease) / increase in provisions	336.94	289.96
(Decrease) / increase in other current liabilities	1,348.31	388.91
Decrease / (increase) in other current financial liabilities	172.02	768.37
	2,563.53	1,250.48
Decrease / (increase) in other non-current assets	21.07	(3.58)
Decrease / (increase) in other non-current financial assets	(178.12)	(72.39)
Decrease / (increase) in other non-current financial liabilities	450.07	595.33
Cash (used in) /generated from operations	2,856.54	1,769.84
Direct tax paid including fringe benefit tax (net of refunds)	(706.27)	(768.36)
Net cash inflow / (outflow) from operating activities	2,150.27	1,001.48
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant and equipment and changes in capital work in progress	(536.88)	(670.39)
Proceeds from sale/disposal of property, plant and equipment	20.64	23.62
Proceeds from sale of investments	-	7.04
Investments made	(1,208.76)	(1,528.33)
(Investment) in / matured fixed deposits	451.42	(803.27)
Interest received	109.16	85.59
Net cash inflow / (outflow) from investing activities	(1,164.42)	(2,885.72)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2018

All figures in ₹ million except per share data

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (net of share issue expenses)	3,410.51	0.05
Foreign exchange gain / (loss) realized	(1.05)	1.11
Proceeds from term loans	1,095.75	2,098.41
Repayment of term loans	(1,203.44)	(370.86)
Change in loans repayable on demand	(462.62)	166.22
Bonds/debentures issued / (repaid/redeemed)	(790.13)	872.03
Interest paid	(880.25)	(745.48)
Dividends paid to Parent's shareholders	(144.13)	(53.40)
Tax on dividends paid	(29.80)	(39.32)
Net cash inflow (outflow) from financing activities	994.84	1,928.76
D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,980.68	44.52
E. Cash and cash equivalents at the beginning of the year	1,716.81	1,760.56
F. Translation adjustments – other items	0.20	(4.51)
G. Exchange difference on Opening Cash balance	(68.32)	(60.95)
H. Effects of exchange rate changes on cash and cash equivalents	16.50	(22.81)
Cash and cash equivalents at the end of the Year (D+E+F+G+H)	3,645.87	1,716.81

Reconciliation of cash and cash equivalents as per the statement of the Cash flows

	March 31, 2018	March 31, 2017
Cash and cash equivalents as per above comprise of the following:		
Cash and cash equivalents at the end of the year	4,655.48	3,065.22
Cash credit	(1,009.61)	(1,239.66)
Bank overdrafts	-	(108.76)
Balances as per statement of cash flows	3,645.87	1,716.81

Note: The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

For and on behalf of the Board

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Place: New Delhi
Date: May 9, 2018

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Devesh Desai
Chief Financial Officer

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Brajesh Kumar
Chief Financial Officer (IS & FM)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Pushpalatha Katkuri
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

1. THE GROUP OVERVIEW

Security and Intelligence Services (India) Limited ("the Company") is a company limited by shares, incorporated and domiciled in India. The Company is listed on the BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"). Its registered office is situated at Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna, Bihar – 800010, India, and its principal place of business is situated at A-28 & 29, Okhla Industrial Area, Phase I, New Delhi – 110020.

Security and Intelligence Services (India) Limited ("the Parent") and its subsidiaries, associates and joint ventures ("Group" or "SIS Group") is engaged in rendering security and related services consisting of manned guarding, consulting and investigation (up to January 18, 2018), training, physical security, paramedic and emergency response services; loss prevention, asset protection and mobile patrols; facility management services consisting of cleaning, house-keeping and pest control management services in the areas of facility management; cash logistics services consisting of cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion; and alarm monitoring and response services consisting of trading and installation of electronic security devices and systems.

These financial statements are the consolidated financial statements of the Group consisting of Security and Intelligence Services (India) Limited and its subsidiaries, associates and joint ventures in accordance with applicable accounting standards. A list of subsidiaries is included in Note 39.

The financial statements are presented in Indian Rupees (₹) rounded off to nearest millions except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

These financial statements were authorized for issue by the directors on May 09, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these financial statements.

2.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind-AS) and comply in all material respects with the Ind-AS and other applicable provisions of the Companies Act, 2013 ("the Companies Act"). The Ind-AS are notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

For all periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with accounting standards notified under

the Companies (Accounting Standards) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). The actual date of transition to Ind-AS is April 1, 2017 for the financial year ended March 31, 2018 and so the financial statements for the year ended March 31, 2017 have also been translated to Ind-AS resulting in the balance sheet as of April 1, 2016 being redrawn to comply with Ind-AS. These financial statements for the year ended March 31, 2018 are the first financial statements the Group has prepared in accordance with Ind-AS. Refer Note 44 for an explanation of how the transition from Previous GAAP to Ind-AS has affected the Group's financial position, financial performance and cash flows.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following material items which have been measured at fair value as required by relevant Ind-AS:

- a. Certain financial assets and financial liabilities (including derivative financial instruments) and contingent consideration that are measured at fair value;
- b. Assets held for distribution to owners upon demerger that are held at lower of carrying cost and fair value less cost to distribute;
- c. Share based payments; and
- d. The defined benefit asset/(liability) which is recognised as the present value of defined benefit obligation less fair value of plan assets.
- e. Liability in respect of forward contract/ call and put options for acquisition of Non-controlling interests are measured at fair value.
- f. Contingent liability and indemnification of asset acquired in a business combination are measured at fair value.

Accounting policies have been applied consistently to all periods presented in these financial statements.

For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent its subsidiaries and share of net profit/loss from associates and joint ventures as at, and for the year ended, March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The acquisition method of accounting is used to account for business combinations by the Group.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent, i.e., year ended on March 31.

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. The policy for accounting for Business combinations explains the accounting for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group. Profits or losses resulting from

intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind-AS 12 on Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

- Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- If the Group loses control over a subsidiary, it:
 - Derecognises the assets (including goodwill) and liabilities of the subsidiary,
 - Derecognises the carrying amount of any non-controlling interests,
 - Derecognises the cumulative translation differences recorded in equity,
 - Recognises the fair value of the consideration received,
 - Recognises the fair value of any investment retained,
 - Recognises any surplus or deficit in profit or loss,
 - Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interest

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Parent's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

2.4 Summary of significant accounting policies

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset as current when it is:

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost. Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

On transition to Ind AS, since there is no change in the functional currency, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as deemed cost of property, plant and equipment. Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

Depreciation

The Group depreciates property, plant and equipment over the estimated useful life on a written down value method (and straight-line method in respect of certain subsidiaries) from the date the assets are available for use. Assets acquired under finance lease are depreciated over the asset's useful life or over the shorter of the estimated useful life of the asset and the related lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Freehold land is not depreciated.

Category	Useful life
Buildings	60 years
Plant and machinery	3-15 years
Leasehold improvement	Shorter of 10 years or lease period
Computer equipment	2-6 years
Furniture and fixtures	2.5-13 years
Office Equipment	3-11 years
Vehicles	3-8 years

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values are not more than 5% of the original cost of the asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Additions are depreciated on a pro-rata basis from the date the asset is available for use till the date the assets are derecognised.

An item of property, plant and equipment and any significant part, initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

with the expenditure will flow to the Group and cost of such expenditure can be measured reliably. All other repair and maintenance costs are recognised in profit or loss as incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using written down value method over their estimated useful lives of 60 years. The useful life has been determined based on a technical evaluation performed by the management's expert.

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its investment property as recognised in its Previous GAAP financial statements as deemed cost at the transition date, viz., April 1, 2016.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalized software development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

On transition to Ind AS, since there is no change in the functional currency, the Group has elected to continue with the carrying value of all its intangible assets recognised as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as deemed cost of the intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life on written down value method (or straight line method in respect of certain subsidiaries) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

The estimated useful lives of assets are as follows:

Category	Useful life
Goodwill	Indefinite
Computer software	3 - 10 years
Brand name	Indefinite
Customer contracts	Expected contract duration
Non-competition agreements	The term of the respective non-compete agreements

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is allocated to cash generating units, and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or the groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the respective entities carrying out business.

Brand name

Brand name is not amortised and tested annually for impairment.

Customer contracts and non-competition agreements

Customer contracts and non-competition agreements acquired on an acquisition of business are recorded at the fair value of respective assets on the date of acquisition. Customer contracts and non-competition agreements are amortised based on their useful life.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials, services, and direct payroll and payroll related costs of employees' time spent on the project.

e) Investment in subsidiaries, associates, and joint ventures

A subsidiary is an entity over which the Group has control. The Group controls an investee when it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control exist are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Dividends receivable from associates and joint ventures reduce the carrying amount of the investment.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of

those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the associate or joint venture, for the purpose of reflecting the Group's share of the results of operations of the associate or joint venture, are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Share of profit of associates /joint ventures" in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

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Financial instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions call and similar options) but does not consider the expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income based on EIR is included as interest income as a part of other income in the statement of profit and loss. The losses arising from impairment are recognised in profit or loss. A gain or loss on such financial asset which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 8 and 12.

Financial instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income calculated using the EIR method, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Financial instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is made only if doing so reduces or eliminates a measurement

or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss in respect of such assets that are not part of a hedging relationship. The gain /loss on assets measured at FVTPL are presented in the statement of profit and loss within other gains/losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an Instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with gain/loss presented in the statement of profit and loss within other gains/losses in the period in which it arises.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized. Similarly, where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

The Group recognizes loss allowances on a forward-looking basis using the expected credit loss (ECL) model for the

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financial assets which are not fair valued through profit or loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. Note 42 details how the Group determines whether there has been a significant increase in the credit risk. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liability at fair value through profit or loss also include liabilities arising from forward contract/ call and put options for the purpose of non-controlling interests in subsidiaries and contingent liability acquired in a business combination. The fair value gain/loss arising on such liabilities is recognized in profit or loss.

Borrowings

After initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares which are mandatorily redeemable are classified as liabilities. The dividends on these preference shares, to the extent such dividends are mandatorily payable, are recognised in profit or loss as finance costs.

The fair value of the liability portion of an optionally convertible debenture/ bond/ preference share or a zero-coupon debenture/ bond/ preference share or compulsorily convertible debenture where the price of conversion of the debenture into equity share is not fixed, is determined using a market rate of interest for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

When the terms of a financial liability are renegotiated and the entity issues equity instrument to a creditor to extinguish all or part of a liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original

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liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss as other gains/losses.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends upon whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

Derivatives which are not designated as hedges are accounted for at fair value through profit or loss and are included in other gains/ losses. The Group has not designated any derivatives as hedges.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Reclassification of financial instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines changes in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an

activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

g) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

h) Current and deferred tax

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and unused tax credits.

The current income tax is a charge calculated on the basis of tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the

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carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i) Inventories

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost includes custom duty, freight and other charges as applicable. The Group periodically reviews inventories to provide for diminution in the value of, and/or any unserviceable or obsolete, inventories.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Chemicals and consumables: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis or on weighted average method in respect of certain subsidiaries.
- Stores and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their

present location and condition. Cost is determined on first in, first out basis.

j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit facilities) as they are considered an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

k) Non-current assets held for sale/distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn and Management must be committed to the sale/distribution being completed within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/distribute except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. Assets and liabilities classified as held for sale/distribution are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell/distribute. A gain is recognised for any subsequent increases in fair value less costs to sell/ distribute an asset (or a disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale/ distribution of the non-current asset (or disposal group) is recognised on the date of derecognition.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

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Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 14. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

l) Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n) Fair value measurement

The Group records certain financial assets and liabilities at fair value on a recurring basis. The Group determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, bonds and debentures and mutual funds that have quoted price. The fair value of all financial instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

In accordance with Ind-AS 113, assets and liabilities are to be measured based on the following valuation techniques:

- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
- Cost approach – Replacement cost method.

o) Provisions and Contingent Liabilities

Provisions

A provision is recognized when the Group has a present legal or a constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised for legal claims and service warranties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as an interest expense.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. In respect of losses that are covered by insurance, such losses are recognised as an expense when there is clear evidence or determination or probability that any portion of the loss is not expected to be settled through insurance or other forms of recovery.

Asset Retirement Obligations (ARO)

ARO are recognised for those operating lease arrangements where the Group has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of the amount cannot be made.

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Liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

p) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to income are recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of related assets and presented within other income.

q) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, discounts, rebates, deductions by customers, service tax, value added tax, goods and services tax and amounts collected on behalf of third parties.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is recognized as follows:

- a. Revenue from services represents the amounts receivable for services rendered.
- b. For non-contract-based business, revenue represents the value of goods delivered or services performed.
- c. For contract-based business, revenue represents the sales value of work carried out for customers during the period. Such revenues are recognized in the period in which the service is provided.
- d. Unbilled revenue net of expected deductions is recognised at the end of each period. Such unbilled revenue is reversed in the subsequent period when actual invoice is raised.
- e. Unearned revenue represents revenue billed but for which services have not yet been performed and is included under Advances from customers. The same is released to the profit and loss account as and when the services are rendered.
- f. Revenue from the use of assets such as rent for using fixed assets is recognized on a straight-line basis over the terms of the related leases unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Discounts and rebates are estimated based on accumulated experience. Certain subsidiaries of the Group provide normal warranty provisions for general repairs for one year on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. Revenue is deferred and recognized on a straight line basis over the extended warranty period in case warranty is provided to customer for a period beyond one year.

Rendering of services

In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, material and maintenance, revenue for each element is determined based on each element's fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

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Dividends

Dividend income from such investments is recognised in profit or loss as other income when the Group's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and amount of the dividend can be measured reliably.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase and is included in revenue in the statement of profit or loss due to its operating nature.

r) Foreign currency translation

Items included in the financial statements of each entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements of the Group are presented in Indian Rupee (₹) which is also the Parent's functional currency.

Transactions in foreign currencies are initially recorded by the entities of the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation or a monetary item for which settlement is neither planned nor likely to occur in foreseeable future is considered as part of the entity's net investment in that foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of

the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates prevailing at the dates of the transactions). The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss. However, on transition, the Group has used the exemption provided in IndAS 101, First Time Adoption of Indian Accounting Standards, and has deemed the cumulative transition differences for all foreign operations to be zero.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedge of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

s) Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and compensated absences expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as other payables and accruals.

Bonus

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually or legally obliged or where there is a past practice that has created a constructive obligation.

Compensated absences

The employees of the entities of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to a specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Actuarial gains / losses are immediately

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taken to the statement of profit and loss and are not deferred.

In respect of those employees who are entitled to an encashment of the leave at the end of every calendar year, a provision is created to account for the liability.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Group operates the following post-employment schemes:

- (a) Defined contribution plans such as provident fund, employees' state insurance and superannuation funds; and
- (b) Defined benefit plans such as gratuity.

Defined Contribution Plan

The Group's policy is to contribute on a defined contribution basis for eligible employees, to Employees' Provident Fund, Employees' Pension Scheme and Employees' State Insurance Scheme towards post-employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution which is expected in the year in which it pertains. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In respect of entities of the Group not incorporated in India, contributions to superannuation funds are recognised as an employee benefit expense as they become payable. The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no further obligation beyond making its contribution which is expected in the year in which it pertains. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined Benefit Plan

In India, the Group has a defined benefit plan, viz., Gratuity, for all its employees, and the Group's policy is to determine the liability for this benefit and to accrue and provide for the same as determined by an independent actuarial valuation. A portion of this liability for gratuity is contributed by some subsidiaries, associates and joint ventures to group gratuity policies administered and operated by reputed insurance companies. The liability or asset is recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit is actuarially determined (using the projected unit credit method) at the end of each year.

Present value of the defined benefit obligation is determined

by discounting the estimated future cash outflows by reference to market yields at the end of the reporting periods on government bonds that have terms approximating to the terms of the related obligation.

The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs.

The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

t) Equity settled stock-based compensation

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of options granted under various Employee Share option plans is recognised as an employee benefit expense with a corresponding increase in equity.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with corresponding adjustment to equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

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Market performance conditions, if any, are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

u) Borrowing costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

v) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the entities of the Group is classified as a finance lease.

(a) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

(b) Finance leases

Certain entities of the Group lease motor vehicles and such leases, where the lessor has passed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. The outstanding liability is included in other current/ non-current borrowings.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless payments are structured to increase in line with the expected general inflation to compensate for the expected inflationary cost increase. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The respective leased assets are included in the balance sheet based on their nature.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

w) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less cost of disposal and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units or CGU). Impairment occurs

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when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's CGUs expected to benefit from the synergies arising from the business combination. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

x) Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders of the Parent (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (Note 33).

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

Diluted Earnings per share amounts are computed by dividing the net profit attributable to the equity holders of the Parent (after deducting preference dividends and attributable taxes but after adjusting the after income tax effect of interest and other financing cost associated with dilutive potential equity shares) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

y) Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the carrying value of the assets to be distributed in case of distributions in which all owners of the same class of equity instruments are treated equally or the distributed asset is ultimately controlled by the same party or parties both before and after the distribution, and at fair value of the assets to be

distributed in other cases, with such value recognised directly in equity. For this purpose, a group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities, and that ultimate collective power is not transitory. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss or directly in equity if approved by the National Company Law Tribunal/ applicable regulatory or other authority.

z) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of Security and Intelligence Services (India) Limited have appointed a Group management committee which assesses the financial performance and position of the Group, and makes strategic decisions.

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Further, inter-segment revenue is accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated corporate expenses/income".

Refer Note 37 for segment information presented.

aa) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Recently issued accounting pronouncements

Ind AS 12, Income Taxes: The amendments clarify the requirement for recognizing deferred tax assets on unrealized losses on debt instruments that are measured at fair value. The amendment also clarifies certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

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This amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the consolidated financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Along with the issuance of Ind AS 115, Revenue from contract with customers, the Ministry of Company Affairs has also notified consequential amendments to various other Indian Accounting Standards.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 and consequential amendments to various other Indian Accounting Standards is not expected to be material.

Ind AS 40, Investment Property: On March 28, 2018, Ministry of Corporate Affairs has notified amendments to Ind AS 40, Investment Property. The amendments relate to clarifications in respect of transfer of a property to, or from, investment property, apart from other changes consequential to notification of Ind AS 115, revenue from contracts with Customers.

This amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the consolidated financial statements and the impact is not material.

Ind AS 28, Investments in Associates and Joint Ventures: On March 28, 2018, Ministry of Corporate Affairs has notified amendments to Ind AS 28, Investments in Associates and Joint Ventures. The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable financial statements of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Sources of estimation uncertainty

An example of critical accounting estimate that is not expected to have a significant impact on the Group, is Revenue Recognition. The Group uses percentage-of-completion method in accounting for its fixed-price contracts to deliver equipment. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Judgements

In the process of applying the Group's accounting policies, management has made various judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable – Note 9
- Estimated useful life of intangible assets – Note 2.4.d
- Estimation of defined benefit obligation – Note 21
- Estimation of provision for warranty claims – Note 21
- Estimation of fair value of contingent liabilities and liability towards forward contract or call and put options to purchase non-controlling interests in a business combination – Note 38
- Whether forward contract or call and put options to purchase non-controlling interests result in transfer of risks and rewards of ownership by non-controlling interests – Note 38
- Recognition of deferred tax assets for carried forward of tax losses – Note 9

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- Consolidation decisions and classification of joint arrangements – Note 40
- Impairment of trade receivables – Note 42
- Classification leases as operating leases or finance leases – Note 2.4.v
- Whether assets held for distribution to owners meet the definition of discontinued operations – Note 14

Impairment

The Group assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There are no reasonable foreseeable changes in these key estimates which would have caused an impairment of these assets.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer Note 9.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 29.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 19 for further disclosures.

Intangible asset under development

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

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4. PROPERTY, PLANT AND EQUIPMENT

Year ended March 31, 2017

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Description of Assets	Gross Block					Depreciation					Net book value			
	As at April 1, 2016*	Acquired on Acquisition	Additions during the year	Sale and adjustments	Demerger	Translation Adjustments	As at March 31, 2017	Up to March 31, 2016	For the year	Sale and adjustments	Demerger	Translation Adjustments	Up to March 31, 2017	As at March 31, 2017
Buildings	173.43	3.79	-	-	106.50	-	70.72	-	8.82	-	-	-	8.82	61.90
Leasehold improvement	50.10	5.35	-	-	50.10	-	5.35	-	2.35	-	-	-	2.35	3.00
Plant & Machinery	115.24	97.79	62.70	8.27	-	(21.95)	245.51	-	53.58	7.98	-	(2.07)	43.53	201.98
Furniture & Fixture	289.61	4.16	111.32	(0.19)	-	(1.27)	404.01	-	88.67	(0.28)	-	(1.69)	87.26	316.75
Vehicles	182.66	4.99	139.99	38.81	-	(1.41)	287.42	-	81.27	29.82	-	(0.70)	50.75	236.67
Office Equipment	97.20	2.45	192.41	-	-	-	292.06	-	71.37	-	-	-	71.37	220.69
Computer Equipment	41.88	2.93	28.28	2.65	-	(2.18)	68.26	-	24.87	1.91	-	(1.90)	21.06	47.20
	950.12	121.46	534.70	49.54	156.60	(26.81)	1,373.33	-	330.93	39.43	-	(6.36)	285.14	1,088.19
Capital work in progress	-	-	68.65	64.81	-	0.26	4.10	-	-	-	-	-	-	4.10
Grand Total	950.12	121.46	603.35	114.35	156.60	(26.55)	1,377.43	-	330.93	39.43	-	(6.36)	285.14	1,092.29

Year ended March 31, 2018

Description of Assets	Gross block					Depreciation					Net book value			
	As at April 1, 2017	Acquired on Acquisition	Additions during the year	Sale and adjustments	Demerger	Translation Adjustments	As at March 31, 2018	Up to March 31, 2017	For the year	Sale and adjustments	Demerger	Translation Adjustments	Up to March 31, 2018	As at March 31, 2018
Buildings	70.72	-	24.46	-	-	-	95.18	8.82	3.21	0.10	-	-	11.93	83.25
Leasehold improvement	5.35	-	50.83	-	-	-	56.18	2.35	4.35	-	-	-	6.70	49.48
Plant & Machinery	245.51	6.62	76.68	11.98	-	(12)	315.71	43.53	69.05	25.53	-	(1.07)	85.98	229.73
Furniture & Fixture	404.01	10.27	83.50	7.71	-	(1.68)	488.39	87.26	92.59	5.39	-	(1.05)	173.40	314.98
Vehicles	287.42	89.84	168.42	45.15	-	(3.53)	497.00	50.75	123.06	37.97	-	(1.11)	134.73	362.27
Office Equipment	292.06	-	58.14	-	-	-	350.20	71.37	106.44	-	-	-	177.81	172.39
Computer Equipment	68.26	5.59	39.87	37.66	-	(0.93)	75.13	21.06	35.38	35.31	-	(0.92)	20.21	54.92
	1,373.32	112.32	501.90	102.50	102.50	(7.26)	1,877.79	285.14	434.08	104.30	-	(4.15)	610.77	1,267.02
Capital work in progress	4.10	-	46.03	41.08	-	0.50	9.55	-	-	-	-	-	-	9.55
Grand Total	1,377.42	112.32	547.93	143.58	143.58	(6.76)	1,887.34	285.14	434.08	104.30	-	(4.15)	610.77	1,276.57

*Deemed cost being carrying value of property, plant and equipment measured as per Previous GAAP.

(i) Assets under construction

Capital work in progress (CWIP) as at March 31, 2018 comprises expenditure for the building in the course of construction. The total amount of CWIP as at March 31, 2018 is ₹ 9.55 million (March 31, 2017: ₹ 4.10 million, April 1, 2016: ₹ Nil).

(ii) Property, Plant and Equipment pledged as security

Refer to Note 17 for information on property, plant and equipment pledged as security by certain entities of the Group.

(iii) Contractual obligation

Refer Note 35 for disclosure of contractual commitment for the acquisition of property, plant and equipment.

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5. INVESTMENT PROPERTIES

Opening balance at April 1, 2016*	14.66
Closing balance at March 31, 2017	14.66
Disposals	(14.66)
Closing balance at March 31, 2018	-
Depreciation and impairment	
Opening balance at April 1, 2016	-
Depreciation (Note 31)	0.41
Closing balance at March 31, 2017	0.41
Depreciation (Note 31)	0.29
Disposals	(0.70)
Closing balance at March 31, 2018	-
Net Block	
at April 1, 2016	14.66
at March 31, 2017	14.25
at March 31, 2018	-

*For investment properties existing as on April 1, 2016, i.e., the date of transition to Ind-AS, the Group has used Previous GAAP carrying value as deemed costs

(i) Investment property pledged as security

Refer to Note 17 for information on investment property pledged as security by the Group.

(ii) Contractual obligations

There is no contractual commitments to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Group has no restrictions on the realisability of its investment properties.

Fair value of the investment properties:

Particulars	Investment properties		
	Land	Building	Total
As at April 1, 2016	222.30	73.20	295.50
As at March 31, 2017	222.30	73.20	295.50
As at March 31, 2018	-	-	-

Estimation of fair value

The Group obtains independent valuations for its investment properties on a regular basis. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a various sources including:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- Depreciated replacement cost of buildings

All resulting fair value estimates for investment properties are included in level 3.

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6. OTHER INTANGIBLE ASSETS

Year ended March 31, 2017

Description of Assets	Gross block					Amortisation				Net book value	
	As at April 1, 2016*	Acquisition of Business	Additions	Demerger	Translation Adjustments	As at March 31, 2017	Up to March 31, 2016	For the year	Translation Adjustments	As at March 31, 2017	As at March 31, 2017
Goodwill	1,364.13	756.94	-	233.01	(28.89)	1,859.17	-	-	-	-	1,859.17
Computer Software **	49.76	7.84	36.84	-	(7.80)	86.64	-	14.49	(7.60)	6.89	79.75
Brand name	-	820.99	-	-	-	820.99	-	-	-	-	820.99
Non-competition agreements	-	148.53	-	-	-	148.53	-	12.38	-	12.38	136.15
Intangible Assets under development											
Computer Software	1.01	-	34.93	-	(0.37)	35.57	-	-	-	-	35.57
Grand Total	1,414.90	1,734.30	71.77	233.01	(37.06)	2,950.90	-	26.87	(7.60)	19.27	2,931.63

Year ended March 31, 2018

Description of Assets	Gross block					Amortisation				Net book value	
	As at April 1, 2017	Acquisition of Business	Additions	Demerger	Translation Adjustments	As at March 31, 2018	Up to March 31, 2017	For the year	Translation Adjustments	As at March 31, 2018	As at March 31, 2018
Goodwill	1,859.17	3,005.38	-	178.78	4.74	4,690.51	-	-	-	-	4,690.51
Computer Software **	86.64	-	62.70	-	(5.67)	143.67	6.89	46.61	(5.36)	48.14	95.52
Customer Contracts	-	245.14	-	-	2.74	247.88	-	60.18	9.11	69.29	178.59
Brand name	820.99	-	-	-	-	820.99	-	-	-	-	820.99
Non-competition agreements	148.53	-	-	-	-	148.53	12.38	18.57	-	30.95	117.59
Intangible Assets under development											
Computer Software	35.57	-	7.16	-	0.37	43.10	-	-	-	-	43.10
Grand Total	2,950.90	3,250.52	69.86	178.78	2.18	6,094.68	19.27	125.35	3.75	148.38	5,946.30

* Deemed cost being carrying value of property, plant and equipment measured as per Previous GAAP.

** Computer software consists of purchased software licenses and implementation costs of Enterprise Resource Planning (ERP) software.

(i) Acquisitions during the year

Intangible assets acquired during the year ended March 31, 2017 include acquired brand and non-competition agreement acquired through business combinations. A trade name, also called a brand name, is used to identify a commercial product or service, which may or may not be registered as a trademark. The acquired, Dusters Total Solutions Services Private Limited (DTSS) operates under the trade name DTSS "Dusters Total Solutions Services". This trade name has been in existence since 2007 and the trade name has strong brand recognition and awareness in facilities management market in India resulting in good market share.

The Parent has entered into a non-competition agreement with the promoters of DTSS. The life of the non-compete agreement is eight years.

With effect from July 01, 2017, SIS Australia Group Pty Ltd., a subsidiary of the Group, acquired an additional 41% of the voting rights and shares (in addition to the 10% already held) in the Southern Cross Protection Group (SXP). SXP was formerly an associate company and, as a result, it has become a subsidiary of the Group.

SXP owns a number of brands which are either developed by it or acquired by it. Those brands have an indefinite life and are not amortised.

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All figures in ₹ million except per share data

(ii) Impairment testing of goodwill and brands with indefinite lives

A summary of changes in the carrying amount of goodwill is as follows:

Particulars	As at	
	March 31, 2018	March 31, 2017
Carrying value at the beginning of the year	1,859.17	1,364.13
Goodwill on acquisition of Lotus Learning Private Limited	-	178.78
Goodwill on acquisition of Dusters Total Solutions Services Private Limited	-	578.16
Goodwill on acquisition of Andwills Pty Ltd (Southern Cross Protection group)	3,005.38	-
Transfer of Non-current assets held for distribution on account of demerger	-	(411.79)
Less receivable in demerger	(178.78)	178.78
Translation differences	4.74	(28.89)
Carrying value at the end of the year	4,690.51	1,859.17

The break-up of allocation of goodwill to operating segments is as follows:

Particulars	As at	
	March 31, 2018	March 31, 2017
Security Services – Australia	4,112.35	1,102.23
Facilities Management	578.16	578.16
Unallocated	-	178.78

The entire goodwill relating to acquisition of Andwills Pty Ltd has been allocated to the groups of CGUs which are represented by the Security Services - Australia segment.

The entire goodwill relating to acquisition of Dusters Total Solutions Services Private Limited has been allocated to the groups of CGUs which are represented by the Facilities Management segment.

Unallocated goodwill represents goodwill on acquisition of Sunrays Overseas Private Limited, Vardan Overseas Private Limited, and Lotus Learning Private Limited. Pursuant to the demerger scheme, as more fully explained in Note 14, all the assets and liabilities of Sunrays Overseas Private Limited, Vardan Overseas Private Limited, and Lotus Learning Private Limited have been transferred to SIS Asset Management Company Private Limited. Accordingly, goodwill arising on these acquisitions has been reversed.

A summary of changes in the carrying amount of brands with indefinite life as follows:

Particulars	As at	
	March 31, 2018	March 31, 2017
Carrying value at the beginning of the year	820.99	-
On acquisition of Dusters Total Solutions Services Private Limited	-	820.99
Translation differences	-	-
Carrying value at the end of the year	820.99	820.99

The break-up of allocation of brands to operating segments is as follows:

Particulars	As at	
	March 31, 2018	March 31, 2017
Facilities Management	820.99	820.99

The entire acquired brands are relating to acquisition of Dusters Total Solutions Services Private Limited has been allocated to the groups of CGUs which are represented by the Facilities Management segment.

Impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets/plans approved by management covering a period of five years. Cash flows beyond the period of five years are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGUs over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2018, March 31, 2017 and April 1, 2016,

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the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

Key assumptions used for testing impairment of goodwill relating to the acquisition of Andwills Pty Ltd:

Particulars	March 31, 2018
Sales (% annual growth rate)	4.00% - 5.50%
EBIDTA (%)	7.00% - 7.50%
Long term growth rate (%)	5.00%
Pre-tax discount rate (%)	15.00%

Key assumptions used for testing impairment of goodwill and brand relating to the acquisition of Dusters Total Solutions Services Private Limited:

Particulars	March 31, 2018	March 31, 2017
Sales (% annual growth rate)	15.00% - 29.00%	18.00% - 25.00%
EBIDTA (%)	6.10% - 6.80%	5.80% - 6.90%
Long term growth rate (%)	5.00%	5.00%
Pre-tax discount rate (%)	14.78%	17.32%

Key assumptions used for testing impairment of goodwill relating to the acquisition of the static guarding business of Chubb Security in Australia (operated under MSS Security Pty limited):

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Sales (% annual growth rate)	4.00% - 6.00%	4.00% - 6.00%	4.00% - 6.00%
EBIDTA (%)	4.50% - 4.80%	4.50% - 4.80%	4.50% - 4.80%
Long term growth rate (%)	5.00%	5.00%	5.00%
Pre-tax discount rate (%)	15.00%	15.00%	15.00%

These estimates are likely to differ from future actual results of operations and cash flows.

7. INVESTMENTS

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Non-current investments			
Investments in Equity Instruments			
Investment in associates			
Unquoted equity shares (fully paid)			
Nil equity shares (March 31, 2017: 39,206, April 1, 2016: 39,206 shares) of AUD 1 each fully paid up in Southern Cross Protection Pty Ltd	-	119.72	113.12
9,708,696 (March 31, 2017: 9,708,696, April 1, 2016: 9,708,696) equity shares of ₹ 10/- each fully paid up in SIS Cash Services Private Limited	537.70	631.99	683.10
	537.70	751.71	796.22
Investment in joint ventures			
Unquoted equity shares (fully paid)			
50 equity shares (March 31, 2017: 50, April 1, 2016: 50) of AUD 1 each fully paid up in Habitat Security Pty Ltd	2.06	0.61	-
20,000,000 equity shares (March 31, 2017: 11,000,000, April 1, 2016: 11,000,000) of ₹ 10/- each fully paid up in SIS Prosecur Alarm Monitoring Response Services Private Limited	134.18	74.98	101.37
	136.24	75.59	101.37
Investments at FVTPL			
Unquoted equity shares (fully paid)			
Nil equity shares (March 31, 2017: Nil, April 1, 2016: 24,500) of ₹ 10/- each fully paid up in Mahamanav Mritunjay Institute of Yoga & Alternative Medicine Limited.	-	-	0.24
Nil equity shares (March 31, 2017: Nil, April 1, 2016: 24,500) of ₹ 10/- each fully paid up in Mritunjay Educational Foundation Limited.	-	-	0.24
Nil equity shares (March 31, 2017: Nil, April 1, 2016: 65,000) of ₹ 100/- each fully paid up in Rituraj Resorts Limited	-	-	6.50

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All figures in ₹ million except per share data

7. INVESTMENTS

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Nil equity shares (March 31, 2017: Nil, April 1, 2016: 4,900) of ₹ 10/- each fully paid up in Superb Intelligence Services Private Limited	-	-	0.05
2,500 equity shares (March 31, 2017: 2,500, April 1, 2016: Nil) of ₹ 10/- each fully paid up in Saraswat Cooperative Bank limited	0.02	0.02	-
Total FVTPL investments	0.02	0.02	7.03
Total investment in equity instruments	673.96	827.32	904.62
Investments in debentures or bonds			
247 Non-convertible debentures (March 31, 2017: 147, April 1, 2016: Nil) of ₹ 1,000,000/- each fully paid in SIS Cash Services Private Limited	247.00	147.00	-
Total Investments in debentures or bonds	247.00	147.00	-
Total non-current investments	920.96	974.32	904.62
Aggregate book value of unquoted investments	920.96	974.32	904.62
Aggregate amount of impairment in value of investments	-	-	-
Current investments	-	-	-
Total investments	920.96	974.32	904.62

8. OTHER FINANCIAL ASSETS

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Other non-current financial assets			
Security deposits	306.46	193.89	121.50
Margin money in the form of fixed deposits *	125.80	-	-
Other non-current financial assets	107.00	-	-
Total Other non-current financial assets	539.27	193.89	121.50
Other current financial assets			
Unbilled revenue	4,005.57	3,497.77	2,841.77
Interest accrued on investments	15.04	-	-
Interest accrued on deposits	41.32	14.79	5.31
Security deposits	171.76	232.23	89.78
Advances	4.20	4.30	-
Total other current financial assets	4,237.89	3,749.09	2,936.86
Total financial assets	4,777.16	3,942.98	3,058.36

* Fixed deposits have been pledged as margin money against bank guarantees.

** No loans or other advances are due from directors or other officers of the group either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member.

9. INCOME TAX ASSETS, LIABILITIES AND EXPENSE

The balance in deferred tax assets (liabilities) comprises temporary differences attributable to:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Property, plant and equipment and investment property	230.59	155.22	127.28
Intangible assets	(315.22)	(248.97)	(1.96)
Defined benefit obligations	1027.36	816.32	706.66
Deductions in respect of certain benefits under the Income Tax Act, 1961	355.32	227.52	-
Accruals and others	(455.76)	(440.07)	(415.42)
Allowance for doubtful debts – trade receivables	8.18	2.71	4.89
Unused tax losses	66.88	27.91	30.14
Minimum alternative tax (MAT) credit entitlement	21.85	19.04	-
Total deferred tax assets (liabilities)	939.20	559.68	451.59

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Reflected in the balance sheet as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Deferred tax assets	1,163.13	895.44	534.77
Deferred tax liabilities	223.93	335.76	83.18
Deferred tax assets(liabilities), net	939.20	559.68	451.59

Reconciliation of deferred tax assets (liabilities), net:

	Property, plant and equipment and investment property	Intangible Assets	Defined benefit obligations	Deductions in respect of certain benefits under the Income Tax Act, 1961	Accruals and other	Allowance for doubtful debts – trade receivables	Unused tax losses	Minimum alternative tax (MAT) credit entitlement	Total
As at April 1, 2016	127.28	(1.96)	706.66	-	(415.42)	4.89	30.14	-	451.59
Tax income/(expense) during the period recognised in profit or loss	27.94	(2.95)	99.36	227.52	(24.63)	(2.18)	(2.23)	19.04	341.85
Tax income/(expense) during the period recognised in OCI	-	-	10.30	-	-	-	-	-	10.30
Addition on business combination	-	(244.06)	-	-	-	-	-	-	(244.06)
As at March 31, 2017	155.22	(248.97)	816.32	227.52	(440.07)	2.71	27.91	19.04	559.68
Tax income/(expense) during the period recognised in profit or loss	75.37	(66.25)	207.25	127.80	(37.47)	5.47	38.97	2.81	353.95
Tax income/(expense) during the period recognised in OCI	-	-	3.79	-	-	-	-	-	3.79
Addition on business combination	-	-	-	-	21.78	-	-	-	21.78
As at March 31, 2018	230.59	(315.22)	1,027.36	355.32	(455.76)	8.18	66.88	21.85	939.20

Deferred tax assets and liabilities above have been determined by applying the income tax rates applicable to respective entities in the group. Deferred tax assets and liabilities in relation to taxes payable by various entities/ under different tax basis have not been offset in the financial statements

Tax losses:

Particulars	March 31, 2018	March 31, 2017
Unused tax losses for which deferred tax asset has not been recognized	-	107.08
Potential tax benefit at Nil% (March 31, 2017: 27.77%)	-	29.74

Unrecognised temporary differences:

Certain subsidiaries of the group have undistributed earnings which, if paid out as dividends would be subject to tax in the hand of the recipient. An assessable temporary differences exists but no deferred tax liability has been recognized as the Parent is able to control the timing of distribution from the subsidiaries and the earnings are expected to be utilized for their business expansion.

Income tax assets:

Particulars	March 31, 2018	March 31, 2017
Opening balance	691.82	241.12
Add: Taxes paid	500.49	538.67
Less: Current tax payable for the year	218.58	87.97
Less: Refund received	32.09	-
Current tax assets	941.64	691.82

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Current tax liabilities:

Particulars	March 31, 2018	March 31, 2017
Opening balance	31.90	-
Add: Current tax payable for the year	378.69	262.07
Less: Taxes paid	238.64	230.17
Current tax liabilities	171.95	31.90

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

Statement of profit and loss:

Profit or loss section:

Particulars	March 31, 2018	March 31, 2017
Current income tax:		
Current income tax charge	597.26	349.56
Adjustments in respect of current income tax of previous years	0.71	-
Deferred tax:		
Decrease (increase) in deferred tax assets	(305.77)	(405.08)
(Decrease) increase in deferred tax liabilities	(48.17)	63.23
Income tax expense reported in the statement of profit or loss	244.03	7.71

The Group has accounted for certain benefits under the Income Tax Act, 1961 in the years ended March 31, 2017 and March 31, 2018. On application of Ind-AS effective April 1, 2017 with the transition date as April 1, 2016, the Group has accounted for a deferred tax asset in respect of the related benefits in the respective financial year.

One of the subsidiaries of the Group has accounted for these benefits, in respect of the year ended March 31, 2017, during the year ended March 31, 2018 as the relevant numbers and benefit were computed and crystallised only during the year ended March 31, 2018. Therefore, the current tax and deferred tax expense for the year ended March 31, 2018 includes a tax credit of ₹ 69.49 million which pertains to the accounting of these benefits in respect of the year ended March 31, 2017.

OCI section:

Tax related to items recognised in OCI during the year:

Particulars	March 31, 2018	March 31, 2017
Exchange differences on monetary items included in net investment in foreign operations	(2.29)	1.36
Net loss/(gain) on remeasurements of defined benefit plans	(3.79)	(10.30)
Income tax charged to OCI	(6.08)	(8.94)

Reconciliation of tax expense and the accounting profit multiplied by the tax rate for March 31, 2017 and March 31, 2018:

Particulars	March 31, 2018	March 31, 2017
Accounting profit before tax from continuing operations	1,874.36	1,104.86
Accounting profit before income tax	1,874.36	1,104.86
At the statutory income tax rate @ 34.944% (March 31, 2017: 34.608%)	648.68	382.37
Adjustments in respect of current income tax of previous years	0.70	(12.74)
Change in applicable tax rate for deferred tax assets and liabilities (for certain entities in the Group)	(63.47)	(29.15)
Utilisation of previously unrecognised tax losses to reduce current tax expense	(53.50)	-
Utilisation of previously unrecognised tax losses to reduce deferred tax expense	-	12.99
Additional temporary tax deductible in respect of certain benefits under the Income Tax Act, 1961 (refer note above)	(290.86)	(341.28)
Benefit of Indexation on investments	(5.86)	(7.14)
Non-Deductible expenses for tax purposes		
Corporate social responsibility expenditure	9.65	3.63
Donation	6.42	1.26

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Particulars	March 31, 2018	March 31, 2017
Other non-deductible expenses	5.50	6.02
Income taxed at differential rates		
Profit on sale of fixed assets	(0.01)	(0.06)
Dividend from foreign subsidiaries taxed at a different/lower rate	(0.37)	(0.44)
Entities taxed at different rates	(12.85)	(7.75)
Income tax expense reported in the statement of profit and loss	244.03	7.71

10. OTHER ASSETS

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Other non-current assets			
- Capital advances	2.37	4.07	3.16
- Balances with related parties	18.08	-	-
- Preliminary and pre-operative expenses	1.63	1.23	1.72
- Other advances	187.68	227.45	225.47
Total other non-current assets	209.76	232.75	230.35
Other current assets			
Balances with related parties	210.34	141.97	115.69
Security deposits	484.28	379.90	375.95
Prepaid expenses	188.19	195.46	120.80
Service Tax/VAT/GST recoverable	8.75	7.39	12.52
Other advances	1.65	-	-
Total other current assets	893.21	724.72	624.96
Total other Assets	1,102.97	957.47	855.31

Finance leases — Group as lessor

Certain entities of the Group provide various equipment on finance lease to its customers.

Lease agreements are generally for a period of three to five years. Certain agreements provide that the lessee will own the equipment after the end of the lease period while other agreements provide an option to the lessee to purchase the equipment at a nominal value so that there is reasonable certainty that the lessee will purchase the equipment. Lease rentals are payable on monthly/quarterly basis as stipulated in the respective agreements.

Future minimum lease receivables under finance leases contracts together with the present value of the net minimum lease payments are, as follows:

	March 31, 2018		March 31, 2017		April 1, 2016	
	Minimum lease receivables	Present value	Minimum lease receivables	Present value	Minimum lease receivables	Present value
Within one year	62.95	44.91	64.80	51.80	64.80	58.08
After one year but not more than five years	95.93	91.00	158.88	129.20	223.68	164.51
More than five years	-	-	-	-	-	-
Gross investment in finance lease	158.88	135.91	223.68	181.00	288.49	222.59
Less: amounts representing finance charges	22.97	-	42.69	-	65.89	-
Present value of minimum lease receivables	135.91	135.91	181.00	181.00	222.59	222.59
Unearned finance income	22.97	22.97	42.69	42.69	65.89	65.89
Unguaranteed residual values accruing to the benefit of the lessor	-	-	-	-	-	-

11. INVENTORIES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Stock-in-trade	29.41	28.54	7.04
Uniforms	94.11	1.19	1.19
Consumables	18.00	2.88	1.85
Total inventories at the lower of cost and net realisable value	141.52	32.61	10.08

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12. TRADE RECEIVABLES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Trade receivables	6,277.63	4,226.54	2,612.32
Less: Allowance for doubtful debts	34.92	19.96	7.03
Total trade receivables	6,242.71	4,206.58	2,605.29

Break-up of security details:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Secured, considered good	-	-	-
Unsecured, considered good	6,242.71	4,206.58	2,605.29
Doubtful	34.92	19.96	7.03
Total	6,277.63	4,226.54	2,612.32
Impairment Allowance (allowance for bad and doubtful debts)	34.92	19.96	7.03
Total Trade receivables	6,242.71	4,206.58	2,605.29

No trade or other receivable are due from directors or other officers of the entities of the Group either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 41.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

13. CASH AND BANK BALANCES

Cash and cash equivalents

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Balances with banks:			
– On current accounts	4,640.59	3,047.84	2,906.04
– Balance with scheduled banks in deposits accounts	13.94	14.14	11.95
Cash on hand	0.95	3.24	2.73
Total	4,655.48	3,065.22	2,920.72

Cash-in-hand and bank balances lying in various current accounts bear no interest.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

Other bank balances

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Unclaimed dividend accounts	0.34	0.34	0.23
Deposits with remaining maturity greater than three months but up to twelve months from reporting date	772.09	1226.47	405.65
Total	772.43	1,226.81	405.88

Specified Bank Notes (SBNs)

During the year ended March 31, 2017, the entities of the Group had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016. The details of SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	129.29	1.18	130.47
Add: Permitted receipts	0.04	36.74	36.78
Less: Permitted payments	1.26	15.86	17.12
Less: Amount deposited in Banks	128.08	17.96	146.04
Closing cash in hand as on December 30, 2016	-	4.09	4.09

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For the purposes of this clause, the term “Specified Bank Notes” shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic affairs number S.O. 3407(E), dated November 08, 2016.

14. DEMERGER OF CERTAIN BUSINESS AND NON-CASH ASSETS

Demerging Business:

The Honourable National Company Law Tribunal, Kolkata has vide its order dated December 22, 2017 approved a composite scheme of arrangement under sections 391 to 394 of the Companies Act, 1956 between the Parent, Service Master Clean Limited (“SMC”), SIS Asset Management Private Limited (formerly known as Tech SIS Access Management System Private Limited) and their respective shareholders and creditors (“Demerger Scheme”). The Demerger Scheme provides for the demerger, transfer and vesting of

- the consultancy and investigation business of the Parent, including all related assets, properties, identified investments (direct, or through nominees), liabilities and provisions, employees, business contracts and movable and immovable properties, as well as certain compulsorily convertible shares allotted or deemed to be allotted pursuant to the Demerger Scheme (“SIS Demerging Business”), and
- the payroll outsourcing business of SMC, including all related assets, properties, identified investments (direct, or through nominees), liabilities and provisions, employees, business contracts and movable and immovable properties (“SMC Demerging Business”) to SIS Asset Management Private Limited, on a going concern basis (such transaction, the “Proposed Demerger”).

Revenues from the SMC Demerging Business and SIS Demerging Business (the “Demerging Businesses”) for the year ended March 31, 2018 accounted for ₹ 3.56 million (March 31, 2017: ₹ 14.64 million) and ₹ 2.04 million (March 31, 2017: ₹ 2.59 million) respectively.

Some of the key terms of the Demerger Scheme are as follows:

- The Demerger Scheme provides for the transfer of the Demerging Businesses to SIS Asset Management Private Limited, for Consideration (defined hereinafter) and in accordance with section 2(19AA) of the Income Tax Act. The Demerger Scheme has been drawn up to comply with the conditions relating to a demerger under section 2(19AA) of the Income Tax Act, and if found inconsistent with this section, shall stand modified to the extent required for compliance.
- The “Appointed Date” for the Demerger Scheme is July 01, 2016.
- The Demerger Scheme, inter alia, provides for, in consideration for the transfer of the Demerging Businesses, the issuance by SIS Asset Management Private Limited of (a) 43,070,000 fully paid-up compulsorily convertible preference shares of ₹ 10 each (“CCPS”) proportionately for every 19,512,800 equity shares of ₹ 10 each of SMC held by shareholders of SMC on the Appointed Date, and (b) 16,520,000 equity shares of ₹ 10 each of SIS Asset Management Private Limited for every 6,202,659 Equity Shares held by shareholders of our Parent on the Appointed Date (“Consideration”). Any CCPS allotted, or deemed to be allotted to the Parent (on account of the Parent being a shareholder of SMC) as consideration for transfer of the SMC Demerging Business would stand cancelled. Hence SIS Group International Holdings Pty Ltd. being the 41% shareholder of SMC shall be allotted 17.66 million CCPS.
- The difference between the book values of the assets and liabilities transferred and vested in SIS Asset Management Company Private Limited shall be adjusted against the share premium account of the respective demerging companies;

Upon the Demerger Scheme becoming effective on January 18, 2018 (being the date of filing of the order of the Honourable National Company Law Tribunal, Kolkata with the Registrar of Companies, Patna), sixteen immovable properties owned by the Parent and three investments owned by SMC (“Demerged Properties”) stand transferred to, and vested with, SIS Asset Management Private Limited.. The Demerged Properties consist primarily of land and buildings, including the Group’s administrative office, training centres at Garwha, Jharkhand (including academic blocks and hostels), Dehradun and Cuttack and investments by SMC in Vardan and Sunrays, which own the Group’s corporate office.

The net financial impact of the Demerger Scheme on the Group is as follows:

Particulars	Amounts transferred
Land	55.81
Buildings	118.46
Goodwill	411.79
Other net assets/ (Liabilities)	(19.51)
Net Assets transferred	566.55

Since the Demerger Scheme was approved by the respective Board of Directors of the Parent and SMC prior to March 31, 2017, the assets and liabilities to be demerged have been shown as follows in the balance sheet as at March 31, 2017:

- Assets Held for distribution to shareholders pursuant to demerger ₹ 409.08 million (Net assets ₹ 580.82 less CCPS receivable on demerger ₹ 171.74 million)

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All figures in ₹ million except per share data

15. EQUITY SHARE CAPITAL

Authorised share capital

Equity shares of ₹ 10 each authorised	(Nos. in million)	(₹ million)
At April 1, 2016	135.00	1,350.00
Increase/(decrease) during the year	-	-
At March 31, 2017	135.00	1,350.00
Increase/(decrease) during the year	-	-
At March 31, 2018	135.00	1,350.00

Issued equity capital

Equity shares of ₹ 10 each issued	(Nos. in million)	(₹ million)
At April 1, 2016	6.20	62.00
Issued on exercise of stock options	0.01	0.05
Issue of bonus shares	62.46	624.57
Other issue of shares	0.04	0.41
At March 31, 2017	68.70	687.03
Issued on exercise of stock options	0.04	0.36
Public Issue of Shares	4.44	44.45
Conversion of compulsorily convertible debentures**	0.00	0.00
At March 31, 2018	73.18	731.84

Subscribed and paid up equity capital

Equity shares of ₹ 10 each subscribed and fully paid	(Nos. in million)	(₹ million)
Subscribed share capital as at April 1, 2016	6.20	62.00
Less: Forfeited equity shares *	-	-
Subscribed and paid up share capital as at April 1, 2016	6.20	62.00
Exercise of options – proceeds received	0.01	0.05
Issue of bonus shares	62.46	624.57
Other issue of shares	0.04	0.41
At March 31, 2017	68.70	687.03
Exercise of options – proceeds received	0.04	0.36
Public Issue of Shares	4.44	44.45
Conversion of Compulsorily Convertible debentures**	0.00	0.00
At March 31, 2018	73.18	731.84

* 125 equity shares of ₹ 10 each fully paid up

** The Compulsorily Convertible Debentures were converted into 22 equity shares of ₹ 10 each fully paid up

Notes:

- Of the above, 2,210,500 and 62,457,240 equity shares were allotted as fully paid Bonus Shares by capitalization of general reserves during the year ended March 31, 2006 and March 31, 2017 respectively.
- Mr. Uday Singh was the holder of 79,000 unpaid shares in SIS International Holdings Ltd., a wholly owned subsidiary in the Group. In terms of a letter dated December 1, 2009, Mr. Singh had the option to exchange these shares for shares of the Parent in a manner reflecting the fair value of these shares, reduced by the amounts unpaid on them. Subsequently, in lieu of these shares and suitably adjusted for amounts unpaid thereon, Mr. Singh was allotted 40,565 equity shares during the year ended March 31, 2017, at a ratio as determined in accordance with a valuation report prepared by a SEBI registered merchant banker.
- During the year ended March 31, 2018, the Parent completed an Initial Public Offering (IPO) of its shares consisting of a fresh offer of 4,444,785 equity shares of ₹. 10 each at a premium of ₹ 805 per share and an offer for sale of 5,120,619 equity shares of ₹ 10 each by the selling shareholders. The proceeds of the fresh offer component from the IPO amounted to ₹. 3,410.47 (million) (net of issue expenses). The equity shares of the Parent were listed on NSE and BSE effective August 10, 2017.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Details of the utilisation of IPO proceeds are as follows:

Particulars	Net proceeds as per prospectus
Gross proceeds of the Issue	3,622.50
Less: Estimated offer related expenses in relation to the Issue	233.82
Net Proceeds	3,388.68
Add: Saving in offer related expenses	21.79
Total	3,410.47

Particulars	Projected utilization of funds as per prospectus	Utilised upto March 31, 2018	Unutilised amount as on March 31, 2018
a. Prepayment & repayment of Debts of the Parent	2,000.00	2,000.00	Nil
b. Funding working capital requirements of the Parent	600.00	600.00	Nil
c. General corporate purposes	788.70		
Add : Saving in offer related expenses	21.79		
	810.47	228.30	582.17
Total	3,410.47	2,828.30	582.17

The unutilised amounts of the issue as at March 31, 2018 has been temporarily deployed in the cash credit accounts of the Group with banks which is in accordance with objects of the issue. The same is expected to be utilised by March 31, 2019.

Expenses incurred by the Parent, amounting to ₹ 212.03 million (net of recovery from shareholders), in connection with the IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.

Terms/rights attached to equity shares

The Parent has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and to participate in dividends in proportion to the number of and amounts paid on the shares held. The Parent declares and pays dividends in Indian rupees.

In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive the remaining assets of the Parent, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the Parent

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. in million	% holding in the class	No. in million	% holding in the class	No. in million	% holding in the class
Ravindra Kishore Sinha	29.63	40.49%	28.56	41.58%	2.60	41.88%
Rita Kishore Sinha	12.11	16.55%	12.11	17.63%	1.10	17.74%
Rituraj Kishore Sinha	8.35	11.41%	7.09	10.32%	0.65	10.54%
Theano Private Limited	3.40	4.65%	10.44	15.20%	0.95	15.31%

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	No.	No.	No.	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of general reserve	32,740	62,457,240	-	-	-
Equity shares allotted as fully paid up without payment being received in cash	-	40,565	-	-	-
Equity shares bought back	-	-	-	-	-

During the year ended March 31, 2018, 3,274 (March 31, 2017: 5,000) options issued to employees were exercised by them and equity shares allotted. Further, in terms of the ESOP 2008, the equity shares so allotted on exercise of the options shall be adjusted for the bonus issue of 10 shares for every 1 equity share announced by the Parent on July 27, 2016. Accordingly, a total number of 36,014 (March 31, 2017: 55,000) equity shares were allotted by the Parent on exercise of 3,274 (March 31, 2017: 5,000) options by the employees.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Shares reserved for issue under options

Employees share options

Refer Note 30 for details regarding employee share options issued by the Company.

16. OTHER EQUITY

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Reserves and surplus			
Securities premium reserve	3,500.45	487.29	380.50
General reserve	186.06	186.39	810.96
Share options outstanding account	154.24	76.42	14.74
Retained earnings	5,787.61	4,308.22	3,210.36
Total reserves and surplus	9,628.36	5,058.32	4,416.56
Other reserves			
Equity component of compound financial instruments	-	209.25	47.85
Foreign currency translation reserve	(77.16)	(48.90)	-
Total other reserves	(77.16)	160.35	47.85
Total other equity	9,551.20	5,218.67	4,464.41

Securities Premium Reserve

Particulars	
At April 1, 2016	380.50
Add: Receipts on issue of equity shares	95.94
Add: Receipts on exercise of share options	10.85
At March 31, 2017	487.29
Add: Receipts on issue of equity shares	3,578.05
Add: Receipts on exercise of share options	4.44
Add: Receipts on conversion of Compulsorily Convertible Debentures	209.25
Less: Transaction costs arising on share issue	212.03
Less: Deficit arising on demerger of business (refer Note 14)	566.55
At March 31, 2018	3,500.45

General Reserve

Particulars	
At April 1, 2016	810.96
Less: Capitalisation on issue of bonus shares	624.57
At March 31, 2017	186.39
Less: Capitalisation on issue of bonus shares	0.33
At March 31, 2018	186.06

Share Options Outstanding Account

The Parent has two share option schemes under which options to subscribe for the Parent's shares have been granted to certain executives and senior employees.

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 29 for further details of these plans.

Particulars	
As at April 1, 2016	14.74
Add: Stock option compensation expense	72.53
Less: Transferred to Securities premium reserve on exercise of share options	10.85
At March 31, 2017	76.42
Add: Stock option compensation expense	82.26
Less: Transferred to Securities premium reserve on exercise of share options	4.44
At March 31, 2018	154.24

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Retained earnings

Particulars	
At April 1, 2016	3,210.36
Add: Net Profit (Loss) for the year	1,097.10
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Remeasurements of post-employment benefit obligations, net of taxes	(20.65)
Less: Appropriations	
- Transfer to minority interest	(21.41)
At March 31, 2017	4,308.22
Add: Net Profit (Loss) for the year	1,630.28
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Remeasurements of post-employment benefit plans directly in retained earnings	(4.40)
Less: Appropriations:	
- Interim Dividend	146.37
- Dividend Distribution Tax	29.79
- Transfer to minority interest	9.84
- Other appropriations	(39.51)
At March 31, 2018	5,787.61

Equity component of compound financial instruments

Particulars	
At April 1, 2016	47.85
Add: Equity component arising on determination of conversion ratio of compulsorily convertible debentures	161.40
At March 31, 2017	209.25
Less: Transferred to Securities Premium Reserve on conversion of compulsorily convertible debentures	209.25
At March 31, 2018	-

Foreign currency translation Reserve

Particulars	
At April 1, 2016	-
Net Investment in a foreign operations	3.19
Translation reserve	(52.09)
At March 31, 2017	(48.90)
Net Investment in a foreign operations	(5.35)
Translation reserve	(22.91)
At March 31, 2018	(77.16)

Nature and purpose of Reserves

Securities Premium Reserve

Security premium reserve is used to record the premium on issue of shares or other securities such as debentures or bonds. The reserve is utilised in accordance with the Companies Act, 2013.

General Reserve

The general reserve is the result of a company's transferring a certain amount of profit from the account of retained earnings to the general reserve account. The purpose of setting up a general reserve account is to meet potential future unknown liabilities. In other words, the general reserve is a free reserve which can be utilized for any purpose after fulfilling certain conditions.

Share Options outstanding Account

The share options outstanding account is used to recognize the grant date fair value of options issued to employees under the Parent's employee share option plan. Refer Note 29 for details.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Foreign currency translation Reserve

Translation differences included in the foreign currency translation reserve arise as a result of translating the financial statement items from the functional currency into the presentational currency using the exchange rate at the balance sheet date, which differs from the rate in effect at the last measurement date of the respective item.

Particulars	Refer note below	March 31, 2018	March 31, 2017	April 1, 2016
Non-current Borrowings				
Secured				
Bonds/ Debentures				
- Non Convertible Debentures issued to Piramal Enterprises Limited	a	-	790.13	-
Term Loans				
From Banks				
- HDFC Bank Limited	b	133.40	-	-
- IDBI Bank Limited	c	28.14	54.35	-
- IDFC Bank Limited	d	-	493.21	-
- Axis Bank Limited	e	-	22.11	50.15
- National Australia Bank	f	3,442.17	2,250.48	1,532.06
- Yes Bank Limited	g	120.21	154.90	202.65
- Vehicle Loan from various banks	h	94.62	109.09	71.48
From other parties				
- Piramal Finance Limited	i	-	393.08	-
- Vehicle Loan from others	j	59.47	60.48	61.14
Total secured borrowings		3,878.01	4,327.83	1,917.48
Unsecured				
Bonds/ Debentures				
Liability component of compound financial instrument (0%, Compulsorily Convertible Debentures)	k	-	-	143.70
Term Loans				
- Yes Bank Limited	l	93.30	130.45	0
Total unsecured borrowings		93.30	130.45	143.70
Total non-current borrowings		3,971.31	4,458.28	2,061.18
Less: Current maturity of long term loans		208.08	723.57	418.65
Non-current borrowings (as per balance sheet)		3,763.23	3,734.71	1,642.53
Current borrowings				
Secured				
Loans repayable on demand				
From Banks				
- National Australia Bank	m	-	496.57	508.05
- Kotak Mahindra Bank Limited	n	450.00	439.65	369.26
- IDBI Bank Limited	o	-	153.36	126.65
- Axis Bank Limited	p	19.57	370.89	145.70
- Axis Bank Limited	q	-	-	5.93
- ICIICI Bank Limited	q	-	13.82	6.25
- State Bank of India	q	-	2.14	0.03
- State Bank of India	r	-	173.91	650.02
- ICIICI Bank Limited	s	259.07	305.64	217.52
- Yes Bank Limited	t	730.98	239.38	8.06
- HDFC Bank Limited	u	-	92.80	-
- Bank West	v	138.20	-	-
Total secured borrowings		1,597.82	2,288.16	2,037.47
Unsecured				
Loans repayable on demand				
From Banks				
- Standard Chartered Bank	w	-	250.00	-
Total unsecured borrowings		-	250.00	-
Net current borrowings		1,597.82	2,538.16	2,037.47
Aggregate Secured borrowings		5,475.82	6,615.99	3,954.95
Aggregate Unsecured borrowings		93.30	380.45	143.70

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Notes:

Long Term Borrowings - Secured:

Bonds/debentures:

- a. Piramal Finance Limited has subscribed to 80 non-convertible debentures (NCDs) of ₹ 10,000,000/- each. The NCDs carry interest @ 12.70 % per annum, payable monthly. The NCDs are secured against investments of the Parent in Service Master Clean Limited and Dusters Total Solutions Services Private Limited. The principal amount is to be repaid in 48 equal instalments commencing 12 months from the deemed date of allotment of all the non-convertible debentures. Further, the Parent is required to prepay 50% of the principal amount (together with interest) within 5 days of the completion of an initial public offering of shares. Additionally the Parent may make a prepayment of an amount not less than ₹ 100 million. The Parent has the right to prepay the NCDs without any prepayment penalty with prior notice of 30 days.
- b. Secured by way of first charge on the movable fixed assets of the Parent purchased out of the term loan proceeds and second charge on stock and book debts of the Parent both present and future. The loan carries interest @ 9.60 % per annum (1 Year MCLR +145 bps.) and is repayable in 16 equal quarterly instalments of ₹ 9.53 million each, with repayment to commence from November 2017 and to be completed in August, 2021.
- c. Secured by an exclusive charge on the specified assets acquired out of the loan and second pari-passu charge on the current assets of the Parent. The loan carries interest @ 11.50 % per annum (MCLR+285 bps) and is repayable in 15 equal quarterly instalments of ₹ 6.67 million each and scheduled to be repaid by September, 2019.
- d. Secured by way of first pari-passu charge on the current assets and all immovable and movable fixed assets of the Parent and an exclusive charge over specific immovable properties (Residential/Commercial) located in East of Kailash, Noida, Okhla or any other property in NCR acceptable to Bank. The loan carries interest @ 12.00 % per annum. The loan has a moratorium of 6 months and to be repaid in equal 18 quarterly instalments thereafter (i.e. first repayment to begin at the end of 9th month from the date of first disbursement).
- e. Secured by way of first charge on the fixed assets purchased out of the loan and by a second charge on the current assets of the Parent. The loan carries interest @ 10.70% per annum (MCLR + 175 bps) and is repayable in 13 equal quarterly instalments of ₹ 7.10 million each and last instalment of ₹ 7.60 million.
- f. Secured by all assets and share mortgages of all the Australian subsidiaries of the Group except the group consisting of Andwills Pty Ltd. and its subsidiaries. The loan carries interest ranging from 3.855% to 4.855% depending on the gearing ratio computed as Net debt/EBITDA (BBSY + 200-300 bps) and a commitment charge which is 50% of the margin ranging from 100-150 bps calculated on the undrawn amount of the loans. The current rate of interest is 3.855%. The loan is scheduled for repayment on its maturity (ie, April 30, 2021).
- g.
 - (i) Secured by first charge on the specified fixed assets of Service Master Clean Limited and a corporate guarantee from the Parent. The loan carries interest @ 11.50 % per annum and is repayable in 42 equal monthly instalments of ₹ 0.48 million each, with repayment to commence from June 2016 and to be completed in October, 2019.
 - (ii) Secured against an exclusive charge over the current assets and fixed assets of Service Master Clean Limited and a corporate guarantee from the Parent. The loan carries interest @ 9.80 % per annum and is repayable in 42 equal monthly instalments of ₹ 0.55 million each, with repayment to commence from April 2018 and to be completed in September, 2021.
 - (iii) Secured by first charge on the specified fixed assets of Tech SIS Limited and a corporate guarantee from the Parent. The loan carries interest @ 11.50 % per annum and is repayable in 60 monthly instalments, with repayment to commence from July 2015 and to be completed in June, 2020.
- h. Vehicle Loan from Banks are secured by hypothecation of vehicles purchased against the loan taken from that Bank. The loans carry interest from 10.03% to 10.60% per annum and have various repayment schedules and are scheduled to be repaid by January, 2023.
- i. Secured by way of first exclusive charge on all present and future current assets and fixed assets acquired out of the loan and investment in Service Master Clean Limited (59%) and Dusters Total Solutions Services Private Limited (78.72%). The loan carries interest @ 12.70 % per annum. Repayment of the principal amount to be made in 48 equal instalments commencing 12 months from the draw down date. Further, the Parent is required to prepay 50% of the principal amount (together with interest) within 5 days of the completion of initial public offering of shares. Additionally the Parent may make a prepayment of an amount not less than ₹ 100 million.

Other loans and advances:

- j. Vehicle Loan from Others are secured by hypothecation of the respective vehicle(s) purchased against the loan taken from that financier(s). The loans carry interest from 10.03% to 10.60% per annum and have various repayment schedules and are scheduled to be repaid by February, 2022.

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All figures in ₹ million except per share data

Long Term Borrowings – Unsecured:

Bonds/debentures:

- k. Theano Private Limited and AAJV Investment Trust have subscribed to 1,762,380 compulsory convertible debentures (CCDs) of ₹ 100/- each on April 23, 2013. The CCDs are for a term of 18 years and non-interest bearing. The CCDs were to convert into a variable number of equity shares, subject to certain terms, at any time during the term of CCDs. On Sept 26, 2016, the conversion ratio was fixed at 22 equity shares in lieu of all the CCDs. The holders converted the CCDs into shares on July 17, 2017.

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Face value of bonds issued	-	176.24	176.24
Less: Equity component of convertible bonds – value of conversion rights (before deferred taxes)	-	75.03	75.03
Add: Cumulative interest on March 31, 2016	-	42.49	42.49
Add: Interest expense	-	9.85	-
Less: Transfer to equity component of compound financial instrument on fixation of conversion ratio	-	153.55	-
Non-current borrowings	-	-	143.70

Term loans:

- l. The loan carries interest @10.75% per annum (MCLR + 50 bps) and is repayable in 16 equal quarterly instalments of ₹ 9.37 million each, with repayment to commence from November 2016 and to be completed in August, 2020.

Short Term Borrowings - Secured Loans repayable on demand:

- m. Secured by all assets and share mortgages of Australian subsidiaries of the Group. The facility carries interest ranging from 3.70% – 5.45% per annum.
- n. Secured by first pari-passu charge over current assets and second pari-passu charge over the movable fixed assets of the Parent. The facility carries interest rate @ 8.50% per annum.
- o. Secured by first pari-passu charge over current assets and second pari-passu charge over the movable & immovable fixed assets of the Parent. The facility carries interest rate @ 11.25% per annum.
- p.
- Secured by first pari-passu charge over current assets and second pari-passu charge over the movable & immovable fixed assets of the Parent. The facility carries interest @ 11.00% per annum.
 - Secured by first pari-passu charge over current assets and second pari-passu charge over the movable & immovable fixed assets of Dusters Total Solutions Services Private Limited. The facility carries interest ranging from 10 – 11% per annum.
- q. All bank overdrafts are secured against Fixed Deposit.
- r. Secured by pari passu charge over all current assets (both present and future) and first charge on the movable and immovable fixed assets (both present and future), (excluding assets specifically funded by other banks) of the Parent and have also been guaranteed by Mr. R K Sinha, Chairman and Mrs. Rita Kishore Sinha, Director, as well as by a first pari passu charge on specified immovable properties in the name of Mr. R K Sinha and Mrs. Rita Kishore Sinha located at Dwarka, Delhi and exclusive charge on Fixed Deposit of ₹ 68.30 million. The facility carries interest @ 10.80% per annum.
- s. Secured by pari passu charge over all the current assets (both present and future) and second charge over the movable and immovable fixed assets (both present and future) of the Parent. The facility carries interest @ 9.50% per annum.
- t.
- Secured by pari passu charge over the current assets of the Parent. The facility carries interest @ 8.75% per annum.
 - Secured by pari passu charge over the current assets of Dusters Total Solutions Services Private Limited. The facility carries interest ranging from 10 – 11% per annum.
 - Secured by pari passu charge over the current assets of Service Master Clean Limited. The facility carries interest @ 10.55% per annum.
 - Secured by pari passu charge over the current assets of Tech SIS Limited. The facility carries interest @ 11% per annum.
- u. Secured by pari passu charge over the current assets of Dusters Total Solutions Services Private Limited. The facility carries interest ranging from 10 – 11% per annum.
- v. Secured by all assets and share mortgages of Australian subsidiaries of the Group. The facility carries interest @ 4.51% per annum.

Short Term Borrowings - Unsecured Loans repayable on demand:

- w. The loan carries interest @ 10% per annum.

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There has been no default in the payment of interest or repayment of principal in respect of the above loans/borrowings

18. TRADE PAYABLES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Non-current	-	-	-
Current			
- Trade payables – Others	806.36	394.28	301.35
Total current trade payables	806.36	394.28	301.35
Total trade payables	806.36	394.28	301.35

The terms and conditions of the above financial liabilities are as follows:

Trade payables are non-interest bearing and are normally settled on credit terms ranging from 30-60 days which vary by vendor and type of service.

For terms and conditions with related parties, refer to Note 41

Based on the information available with the Group, there are no outstanding amount payable to creditors who have been identified as “suppliers” within the meaning of “Micro, Small and Medium Enterprises Development (MSMED) Act, 2006” as at March 31, 2018, March 31, 2017 and April 1, 2016.

For explanations on the Group’s credit risk management processes, refer to Note 42.

19. OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Non-current			
Lease rent equalization	13.21	9.01	4.88
Liability towards forward contract to purchase non-controlling interests of a subsidiary (refer Note 38)	540.35	591.20	-
Liability towards put and call options to purchase non-controlling interests in a subsidiary (refer Note 38)	2,038.27	-	-
Others	103.82	-	-
Total other non-current financial liabilities	2,695.65	600.21	4.88
Current			
Interest accrued but not due on borrowings	20.11	7.89	7.68
Current maturity of long term borrowings (refer Note 17)	208.08	723.57	418.65
Unclaimed dividends	0.34	0.34	53.62
Employee benefits payable	1,806.11	1,639.83	876.44
Others	80.35	7.65	2.68
Total other current financial liabilities	2,114.99	2,379.28	1,359.07
Total other financial liabilities	4,810.64	2,979.49	1,363.95

Note: The Group / other shareholders hold options to sell all or part of their shareholding or buy part of shareholding in certain subsidiaries and Associates in terms of the respective shareholder agreements at a price and/or formula as mentioned in the respective agreements. The fair value of such options are not material on the balance sheet date and hence not have not been recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

20. FINANCIAL INSTRUMENTS BY CATEGORY

	March 31, 2018			March 31, 2017			April 1, 2016		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial Assets:									
Investments									
-Equity instruments	0.02	-	-	0.02	-	-	7.03	-	-
-Bonds and debentures	-	-	247.00	-	-	147.00	-	-	-
Trade receivables	-	-	6,242.71	-	-	4,206.58	-	-	2,605.29
Cash and cash equivalents	-	-	4,655.48	-	-	3,065.22	-	-	2,920.72
Other Bank balances	-	-	772.43	-	-	1,226.81	-	-	405.88
Other financial assets	61.98	-	4,715.18	52.93	-	3,890.05	-	-	3,058.36
Total Financial Assets	62.00	-	16,632.80	52.95	-	12,535.66	7.03	-	8,990.25
Financial Liabilities:									
Trade and other payables	-	-	806.36	-	-	394.28	-	-	301.35
Borrowings	-	-	5,361.05	-	-	6,272.87	-	-	3,680.00
Other financial liabilities	2,664.81	-	2,145.83	667.57	-	2,311.92	-	-	1,363.95
Total Financial Liabilities	2,664.81	-	8,313.24	667.57	-	8,979.07	-	-	5,345.30

Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis and the basis for that measurement is as below:

	March 31, 2018			March 31, 2017			April 1, 2016		
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Level 1 inputs	Level 2 inputs	Level 3 inputs	Level 1 inputs	Level 2 inputs	Level 3 inputs
Financial Assets:									
Investments carried at fair value through profit and loss	-	-	0.02	-	-	0.02	-	-	7.03
Other financial assets	-	-	61.98	-	-	52.93	-	-	-
Total Financial Assets	-	-	62.00	-	-	52.95	-	-	7.03
Other financial liabilities	-	-	2,664.81	-	-	667.57	-	-	-
Total Financial liabilities	-	-	2,664.81	-	-	667.57	-	-	-

Valuation methodologies

Investments in Equity Instruments: The Group's investments consist primarily of investment in equity shares of unquoted companies. Management has considered cost to be approximating to fair value considering the immateriality of such investments.

Investments in Bonds and Debentures: The Group's investments consist primarily of investment in non-convertible debentures which are not listed on stock exchanges. The fair value of such investments is determined using a combination of discounted cash flow analysis and option pricing models.

All of the resulting fair value estimates are included in Level 3 as the fair values have been determined based on present values and discount rates used are adjusted for counter party or own credit risk.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

The following table presents the change in Level 3 items for the periods ended March 31, 2018 and March 31, 2017:

Particulars	Unlisted equity securities	Indemnification asset	Contingent liability	Liability for forward contract for purchase of non-controlling interests	Liability for call and put options for purchase of non-controlling interests
As at April 1, 2016	7.03	-	-	-	-
Add: Acquisitions	0.02	47.64	70.52	522.48	-
Add: Unwinding of present value discount	-	5.30	5.85	42.92	-
Add: Loss on fair value recognized in statement of profit and loss	-	-	-	25.80	-
Less: Disposal	7.03	-	-	-	-
As at March 31, 2017	0.02	52.93	76.37	591.20	-
Add: Acquisitions	-	-	-	-	1,935.90
Add: Unwinding of present value discount	-	9.05	9.82	72.15	102.37
Add: (Gains) / loss on fair value recognized in statement of profit and loss	-	-	-	(6.36)	-
Less: Interim discharge of liability	-	-	-	116.63	-
As at March 31, 2018	0.02	61.98	86.19	540.35	2,038.27
Unrealised fair value (gains) / losses recognized in statement of profit and loss related to assets and liabilities held at the end of the reporting period:					
March 31, 2018	-	-	-	(6.36)	-
March 31, 2017	-	-	-	25.80	-

Fair Values of assets and liabilities carried at amortised costs are as follows:

	March 31, 2018		March 31, 2017		April 1, 2016	
	Carrying Value	Fair Value Level 2 inputs	Carrying Value	Fair Value Level 2 inputs	Carrying Value	Fair Value Level 2 inputs
Financial Assets:						
Investments in debentures or bonds	247.00	234.23	147.00	136.13	-	-
Trade receivables	6,242.71	6,242.71	4,206.58	4,206.58	2,605.29	2,605.29
Cash and cash equivalents	4,655.48	4,655.48	3,065.22	3,065.22	2,920.72	2,920.72
Other Bank balances	772.43	773.15	1,226.81	1,228.52	405.88	405.88
Other financial assets	4,715.18	4,715.55	3,890.05	3,890.88	3,058.36	3,058.36
Financial Liabilities:						
Trade payables	806.36	806.36	394.28	388.23	301.35	301.35
Borrowings	5,361.05	5,361.05	6,272.87	6,272.87	3,680.00	3,680.00
Other financial liabilities	2,145.83	2,145.83	2,311.92	2,311.92	1,363.95	1,363.95

The Group assessed that fair value of cash and short-term deposits, trade receivables, capital creditors, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation inputs and relationships to fair value

NOTES TO THE FINANCIAL STATEMENTS

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The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

Particulars	Fair value as at			Significant unobservable inputs	Sensitivity
	March 31, 2018	March 31, 2017	April 1, 2016		
Unquoted equity instruments	0.02	0.02	7.03	Cost	Management has considered cost to be approximating to fair value considering the immateriality of such investments.
Indemnification asset recognised on business combination	61.98	52.93	-	Probability of outcome of litigation	Change in estimates by 10% results in increase/decrease in fair value by: March 31, 2017: ₹ 5.29 million March 31, 2018: ₹ 6.19 million
Contingent consideration	2,578.62	591.20	-	Probability of achieving financial projections	Change in estimates by 5% results in increase/decrease in fair value by: March 31, 2017: ₹ 27.86 million March 31, 2018: ₹ 133.90 million
				Risk – adjusted rate	Increase / decrease in discount rate by +/- 50 bps would change the fair value by: March 31, 2017: ₹ 4.29 million March 31, 2018: ₹ 26.43 million
Contingent liability recognised on business combination	86.19	76.37	-	Probability of outcome of litigation	Change in estimates by 10% results in increase/decrease in fair value by: March 31, 2017: ₹ 7.63 million March 31, 2018: ₹ 8.61 million

Valuation processes

The finance department of the Group includes our team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. These team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team atleast once every 3 months, in line with the Group's quarterly reporting period. External valuers' assistance is also taken for valuation purposes.

The main level 3 inputs for unlisted optionally convertible debentures used by the Group are derived and evaluated as follows:

- Discounts rate are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counter parties (including assumptions about credit default rates) are derived from credit risk grading determine by the Group's internal credit risk management group.
- Volatility used for option pricing model is based on historical volatility of comparable companies.
- Contingent consideration – estimated based on expected cash outflows arising from the forecasted sales and the entities; knowledge of the business and how the current economic environment is likely to impact it.

21. PROVISIONS

Particulars	IBNR	Gratuity	Leave liabilities	Others	Total
At April 1, 2016					
Current	58.13	1.26	2,004.15	54.49	2,118.03
Non-current	-	230.17	-	-	230.17
Total	58.13	231.43	2,004.15	54.49	2,348.20
At March 31, 2017					
Current	37.95	36.49	2,145.82	5.24	2,225.50
Non-current	-	323.74	-	80.55	404.29
Total	37.95	360.23	2,145.82	85.79	2,629.79
At March 31, 2018					
Current	38.23	50.85	2,085.13	11.24	2,185.45
Non-current	-	431	393.51	90.37	914.88
Total	38.23	481.85	2,478.64	101.61	3,100.33

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

IBNR

The IBNR, which is the abbreviated form of incurred but not reported (IBNR), are the reserves for claims that become due with the occurrence of the events covered under the insurance policy, but have not been reported yet. The sum of IBNR losses plus reported losses yields an estimate of the total eventual liabilities the insurer will cover, known as ultimate losses.

Refer Note 29 for details of employee benefits.

22. OTHER LIABILITIES

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Other current liabilities			
Income received in advance	0.02	12.85	6.93
Advances received from customers	2.54	10.12	7.94
Statutory dues payable	826.73	433.10	238.90
Others	2,340.59	1,431.33	1,334.23
Total other current liabilities	3,169.88	1,887.40	1,588.00
Total other liabilities	3,169.88	1,887.40	1,588.00

23. GOVERNMENT GRANTS

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
As at the beginning of the year	-	-	-
Received during the year	140.70	-	-
Released to the statement of profit and loss	140.70	-	-
As at the end of the year	-	-	-
Current	-	-	-
Non-current	-	-	-

The Group is availing of benefits under a government scheme - Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) wherein the Central Government is paying the employer's contribution towards Employee Pension Scheme in respect of new employees meeting specified criteria. The grant is paid by the Government on a monthly basis on fulfilment of certain conditions. Accordingly, such Government Grant is taken to profit or loss when the conditions are met and the grants are received.

24. REVENUE FROM OPERATIONS

Particulars	March 31, 2018	March 31, 2017
Sale of products (traded goods)		
Revenue from sale of electronic security devices	275.96	68.32
Total (A)	275.96	68.32
Rendering of services		
Security services		
From guarding and other security services	50,917.42	39,699.56
From investigation services	20.57	2.59
Facility management services		
From Housekeeping, Cleaning, Facility operation & management services	6,602.90	3,885.35
From pest control services	101.25	80.60
Other services		
From training fees	75.10	54.96
Total rendering of services	57,717.24	43,723.06
Other operating revenues	340.53	80.59
Total (B)	58,057.77	43,803.65
Revenue from operations (A+B)	58,333.73	43,871.97

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

25. OTHER INCOME

Particulars	March 31, 2018	March 31, 2017
Interest income from financial assets at amortized cost	147.53	106.89
Total	147.53	106.89

26. OTHER GAINS/(LOSSES)

Particulars	March 31, 2018	March 31, 2017
Net gain/ (loss) on sale of property, plant and equipment	3.50	0.82
Foreign exchange gain/ (loss)	(1.05)	1.11
Net gain on financial assets mandatorily measured at fair value through profit or loss	214.75	(25.80)
Other items	0.71	3.72
Total	217.91	(20.15)

27. COST OF MATERIALS CONSUMED

Particulars	March 31, 2018	March 31, 2017
Purchases of chemicals, consumables, and others	199.16	127.68
Uniforms and related inventories	5.27	5.59
Cost of materials consumed	204.43	133.28

28. CHANGES IN INVENTORY OF STOCK-IN-TRADE

Particulars	March 31, 2018	March 31, 2017
Inventory at the beginning of the year	-	21.50
Inventory at the end of the year	102.99	-
Changes in inventory of stock-in-trade	102.99	(21.50)

3. EMPLOYEE BENEFITS

a) Employee costs include

Particulars	March 31, 2018	March 31, 2017
Salaries, wages and bonus	41,913.42	32,405.94
Contribution to provident and other funds	5,202.68	4,097.99
Less: Government grants (Note 23)	140.70	-
Employee share-based payment expense	82.27	72.53
Staff welfare expenses	602.51	453.87
Total employee benefit expense	47,660.18	37,030.33

b) Unfunded Scheme – leave obligations

Leave obligations cover the Group's liability for sick and earned leave.

The amount of the provision of ₹ 2,478.64 million (March 31, 2017: ₹ 2,145.82 million, April 1, 2016: ₹ 2,004.15 million) included in Note 21 is presented as current, since the Group does not have an unconditional right to defer settlement of any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months:

Particulars	March 31, 2018	March 31, 2017
Current leave obligation not expected to be settled within next 12 months	221.17	257.64

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Unfunded Schemes:

Particulars	As at March 31, 2018	As at March 31, 2017
Present value of unfunded obligations	44.88	49.05
Expenses to be recognized in the statement of profit and loss	(4.17)	14.86
Discount rate (per annum)	7.20%	6.55%
Salary escalation rate (per annum)	7.54%	8.00%

The liability for earned and sick leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

c) Defined contribution plans

The entities of the Group has certain defined contribution plans.

Contributions are made to provident fund in India for employees at the rate of 12% of the salary (subject to a limit of ₹ 15,000 salary per month) as per regulations. For entities in India, the contributions are made to the registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual or constructive obligation in this regard.

Further contributions are made in respect of Employees' State Insurance Scheme, for specified employees, at the rate of 4.75% of the gross pay as per regulations. The contributions are towards medical benefits provided by the Government to the employees. The contributions are made to employees' state insurance authorities administered by the Government. The obligation of the Group is limited to the amount contributed and it has no further contractual or constructive obligation in this regard.

In Australia, the entities of the Group provides post-employment benefits through an accumulation fund. The entities of the Group pay a fixed contribution at the rate of 9.5% of the basic salary into employee nominated independent superannuation (annuity) funds in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions.

Contributions to provident fund/ employees' state insurance/ superannuation funds are recognized as an expense as they become payable which coincides with the period during which relevant employee services are received. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The expense recognised during the period towards defined benefit contribution plans is ₹ 5,202.68 million (March 31, 2017 – ₹ 4,097.99 million).

d) Defined benefit plans

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the entities of the Group provide for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the entities of the Group. The amount of gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of completed years of service subject to completion of five years of service and other conditions. The gratuity plan is a funded plan for the Parent and certain subsidiaries in the Group, and those entities make contributions to group gratuity policies managed by insurance companies. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no foreign defined benefit plans.

Certain entities of the Group have invested the plan assets in the insurer managed funds.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

NOTES TO THE FINANCIAL STATEMENTS

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Expenditure to be recognized during the period:

Particulars	As at March 31, 2018	As at March 31, 2017
Current service cost	111.70	86.98
Past service cost	10.31	-
Interest cost	20.45	19.61
Total amount recognised in profit or loss	142.46	106.59
Remeasurements		
Return on plan assets, excluding amounts included in interest income	2.94	2.55
gain (loss) from changes in financial assumptions	(18.76)	16.31
gain (loss) from changes in demographic assumptions	16.48	0.96
Experience gain (loss)	8.66	1.44
Total amount recognised in other comprehensive income	9.33	21.26

Note: Past service cost of the Parent amounting to ₹ 8.33 million (March 31, 2017: ₹ Nil) has been shown as an exceptional item in the statement of profit and loss.

Change in present value of defined benefit obligation is summarized below:

Reconciliation of opening and closing balances of Defined Benefit Obligation	As at March 31, 2018	As at March 31, 2017
Defined benefit obligation at the beginning of year	491.89	387.13
Current service cost	111.70	86.98
Past service cost	10.31	-
Interest cost	28.09	24.42
Remeasurements	6.39	18.71
Benefits paid	(21.05)	(25.35)
Defined benefit obligation at year end	627.33	491.89

Reconciliation of fair value of plan assets:

Reconciliation of opening and closing balances of fair value of plan assets	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets at the beginning of the period	131.67	91.68
Interest income	7.65	4.80
Remeasurements	(2.94)	(2.55)
Contribution by employer	21.95	63.08
Benefits paid	(12.83)	(23.35)
Fair value of plan assets at the closing of the period	145.49	131.67

Reconciliation of fair value of Assets and Obligations:

Reconciliation of fair value of Assets and Obligations	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets	145.49	131.67
Present value of obligation	627.33	491.89
Asset / (liability) recognized in balance Sheet	(481.84)	(360.22)

The present value of defined benefit obligation relates to active employees only.

The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one-off contributions. The Group intends to continue to contribute to the defined benefit plans to achieve target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The principal assumptions used in determining gratuity and post-employment benefit obligations for the Group's plans are shown below:

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Principal assumptions:

Principal actuarial assumptions	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Discount rate	7.20%	6.55%	7.40%
Future salary increase			
- Non-billing / indirect employees	7.20-8.00%	7.20-8.00%	8.00%
- Billing /direct employees	5.00-6.80%	5.00-7.20%	5.00%
Attrition rate			
Billing employees			
- Age from 21-30 years	28-46%	40%	40%
- 31-34	21-40%	35%	35%
- 35-40	21-40%	30%	30%
- 41-45	21-35%	25%	25%
- 46-50	21-35%	20%	20%
- 51 and above	25-41%	25-41%	25-41%
Non billing employees			
- Age from 21-30 years	15-19%	15%	15%
- 31-40	13-22%	13%	13%
- 41-50	5-12%	11%	11%
- 51 & above	4-16%	9%	9%

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

Assumptions Sensitivity level	Discount rate		Future salary increases	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation				
March 31, 2017	-3.33%	3.56%	3.29%	-3.13%
March 31, 2018	-2.76%	2.93%	2.76%	-2.65%

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The major category of plan assets are as follows:

	March 31, 2018			March 31, 2017			April 1, 2016		
	Unquoted	Total	%	Unquoted	Total	%	Unquoted	Total	%
Group gratuity policy managed by insurance companies	145.49	145.49	100	131.67	131.67	100	91.68	91.68	100

Risk Exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are market volatility, changes in inflation, changes in interest rates, rising longevity, changing economic environment and regulatory changes.

The parent and certain entities of the Group have selected a suitable insurers to manage the funds in such a manner as to ensure has selected a suitable insurers to manage the funds in such a manner as to ensure that the investment positions are managed with an asset-liability matching framework that has been developed to achieve investments which are in line with the obligations under the employee benefit plans. Within this framework, the asset-liability matching objective is to match assets to the obligations by investing in securities to match the benefit payments as they fall due.

The insurers, on behalf of the entities of the Group, actively monitor how the duration and the expected yield of the investments are matching the expected cash outflows arising from employee benefit obligations. The entities of the Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that failure of any single investment should not have a material impact on the overall level of assets.

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Share-based payments:

The Parent has two Employee Stock Option plans namely ESOP 2008 and ESOP 2016.

ESOP 2008

- Under ESOP 2008 Employee Share options were granted in 2008, 2011, 2014, 2015 and 2016 and 59,000 options, 30,000 Options, 30,500 Options 3,500 options and 2,096 options respectively have been granted.
- All options granted in 2008 have been either exercised or lapsed.
- Out of the 30,000 options granted in 2011, 14,126 options were exercised, 8,146 options are vested and remaining to be exercised and the remaining 7,728 options have lapsed/forfeited.
- Out of the 30,500 options granted in 2014, 28,000 options have been exercised (including 1,500 options during the year ended March 31, 2018) and the remaining 2,500 options are to vest and be eligible for exercise in the financial years 2018-19.
- Out of the 3,500 Options granted in 2015, all were vested and exercised during the year ended March 31, 2017.
- Out of the 2,096 Options granted in 2016, the same will vest and be eligible for exercise over four financial years. Of these, 524 options have vested and been exercised.
- All options under ESOP 2008 will now be governed by the terms of ESOP 2016 except in respect of vesting and exercise which will still be governed by the terms mentioned in the respective grant letters. The Options issued under ESOP 2008 will be adjusted for the bonus issue of ten equity shares for every equity share held as on September 20, 2016, as and when such options are exercised.
- During the year ended March 31, 2018, upon exercise of stock options by the eligible employees, the Parent has allotted 36,014 equity shares of ₹ 10 each.

ESOP 2016

- Under ESOP 2016, the Parent granted 1,216,000 options on August 01, 2016 which will vest over four financial years and be eligible for exercise, subject to certain conditions, after August 1, 2020.
- Of these options:
 - 39,760 have been forfeited on account of the respective employees no longer in employment
 - 117,624 have vested on August 01, 2017

During the year ended March 31, 2018, the Parent issued a further 32,415 options to eligible employees which will vest over three financial years and be eligible for exercise, subject to certain conditions, after August 01, 2020.

Options granted under the aforesaid plans carry no dividend or voting rights.

Movements during the year

Year ended March 31, 2017

	ESOP 2008				ESOP 2016	Total
	ESOPs granted in					
	2011-12 *	2014-15*	2015-16 *	2016-17 *	2016-17	
Total No. of Options available under the Scheme as on April 1, 2016	10,355	5,500	3,500	-	-	19,355
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	2 years	4 years	1 Year	4 years	4 years	
Options issued during the year	-	-	-	2,096	1,216,000	1,218,096
Options vested and exercised during the year*	-	1,500	3,500	-	-	5,000
Options forfeited/lapsed during the year	361	-	-	-	11,850	12,211
Options expired	-	-	-	-	-	-
Outstanding Stock Options as at March 31, 2017	9,994	4,000	-	2,096	1,204,150	1,220,240

* Prior to bonus adjustment

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Year ended March 31, 2018

	ESOP 2008			ESOP 2016		Total
	ESOP granted in					
	2011-12*	2014-15*	2016-17*	2016-17	2017-18	
Total No. of Options available under the Scheme as on April 1, 2017	9,994	4,000	2,096	1,204,150	-	1,220,240
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	2 years	4 years	4 years	4 years	3 years	
Options issued during the year	-	-	-	-	32,415	32,415
Options vested and exercised during the year**	1,250	1,500	524	-	-	3,274
Options forfeited/lapsed during the year	598	-	-	27,910	-	28,508
Options expired	0	-	-	-	-	0
Outstanding Stock Options as at March 31, 2018	8,146	2,500	1,572	1,176,240	32,415	12,20,873

* Prior to bonus adjustment

There were no cancellations or modifications to the awards in March 31, 2018 or March 31, 2017.

**The weighted average share price at the date of exercise of options during the year ended March 31, 2018 was ₹ 672.01 (March 31, 2017: ₹ 215.91 (post bonus)).

Share options outstanding at the end of the year have the following details:

Grant	Tranche	Grant date	Vesting date	Expiry date	Exercise price (₹)	Fair value (₹)	Share options outstanding March 31, 2018 *	Share options outstanding March 31, 2017 *	Share options outstanding April 1, 2016 *
Plan I ESOP 2008 : Grant II	I	14-Jan-11	28-Oct-11	30-Sep-18	10.00	6.01	-	-	-
Plan I ESOP 2008 : Grant II	II	14-Jan-11	28-Oct-12	30-Sep-18	10.00	5.92	89,606	109,934	113,906
Plan I ESOP 2008 : Grant III (a)	III	01-Jul-14	01-Sep-16	30-Sep-16	10.00	189.91	-	-	16,500
Plan I ESOP 2008 : Grant III (a)	IV	01-Jul-14	01-Sep-17	30-Sep-17	10.00	186.64	-	16,500	16,500
Plan I ESOP 2008 : Grant III (a)	IV	01-Jul-14	01-Sep-18	30-Sep-18	10.00	183.45	27,500	27,500	27,500
Plan I ESOP 2008 : Grant IV (a)	I	01-Apr-15	01-Apr-16	30-Apr-16	10.00	201.80	-	-	22,000
Plan I ESOP 2008 : Grant IV (a)	II	01-Apr-15	01-Sep-16	30-Sep-16	10.00	200.35	-	-	11,000
Plan I ESOP 2008 : Grant IV (a)	I	01-Apr-15	01-Apr-16	30-Apr-16	10.00	201.80	-	-	5,500
Plan I ESOP 2008 : Grant V (a)	I	04-Apr-16	04-Apr-17	04-Apr-18	10.00	209.50	-	5,764	-
Plan I ESOP 2008 : Grant V (a)	II	04-Apr-16	04-Apr-18	04-Apr-19	10.00	205.91	5,764	5,764	-
Plan I ESOP 2008 : Grant V (a)	III	04-Apr-16	04-Apr-19	04-Apr-20	10.00	202.38	5,764	5,764	-
Plan I ESOP 2008 : Grant V (a)	IV	04-Apr-16	04-Apr-20	04-Apr-21	10.00	198.91	5,764	5,764	-
Plan II (ESOP 2016): Grant V	I	01-Aug-16	01-Aug-17	01-Aug-22	10.00	190.81	117,624	120,415	-
Plan II (ESOP 2016): Grant V	II	01-Aug-16	01-Aug-18	01-Aug-22	10.00	190.81	235,248	240,830	-
Plan II (ESOP 2016): Grant V	III	01-Aug-16	01-Aug-19	01-Aug-22	10.00	190.81	352,872	361,245	-
Plan II (ESOP 2016): Grant V	IV	01-Aug-16	01-Aug-20	01-Aug-22	10.00	190.81	470,496	481,660	-
Plan II (ESOP 2016): Grant II	I	03-Jan-18	03-Jan-19	01-Aug-22	10.00	1,122.17	8,903	-	-
Plan II (ESOP 2016): Grant II	II	03-Jan-18	03-Jan-20	01-Aug-22	10.00	1,122.17	8,903	-	-
Plan II (ESOP 2016): Grant II	III	03-Jan-18	01-Aug-20	01-Aug-22	10.00	1,122.17	11,870	-	-
Plan II (ESOP 2016): Grant III	I	29-Jan-18	29-Jan-19	01-Aug-22	10.00	1,193.39	822	-	-
Plan II (ESOP 2016): Grant III	II	29-Jan-18	29-Jan-20	01-Aug-22	10.00	1,193.39	822	-	-
Plan II (ESOP 2016): Grant III	III	29-Jan-18	01-Aug-20	01-Aug-22	10.00	1,193.39	1,096	-	-
Total							1,343,053	1,381,140	212,905

@ For pre-bonus issue options, additional shares on account of bonus adjustment are issued without cost to the employee.

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All figures in ₹ million except per share data

Fair value of options granted

The fair value at grant date is determined using the Black Scholes model which takes into account the exercise price, the term of the option, the market price being the latest available closing price prior to the date of the grant and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option as detailed below:

Grant date	Volatility	Market price (₹) *	Average life of the options (in Years)	Risk-free interest rate	Dividend Yield
14-Jan-11	38.25%	12.24	1.04	8.85%	2.00%
14-Jan-11	32.14%	12.24	2.04	7.69%	2.00%
01-Jul-14	26.31%	198.18	2.20	8.18%	1.75%
01-Jul-14	30.23%	198.18	3.20	8.33%	1.75%
01-Jul-14	29.49%	198.18	4.20	8.45%	1.75%
01-Apr-15	22.22%	198.20	1.04	7.84%	1.75%
01-Apr-15	22.97%	198.20	1.46	7.83%	1.75%
01-Apr-15	22.22%	215.91	1.04	7.84%	1.75%
04-Apr-16	27.77%	215.91	1.50	7.02%	1.75%
04-Apr-16	25.49%	215.91	2.50	7.13%	1.75%
04-Apr-16	25.65%	215.91	3.50	7.32%	1.75%
04-Apr-16	27.57%	215.91	4.50	7.38%	1.75%
01-Aug-16	29.18%	215.91	5.00	7.10%	1.75%
03-Jan-18	30.94%	1,137.85	2.58	6.91%	0.25%
29-Jan-18	31.27%	1,209.35	2.51	6.92%	0.25%

* Post bonus adjustment

In respect of options granted by the Parent prior to listing of its shares on stock exchanges, the market value of shares was determined on the basis of valuation carried out by a SEBI registered merchant banker. The valuation was carried out using a combination of Market Approach (by using market multiples of comparable listed companies) and Cost Approach.

Total expenses arising from share-based payment transactions recognized in profit or loss as part of employee benefit expense were as follows:

Particulars	March 31, 2018	March 31, 2017
Employee option plan	82.27	72.53
Total employee share-based payment expense	82.27	72.53

One of the subsidiaries of the Group, Dusters Total Solutions Services Private Limited (DTSS), introduced in January 2011, the "Dusters Total Solution Employee Stock Option Plan" ("the DTSS Option Plan") to reward specific individuals in the organization. The scheme was approved by their Board of Directors in its meeting held in March 2011 and the options are to be granted to employees of the Company. The Option Plan provides for the creation and issue of 125,285 options, from the foregone shares of the existing shareholders that would eventually convert into equity shares of ₹ 10 each in the hands of the employees. A total of 125,285 options were granted as at March 31, 2017 out of which 63,137 options were exercised till March 31, 2017. These options will vest annually in a graded manner as per the grant letters.

In the financial year ended March 31, 2018 there are no new grants, no options were exercised, and 23,713 options were forfeited.

The shares issuable under the Scheme will be issued out of the existing shares held by the existing promoter shareholders of DTSS and hence there will be no fresh issuance on exercise of such options.

The following table summarizes information about the options outstanding under the DTSS Option Plan as at 31 March 2018:

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All figures in ₹ million except per share data

Movement during the year

Year ended March 31, 2017

	ESOP 2011							Total
	ESOPs granted in							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
Total No. of Options available under the Scheme as on April 1, 2016	25,565	23,727	2,256	21,112	23,064	9,635	-	105,359
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	-
Exercise Period (from the date of grant of the option)	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Options Issued during the year	-	-	-	-	-	-	19,926	19,926
Options vested and exercised during the year*	20,735	16,365	1,128	8,557	11,534	4,818	-	63,137
Outstanding Stock Options as at March 31, 2017	4,830	7,362	1,128	12,555	11,530	4,817	19,926	62,148

Movement during the year

Year ended March 31, 2018

	ESOP 2011							Total
	ESOPs granted in							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
Total No. of Options available under the Scheme as on April 1, 2017	4,830	7,362	1,128	12,555	11,530	4,817	19,926	62,148
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Options vested and exercised during the year*	-	-	-	-	-	-	-	-
Options forfeited/lapsed during the year	1,990	5,140	375	6,996	5,267	3,189	756	23,713
Outstanding Stock Options as at March 31, 2018	2,840	2,222	753	5,559	6,263	1,628	19,170	38,435

*The weighted average share price at the date of exercise of options during the year ended March 31, 2017: ₹ 539.00.

Share options outstanding at the end of the year have the following details:

Grant	Tranche	Grant date	Vesting date	Expiry date	Exercise price (₹)	Fair value (₹)	Share options outstanding March 31, 2018	Share options outstanding March 31, 2017	Share options outstanding April 1, 2016
Plan I ESOP 2011	I	1-Mar-11	1-Apr-12	19-Aug-19	10.00	245.29	2,840	4,255	11,985
Plan I ESOP 2011	I	1-Mar-11	1-Apr-12	19-Aug-19	10.00	245.29	-	575	3,470
Plan I ESOP 2011	I	1-Mar-11	1-Apr-12	19-Aug-19	10.00	245.29	-	-	6,640
Plan I ESOP 2011	I	1-Mar-11	1-Apr-12	19-Aug-19	10.00	245.29	-	-	3,470
Plan I ESOP 2011	I	1-Jan-12	3-Aug-14	19-Aug-19	10.00	264.15	712	2,741	4,728
Plan I ESOP 2011	I	1-Jan-12	2-Jan-13	19-Aug-19	10.00	264.15	1,271	2,907	9,543
Plan I ESOP 2011	I	1-Jan-12	3-Aug-13	19-Aug-19	10.00	264.15	239	1,714	4,728
Plan I ESOP 2011	I	1-Jan-12	1-Feb-13	19-Aug-19	10.00	264.15	-	-	4,728
Plan I ESOP 2011	I	1-Oct-12	1-Oct-13	19-Aug-19	10.00	264.15	753	1,128	2,256
Plan I ESOP 2011	I	1-Jul-13	1-Jul-14	19-Aug-19	10.00	137.28	3,526	10,139	16,276
Plan I ESOP 2011	I	1-Jul-13	1-Jul-15	19-Aug-19	10.00	137.28	423	806	1,612
Plan I ESOP 2011	I	1-Jul-13	1-Aug-15	19-Aug-19	10.00	137.28	805	805	1,612
Plan I ESOP 2011	I	1-Jul-13	1-Oct-15	19-Aug-19	10.00	137.28	805	805	1,612
Plan I ESOP 2011	I	1-Apr-14	1-Apr-15	19-Aug-19	10.00	137.28	2,604	3,904	7,809
Plan I ESOP 2011	I	1-Jul-14	1-Aug-15	19-Aug-19	10.00	137.28	3,659	7,626	15,255
Plan I ESOP 2011	I	1-Jul-15	30-Jun-15	19-Aug-19	10.00	137.28	1,628	4,817	9,635
Plan I ESOP 2011	I	1-Apr-16	31-Mar-17	19-Aug-19	10.00	350.00	8,638	9,394	-
Plan I ESOP 2011	I	1-Sep-16	31-Aug-17	19-Aug-19	10.00	350.00	10,532	10,532	-
Total							38,435	62,148	105,359

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the market price being the latest available closing price prior to the date of the grant and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option as detailed below:

Grant date	Volatility	Market price (₹)*	Average life of the options (in Years)	Risk-free interest rate	Dividend Yield
01-Mar-11	30.00%	245.29	7.33	7.69%	0.00%
01-Mar-11	30.00%	245.29	7.33	7.69%	0.00%
01-Mar-11	30.00%	245.29	7.33	7.69%	0.00%
01-Mar-11	30.00%	245.29	7.33	7.69%	0.00%
01-Jan-12	30.00%	264.15	6.44	7.69%	0.00%
01-Jan-12	30.00%	264.15	6.44	7.69%	0.00%
01-Jan-12	30.00%	264.15	6.44	7.69%	0.00%
01-Jan-12	30.00%	264.15	6.44	7.69%	0.00%
01-Oct-12	30.00%	264.15	5.67	7.69%	0.00%
01-Jul-13	30.00%	137.28	5.00	7.69%	0.00%
01-Jul-13	30.00%	137.28	5.00	7.69%	0.00%
01-Jul-13	30.00%	137.28	5.00	7.69%	0.00%
01-Jul-13	30.00%	137.28	5.00	7.69%	0.00%
01-Apr-14	30.00%	137.28	4.33	7.69%	0.00%
01-Apr-14	30.00%	137.28	4.00	7.69%	0.00%
01-Jul-15	30.00%	137.28	3.00	7.00%	0.00%
01-Apr-16	30.00%	350.00	2.33	7.00%	0.00%
01-Sep-16	30.00%	350.00	3.00	7.00%	0.00%

DTSS has accounted for the above options using the fair value method as mentioned in IND AS 102 "Share Based Payments". The fair value on the date of grants, has been determined based on an independent valuation. Stock compensation expense recognized during the year ended March 31, 2018 is ₹ 1.15 million (31 March 2017: ₹ 4.24 million).

30. FINANCE COSTS

Particulars	March 31, 2018	March 31, 2017
Interest and finance charges on financial liabilities not at fair value through profit or loss	848.18	737.76
Other borrowing costs	76.64	29.14
Finance costs expensed in profit or loss	924.83	766.90

31. DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	March 31, 2018	March 31, 2017
Depreciation on property, plant and equipment (Note 4)	434.09	330.93
Depreciation on Investment Properties (Note 5)	0.29	0.41
Amortization of intangible assets (Note 6)	125.35	26.86
Total depreciation and amortisation expense	559.73	358.20

32. OTHER EXPENSES

Particulars	March 31, 2018	March 31, 2017
Training expenses	83.53	62.51
Uniform and kit items	162.37	116.66
Recruitment incentive expenses	50.48	38.45
Selling expenses	47.63	34.08
Administrative expenses:		
- Travelling and conveyance	743.77	560.06
- Postage and telephone	171.11	117.71
- Rent	236.86	138.64
- Rates & taxes	29.62	19.38

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Particulars	March 31, 2018	March 31, 2017
- Insurance	77.29	47.55
- Repairs and maintenance:		
- Buildings	12.24	8.08
- Machinery	73.89	16.55
- Others	3.27	3.73
- Vehicle hire charges	155.36	149.47
- Loss on sale of fixed assets	1.01	0.14
- Payments to auditors (Refer details below)	29.54	16.08
- Legal and professional fees	382.07	246.09
- Bad and doubtful debts provided/written off	22.56	7.09
- Bank charges	0.24	-
- Expense towards corporate social responsibility	46.59	16.92
- Other administration and general expenses*	4,861.73	2,875.95
Total	7,191.16	4,475.14

*"Other Administration and General expenses" includes an amount of ₹ 6.00 million (March 31, 2017: ₹ Nil) towards contribution to a political party in terms of Section 182 of the Companies Act, 2013.

Payment to Auditors

Particulars	March 31, 2018	March 31, 2017
As auditor:		
Audit fee	29.31	14.58
Taxation matters	-	0.26
Other services (certification fees)	0.23	1.24
Total payment to auditors	29.54	16.08

Details of CSR expenditure

During the year, the Group has incurred a sum of ₹ 46.59 million (March 31, 2017: ₹ 16.92 million) towards CSR activities as detailed below:

Particulars	March 31, 2018	March 31, 2017
(a) Gross amount required to be spent by the Group during the year	9.70	7.06
(b) Amount spent during the year:		
(i) Promoting education to children including primary, secondary and university education, Building schools, colleges and training institutions including provision for full time residential institutions and full student sponsorship, Promoting and sponsoring girl education at all levels, Women education and self-employment training, Other educational projects	28.81	11.39
(ii) Local community health check camps, Building hospitals, clinics, diagnostic centres and associated infrastructure, Blood donation camps and other specific ailment camps.	1.33	0.03
(iii) Contribution towards Relief Fund	1.83	-
(iv) Measures for the benefit of armed forces veterans, war widows and their dependents	1.20	-
(v) Protection of national heritage	1.50	-
(vi) Programmes in connection with rural development	1.50	-
(vii) Promotion of Sports, culture and research activities	10.42	5.50
Total	46.59	16.92

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

33. EARNINGS PER SHARE (EPS)

A reconciliation of profit for the year and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

Particulars	March 31, 2018	March 31, 2017
Profit attributable to equity holders of the Parent	1,630.28	1,097.10
Continuing operations	1,630.28	1,097.10
Profit attributable to equity holders of the Parent for basic earnings	1,630.28	1,097.10
Interest on Compulsory Convertible Debenture (CCDs) (net of tax)	-	6.44
Profit attributable to equity holders of the Company adjusted for the effect of dilution	1,630.28	1,103.54
Weighted average number of Equity shares for basic EPS	71,598,073	68,459,899
Effect of dilution:		
Stock options (Nos.)	1,313,609	1,339,987
Conversion of CCD (Nos.)	-	22.00
Weighted average number of Equity shares adjusted for the effect of dilution	72,911,682	69,799,908
Nominal value of equity shares (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	22.77	16.03
- Diluted (₹)	22.36	15.81

34. DISTRIBUTIONS MADE AND PROPOSED

Particulars	March 31, 2018	March 31, 2017
Cash dividends on Equity shares declared and paid:		
Interim dividend for March 31, 2018: ₹ 2.00 per share (March 31, 2017: Nil per share)	146.36	-
Dividend distribution tax on interim dividend	29.80	-
Proposed dividends on Equity shares:		
Final cash dividend @ ₹ 1.50 per share (March 31, 2017: ₹ Nil per share)	109.78	-
Dividend distribution tax on proposed dividend	22.35	-

An interim dividend of ₹ 2.00 per equity share was declared on January 29, 2018 and the same was paid on February 20, 2018. For the financial year ended March 31, 2018, the Board has recommended a final dividend of ₹ 1.50 per equity share (Face value of ₹ 10 per share). The proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at the reporting date.

Also refer Note 14 in respect of Demerger of certain business and non-cash assets.

35. COMMITMENTS AND CONTINGENCIES

a) Leases

Operating lease commitments — Group as lessee

Operating lease arrangements comprise of office premises and barracks. A majority of the lease agreements are cancellable with a notice period ranging from 2 months to 6 months. Most leases also provide a renewal clause with an escalation in lease rental which is sometimes higher than the expected inflation rate.

Particulars	March 31, 2018	March 31, 2017
Minimum Lease Payments:		
- Not later than one year	182.80	163.11
- Later than one year but not later than five years	427.33	408.76
- Later than five years	287.47	328.48

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Rental expenses relating to operating leases

Particulars	March 31, 2018	March 31, 2017
Total rental expenses relating to operating leases	236.86	138.64

b) Commitment for purchase of non-controlling interests

Effective August 19, 2016, the Parent acquired 78.72% of the outstanding equity shares of Dusters Total Solutions Services Private Limited for an aggregate consideration of ₹ 1,169.03 million. In addition, the share purchase agreement (SPA), executed on August 06, 2016 provides for acquisition of 100% of the outstanding equity shares, by August 2019, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. The SPA also provides an option to the Non-controlling interests to sell a part of the shareholding each after one year and two years of the initial acquisition. However, while a purchase consideration based on a specified formula is payable on exercise of such options, the final purchase consideration shall be computed only after the three years of initial acquisition based on the overall remaining 21.28% shareholding, at the date of initial purchase of the shares by the Parent, and any purchase consideration paid after one and two years of the initial acquisition shall be treated as an advance for this purpose. The Group has recognized a liability of ₹ 540.35 million as at March 31, 2018 (March 31, 2017 ₹ 591.20 million) towards this forward contract.

c) Commitment for purchase of non-controlling interests under a put and call option

Effective July 1, 2017, SIS Australia Group Pty Ltd., a subsidiary of the Group, acquired an additional 41% of the voting rights and shares (in addition to the 10% already held) in Southern Cross Protection Pty Ltd. (SXP) by way of a purchase of shares and additional voting rights in Andwills Pty. Ltd. (the parent of SXP). SXP was formerly an associate company and, as a result, it has become a subsidiary in the Group. Further, a deed of put and call option, executed on June 9, 2017 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in SXP on or after September 30, 2020. In the event SIS Australia Group Pty Ltd fails to exercise the option to purchase the balance of the SXP interest, the other SXP shareholders have the option to sell the balance of SXP shares to SIS Australia Group Pty Ltd at a price to be determined according to an agreed valuation formula. The Group has recognized a liability of ₹ 2,038.27 million as at March 31, 2018 towards such call and put options.

d) Contingent liabilities

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Claims against the Group not acknowledged as debt:			
Litigation matters with respect to Income tax	37.94	15.43	19.20
Litigation matters with respect Indirect taxes	166.71	168.34	169.69
Other money for which the Group is contingently liable			
Labour cases	2.08	2.73	4.11
Bank Guarantee	6.38	9.95	4.40
Letter of credit	13.24	13.24	13.24

The Group records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Group reviews these provisions periodically and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Group believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Group, or cash flows with respect to loss contingencies for legal and other contingencies as at March 31, 2018.

Disputed claims against the Group, including claims raised by the tax authorities (e.g. Service tax) and which are pending in appeal / court and for which no reliable estimate can be made of the amount of the obligation, are not provided for in the accounts. However, the present obligation, if any, as a result of past events with a possibility of outflow of resources, when reliably estimable, is recognized in the accounts as an expense as and when such obligation crystallises.

36. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Refer Note 34 regarding dividend proposed by the Board of Directors in their meeting held on May 09, 2018. There were no other significant events that occurred after the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

37. SEGMENT INFORMATION

The Group is currently focused on three business groups: Security Services (India), Security Services (Australia) and Facility Management. The Group's organizational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them. The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Group Management Committee, which is the Chief Operating Decision Maker ("CODM").

The Group operates primarily in 2 geographies, viz., India and Australia. In Australia, the Group's business consists only of Manned Guarding. Therefore, given that the risks and returns of each business and geography in which they operate are different, the segment results of the Group are presented geographically for each the Group's business across India and Australia to enable better appreciation of the risks and returns of the Group across its various businesses and geographies in which they operate.

The business groups comprise the following:

- Security Services (India) – Guarding, Electronic security and home alarm monitoring and response services
- Security Services (Australia) – Guarding, Mobile patrols, Emergency medical response and rescue, Loss prevention and allied services
- Facility Management – Housekeeping, Cleaning, Facility operation & management and Pest control services

	March 31, 2018			March 31, 2017		
	External	Inter-segment	Total	External	Inter-segment	Total
Revenue						
Security services – India	21,441.20	58.93	21,500.13	15,949.78	260.02	16,209.80
Security services – Australia	30,185.11	-	30,185.11	23,956.29	-	23,956.29
Facility Management	6,707.42	37.43	6,744.85	3,965.90	174.64	4,140.53
	58,333.73	96.36	58,430.09	43,871.97	434.66	44,306.63
Inter.co/inter-business elimination			(96.36)			(434.66)
			58,333.73			43,871.97
EBITDA						
Security services – India	1,485.19	6.12	1,491.31	1,013.97	(9.58)	1,004.39
Security services - Australia	1,295.83	-	1,295.83	1,059.96	-	1,059.96
Facility Management	343.47	(10.97)	332.50	134.94	9.75	144.69
	3,124.49	(4.85)	3,119.64	2,208.87	0.17	2,209.04
Inter.co/inter-business elimination			4.85			(0.17)
			3,124.49			2,208.87
Unallocated corporate expenses			(4.86)			(5.23)
			3,119.62			2,203.64
Finance costs			750.35			718.14
Depreciation and amortisation			494.43			345.83
Other income			350.03			107.25
Share of net profits from associates			(117.86)			(60.46)
Profit before tax reported to CODM			2,107.01			1,186.46
Exceptional items			8.33			-
Other gains/ (losses) and effect of entries resulting from consolidation and business combination accounting			(224.37)			(81.65)
Profit before tax			1,874.31			1,104.81
Other information						
Trade receivables			6,242.71			4,206.58
Gross debt			5,569.12			6,996.44
Net debt			622.10			3,100.51
Capital expenditure			536.88			670.39

The total of non-current assets other than financial instruments and deferred tax assets by geographical location:

Particulars	March 31, 2018	March 31, 2017
India	3,115.08	2,933.36
Australia	5,933.14	2,856.68
	9,048.22	5,790.04

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Major Customers

There is no customer from which the Group generates 10% or more of its total external revenue.

38. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisitions during the year ended March 31, 2018

Acquisition of additional interest in Southern Cross Protection Group

With effect from July 01, 2017, SIS Australia Group Pty Ltd., a subsidiary of the Group, acquired an additional 41% of the voting rights and shares (in addition to the 10% already held) in Southern Cross Protection Pty Ltd. (SXP) by way of a purchase of shares and additional voting rights in Andwills Pty. Ltd. (the parent of SXP). SXP was formerly an associate company and, as a result, it has become a subsidiary of the Group. Further, a deed of put and call option, executed on June 09, 2017 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in SXP on or after September 30, 2020. In the event SIS Australia Group Pty Ltd fails to exercise the option to purchase the balance of the SXP interest, the other SXP shareholders have the option to sell the balance of SXP shares to SIS Australia Group Pty Ltd at a price to be determined according to an agreed valuation formula.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:

Particulars	
Cash paid	884.49
Contingent consideration	1,935.90
Total purchase consideration	2,820.39

Net assets acquired:

The fair values of the identifiable assets and liabilities of SXP as at the date of acquisition were:

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	109.25
Cash and cash equivalents	134.31
Trade receivables	447.08
Inventories	8.00
Other non-financial Assets	84.51
Value of acquired contracts on acquisition	245.14
Less: Liabilities	
Borrowings	351.45
Deferred tax liabilities	57.56
Trade payables	317.85
Provisions	139.53
Other Non-financial liabilities	27.42
Total identifiable net assets at fair value	134.48

Calculation of goodwill:

Particulars	
Carrying value of investment as at June 30, 2017	111.08
Total consideration	2,820.39
Acquisition date fair value of previously held equity interest	208.39
Less: Net identifiable assets acquired	134.48
Goodwill	3,005.38

From the date of acquisition, SXP has contributed ₹ 3,786.03 million of revenue and ₹ 177.61 million to the profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been ₹ 59,404.23 million and the profit before tax from continuing operations for the Group would have been ₹ 1,945.60 million.

The goodwill is attributable to the workforce, high prospective growth of the acquired business and control premium.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Significant estimate: Liability for call and put options for purchase of non-controlling interests

A deed of put and call option, executed on June 09, 2017 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in SXP on or after September 30, 2020. In the event SIS Australia Group Pty Ltd fails to exercise the option to purchase the balance of the SXP interest, the other SXP shareholders have the option to sell the balance of SXP shares to SIS Australia Group Pty Ltd at a price to be determined according to an agreed valuation formula. The obligation to acquire the remaining 49% shareholding of SXP has been disclosed as "financial liability for call and put options for purchase of non-controlling interests".

The fair value of liability for call and put option for purchase of non-controlling interests of ₹ 1,935.90 million (AUD 39.05 million @ 50.02) was estimated by calculating the present value of future cash flows. The estimates are based on a discount rate of 4.82% and assumed probability adjusted EBITDA of the acquired subsidiary of ₹ 2,020 million (AUD 8.87 million).

Acquired receivables

The fair value of acquired trade receivables is ₹ 447.08 million. The gross contractual amount of trade receivables due is ₹ 460.01 million, of which ₹ 12.94 million is expected to be uncollectible.

Purchase consideration – cash outflow

Particulars	
Cash consideration	884.49
Less: Cash acquired	134.31
Bank overdraft	80.02
Net outflow of cash	830.20

Acquisitions during the year ended March 31, 2017

Acquisition of Dusters Total Solutions Services Pvt. Ltd (DTSS)

Effective August 01, 2016, the Parent acquired 78.72% of the outstanding equity shares of Dusters Total Solutions Services Private Limited for an aggregate consideration of ₹ 1,169.03 million. In addition, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by August 2019, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:

Purchase consideration	
Cash paid for acquisition of 78.72% of the shares	1,169.04
Liability for forward contract to purchase of non-controlling interests	522.48
Total consideration	1,691.52

Net assets acquired:

The fair values of the identifiable assets and liabilities of DTSS as at the date of acquisition were:

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	115.47
Intangible Assets	977.35
Deposits	9.03
Loans and Advances	246.27
Cash and cash equivalents	3.47
Other Bank Balances	71.83
Trade receivables	783.66
Non-current investments	0.03
Other Non-financial Assets	57.57
Deferred Tax Assets	(253.27)
Less: Liabilities	
Borrowings	2.74
Bonus payable	30.52
Trade payables	42.59
Provisions	140.03
Short-term borrowing	238.54

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

	Fair value recognised on acquisition
Other Current Liabilities	443.63
Total identifiable net assets at fair value	1,113.36

Calculation of goodwill:

Particulars	
Total consideration	1,691.52
Less: Net identifiable assets acquired	1,113.36
Goodwill	578.16

From the date of acquisition, DTSS has contributed ₹ 2,642.82 million of revenue and ₹ 117.03 million to the profit before tax from continuing operations of the Group for the year ended March 31, 2017 and ₹ 4,860.78 million of revenue and ₹ 243.99 million to the profit before tax from continuing operations of the Group for the year ended March 31, 2018. If the combination had taken place at the beginning of the year ended March 31, 2017, revenue from continuing operations would have been ₹ 45,091.94 million and the profit before tax from continuing operations for the Group would have been ₹ 1,134.65 million for the year ended March 31, 2017.

The goodwill is attributable to the workforce, high prospective growth of the acquired business and control premium.

Significant estimate: Liability for forward contract for purchase of non-controlling interests

The SPA provides an option to the Non-controlling interests to sell a part of the shareholding each after one year and two years of the initial acquisition. However, while a purchase consideration based on a specified formula is payable on exercise of such options, the final purchase consideration shall be computed only after the three years of initial acquisition based on the overall remaining 21.28% shareholding, at the date of initial purchase of the shares by the Parent, and any purchase consideration paid after one and two years of the initial acquisition shall be treated as an advance for this purpose. The obligation to acquire the remaining 21.28% shares of DTSS has been disclosed as "financial liability for forward contract to purchase non-controlling interests".

The potential undiscounted amount payable under the agreement is between ₹ 707.21 million and ₹ 782.80 million for earnings before interest, taxes, depreciation and amortisation ("EBITDA") between ₹ 374.96 million and ₹ 414.44 million for the year ended March 31, 2019.

The fair value of the liability for forward contract to purchase of such non-controlling interests of ₹ 522.48 million was estimated by calculating the present value of future cash flows. The estimates are based on a discount rate of 12.55% and assumed EBITDA of the acquired subsidiary between ₹ 374.96 million and ₹ 414.44 million.

As at March 31, 2018 and March 31, 2017, the liability for forward contract to purchase of non-controlling interests has been fair valued resulting in an increase in such value, on account of change in discount rate and the remaining period. A gain / (loss) on remeasurement of contingent consideration of ₹ 6.36 million and ₹ (25.80) million for the year ended March 31, 2018 and March 31, 2017 respectively was included in other gains/ losses while unwinding of discount has been included in Finance Costs.

Significant judgement: Non-Controlling Interests:

The SPA (Share Purchase Agreement) between SIS and the existing shareholders and employee shareholders of DTSS provide for SIS to acquire the remaining shares held by them on the date of acquisition of 78.72% of the shares of DTSS. Considering the nature of the forward contract and the method of determination of the purchase consideration for sale of shares on second closing, the selling shareholders of DTSS have relinquished their risk and rewards of ownership of shares on the date of signing of the SPA and, hence, the Parent has effectively acquired 100% control over DTSS resulting in the Parent recognising a liability for the purchase consideration towards the remaining 21.28% shares in DTSS.

Significant judgement: Indemnification asset

The SPA between the existing shareholders and the Parent provides for indemnification by Existing Shareholders in case of specified losses or damages suffered by DTSS/the Parent on account of operations of DTSS prior to the acquisition date.

The indemnification clause also provides a specific indemnity in respect of additional bonus payable to employees for 2015, gratuity liability which is not recovered from customers and service tax penalty / demands. Accordingly, an indemnification asset of ₹ 47.63 million has been identified and valued as part of the Business Combination accounting.

Significant judgement: Contingent liabilities:

Income tax demands of ₹ 9.22 million which are disputed by DTSS: It is assumed that 50% of these demands will become payable. Hence a gross liability of ₹ 4.61 million has been considered. Considering the requirements of Ind-AS12, Income Taxes, such provision has not been discounted to its present value.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Penalty for delayed payment of service tax of ₹131.91 million which are disputed by DTSS: Considering that the appellate authorities usually provide some relief, and also that the liability, payable, if any, exceeding ₹ 62.4 million is indemnified by the Selling shareholders, it is assumed that 50% of the penalty will become payable. Hence, a gross liability of ₹ 65.95 million has been considered. It is further assumed that the disputes will be settled by March 31, 2020, and accordingly, the liability has been discounted to its present value of ₹ 40.00 million as at July 31, 2016 using an implied IRR of 17.10%.

DTSS has created a bonus provision of ₹ 37.33 million towards bonus payable to its employees for FY 2015 as required by The Payment of Bonus (Amendment) Act, 2015. Such provision has been shown as part of current liabilities. However, considering that Honorable High Courts of Karnataka and Kerala have granted a stay against the operation of the Act, we have assumed that such liability shall be come payable at the end of three years from July 31, 2016 i.e. July 31, 2019. Accordingly, this bonus provision has been treated as a long term provision and have discounted the same using the 3 year Central Government bond yield as at July 31, 2016 of 6.95%. The discounted present value of this bonus provision comes to ₹ 30.51 million.

Acquired receivables

The fair value of acquired trade receivables is ₹ 783.66 million. The gross contractual amount of trade receivables due is ₹ 797.66 million, of which ₹ 13.50 million is expected to be uncollectible.

Particulars	
Cash consideration	1,169.04
Less: Cash acquired	3.47
Bank overdraft	238.53
Net outflow of cash	1,404.10

Acquisition of Lotus Learning Private Limited (“Lotus”)

Effective May 17, 2016, the Parent acquired 100% of the outstanding equity shares of Lotus Learning Private Limited for an aggregate consideration of ₹ 162.97 million.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:

Particulars	
Cash paid	162.97
Contingent consideration	-
Total purchase consideration	162.97

The fair values of the identifiable assets and liabilities of Lotus as at the date of acquisition were:

Particulars	Fair value recognised on acquisition
Assets	
Property, plant and equipment	3.78
Liabilities	
Borrowings	17.03
Other Current Liabilities	2.56
Total identifiable net assets at fair value	(15.81)

Calculation of goodwill:

Particulars	
Total consideration	162.97
Less: Net identifiable assets acquired	(15.81)
Goodwill	178.78

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

39. GROUP INFORMATION

Information about subsidiaries

The subsidiaries (which along with Security & Intelligence Services (India) Limited, the Parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Group			Ownership interest held by the non-controlling interest		
			March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Service Master Clean Limited	India	Providing facility management services	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Tech SIS Limited	India	Trading and installation of electronic security devices and systems	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Terminix SIS India Private Limited	India	Pest Control Management Services	50.01%	50.01%	50.01%	49.99%	49.99%	49.99%
Dusters Total Solutions Services Private Limited	India	Providing facility management services	85.92%	78.72%	NA	14.08%	21.28%	NA
SIS Business Support Services Private Limited	India	Rendering business support services including guarding, parking services, pest control services	100.00%	100.00%	NA	0.00%	0.00%	NA
SISCO Security Services Private Limited	India	Rendering security and related services in areas of manned guarding	100.00%	100.00%	NA	0.00%	0.00%	NA
Sunrays Overseas Private Limited	India	Dealing in and agents for lands, buildings, factories, house, flats and other residential, commercial, agricultural and mining properties and construct, maintain and alter residential commercial and industrial plots and properties	0.00%	100.00%	100.00%	NA	0.00%	0.00%
Vardan Overseas Private Limited	India	Dealing in and agents for lands, buildings, factories, house, flats and other residential, commercial, agricultural and mining properties and construct, maintain and alter residential commercial and industrial plots and properties	0.00%	100.00%	100.00%	NA	0.00%	0.00%
Lotus Learning Private Limited	India	Trading of books, periodicals, magazines, and other print materials	0.00%	100.00%	100.00%	NA	0.00%	0.00%
SIS International Holdings Limited	British Virgin Islands	Holding company for international operations	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
SIS Asia Pacific Holdings Limited	Malta	Holding company for international operations	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
SIS Australia Holdings Pty Ltd	Australia	Holding company for Australia	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
SIS Australia Group Pty Ltd	Australia	Holding company	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
SIS Group International Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
MSS Strategic Medical and Rescue Pty Ltd	Australia	Provision of paramedic and emergency response services	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
SIS MSS Security Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
MSS Security Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Australian Security Connections Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
MSS AJG Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Andwills Pty. Limited *	Australia	Holding company	42.36%	NA	NA	57.64%	NA	NA
SX Protective Services Pty. Ltd.	Australia	Holding company	45.56%	NA	NA	44.44%	NA	NA
Southern Cross Protection Pty. Ltd.	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Southern Cross FLM Pty Ltd	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA

NOTES TO THE FINANCIAL STATEMENTS

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Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Group			Ownership interest held by the non-controlling interest		
			March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Southern Cross Loss Prevention Pty Ltd	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Cage Security Alarms Pty. Limited	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Cage Security Guard Services Pty Ltd	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Eymet Security Consultants Pty Ltd	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Askara Pty Ltd	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Charter Customer Services Pty Ltd	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Charter Security Protective Services Pty Ltd	Australia	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA
Charter Security (NZ) Pty Limited	New Zealand	Loss prevention, asset protection and security services	51.01%	NA	NA	49.99%	NA	NA

*Apart from Ordinary shares, SIS Australia Group Pty Ltd., also holds D class shares in Andwills Pty Limited effectively giving it 51.01% voting power in that company.

Associates

The Associates considered in the preparation of these Consolidated financial statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Group		
			March 31, 2018	March 31, 2017	April 1, 2016
SIS Cash Services Private Limited*	India	Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%	49.00%
SIS Prosegur Holdings Private Limited *	India	Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%	49.00%
SIS Prosegur Cash Logistics Private Limited *	India	Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%	49.00%
Southern Cross FLM Pty Ltd**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Southern Cross Loss Prevention Pty Ltd**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Cage Security Alarms Pty. Limited**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Cage Security Guard Services Pty Ltd**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Eymet Security Consultants Pty Ltd**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Askara Pty Ltd**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Charter Customer Services Pty Ltd**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Charter Security Protective Services Pty Ltd**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Annex Investigation Services Pty Ltd**	Australia	Loss prevention, asset protection and security services	NA	10.00%	10.00%
Charter Security (NZ) Pty Limited**	New Zealand	Loss prevention, asset protection and security services	NA	10.00%	10.00%

* Wholly owned subsidiaries of SIS Cash Services Private Limited

**Acquired as a subsidiaries effective July 1, 2017

Joint venture in which the Group is a joint venture

The joint ventures considered in the preparation of these Consolidated Financial Statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Group		
			March 31, 2018	March 31, 2017	April 1, 2016
SIS Prosegur Alarm Monitoring & Response Services Private Limited			50.00%	50.00%	50.00%
Habitat Security Pty Ltd	Australia	Provision of services relating to all aspects of physical security	49.00%	49.00%	49.00%

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Additional information under General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Name of the Entity	Net Assets, i.e. total assets minus liabilities as at		Share in Profit or (Loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As a % of consolidated Net Assets	Amount (in ₹ million)	As a % of consolidated profit	Amount (in ₹ million)	As a % of consolidated other comprehensive income	Amount (in ₹ million)	As a % of consolidated total comprehensive income	Amount (in ₹ million)
Parent Co	58.90%	6,064.51	44.80%	730.11	5.30%	(1.73)	45.60%	728.38
Subsidiaries (Group's share)								
Indian								
Service Master Clean Limited	11.10%	1,142.96	1.10%	18.28	(12.00%)	3.93	1.40%	22.21
Tech SIS Limited	0.50%	54.43	(0.80%)	(12.36)	0.20%	(0.08)	(0.80%)	(12.44)
Terminix SIS India Private Limited	0.30%	27.39	1.10%	17.41	(1.40%)	0.47	1.10%	17.88
Dusters Total Solutions Services Private Limited	9.20%	945.80	18.50%	301.81	21.40%	(6.99)	18.50%	294.82
SIS Business Support Services Private Limited	0.00%	0.06	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
SISCO Security Services Private Limited	0.00%	0.07	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Indian Joint Venture (investment as per equity method)	1.30%	134.54	(1.90%)	(30.80)	0.00%	0.01	(1.90%)	(30.80)
Private Limited								
Associates (investment as per equity method)								
SIS Cash Services Private Limited	6.50%	669.49	(2.90%)	(47.86)	8.70%	(2.83)	(3.20%)	(50.69)
SIS Prosecur Holdings Private Limited	3.00%	310.62	(2.8%)	(45.56)	(5.50%)	1.80	(2.70%)	(43.77)
SIS Prosecur Cash Logistics Private Limited	0.00%	0.02	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Foreign Subsidiaries								
Foreign								
SIS International Holdings Limited	1.90%	200.11	0.00%	-	(14.7%)	4.80	(0.30%)	4.80
SIS Asia Pacific Holdings Limited	1.90%	200.16	0.00%	-	0.00%	-	0.00%	-
SIS Australia Holdings Pty. Ltd.	1.90%	192.01	1.20%	20.31	0.00%	-	1.30%	20.31
SIS Australia Group Pty. Ltd.	12.60%	1,293.56	0.00%	-	0.00%	-	0.00%	-
SIS Group International Holdings Pty. Ltd.	0.20%	17.36	0.40%	7.15	0.00%	-	0.40%	7.15
MSS Strategic Medical and Rescue Pty. Ltd.	0.90%	88.95	(1.10%)	(17.56)	0.00%	-	(1.10%)	(17.56)
SIS MSS Security Holdings Pty. Ltd.	13.60%	1,403.67	0.00%	-	0.00%	-	0.00%	-
MSS Security Pty. Ltd.	49.10%	5,051.88	45.80%	746.46	0.00%	-	46.70%	746.46
Australian Security Connections Pty. Ltd.	0.00%	0.50	0.00%	-	0.00%	-	0.00%	-
Andwills Pty. Ltd.	0.00%	0.11	2.50%	40.65	0.00%	-	2.50%	40.65
SX Protective Services Pty. Ltd.	0.20%	18.80	2.90%	46.60	0.00%	-	2.90%	46.60
Southern Cross Protection Pty. Ltd.	5.00%	511.31	10.30%	167.76	0.00%	-	10.50%	167.76
Southern Cross FLM Pty. Ltd.	0.00%	(4.60)	0.00%	0.22	0.00%	-	0.00%	0.22
Southern Cross Loss Prevention Pty. Ltd.	0.20%	19.03	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Cage Security Alarms Pty. Ltd.	1.50%	154.67	1.60%	26.26	0.00%	-	1.60%	26.26
Cage Security Guard Services Pty. Ltd.	0.50%	46.62	0.00%	(0.42)	0.00%	-	0.00%	(0.42)
Eymet Security Consultants Pty. Ltd.	0.00%	3.36	(0.48%)	(0.48)	0.00%	-	0.00%	(0.48)
Askara Pty. Ltd.	(0.70%)	(69.16)	(3.20%)	(52.86)	0.00%	-	(3.30%)	(52.86)
Charter Customer Services Pty. Ltd.	1.00%	106.12	0.00%	0.09	0.00%	-	0.00%	0.09
Charter Security Protective Services Pty. Ltd.	(0.40%)	(40.86)	(7.70%)	(126.06)	0.00%	-	(7.90%)	(126.06)
Charter Security (NZ) Pty. Ltd.	0.40%	41.28	0.50%	7.69	0.00%	-	0.50%	7.69
MSS AJG Pty. Ltd.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Foreign Joint Venture								
Habitat Security Pty Ltd	0.00%	2.06	0.10%	2.00	0.00%	-	0.10%	2.00
Adjustments arising out of consolidation	(80.60%)	(8,303.78)	(10.90%)	(178.33)	98.1%	(32.03)	(13.20%)	(2,103.36)
Less: Minority Interest in all subsidiaries	0.10%	13.69	0.60%	9.84	0.0%	-	0.60%	9.84
Total	100.00%	10,296.73	100.00%	1,630.28	100.0%	(32.66)	100.0%	1,597.62

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All figures in ₹ million except per share data

40. INTERESTS IN OTHER ENTITIES

a) Non-controlling interests (NCI)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Share capital/investment	112.48	112.48	112.48
Retained earnings	(98.79)	(109.19)	(87.76)
Total non-controlling interests	13.69	3.29	24.72

b) Interest in associates and joint ventures

Associates

The Group holds 49% interest in SIS Cash Services Pvt. Ltd., SIS Prosegur Cash Logistics Pvt. Ltd., SIS Prosegur Holdings Pvt. Ltd. SIS Prosegur Cash Logistics Pvt. Ltd. and SIS Prosegur Holdings Pvt. Ltd. are subsidiaries of SIS Cash Services Pvt. Ltd. The Group's interest in these entities are accounted for using the equity method in the consolidated financial statements. Moreover, Southern Cross Protection Pty Ltd, which was earlier treated an associate of the Group on the date of transition as well as on March 31, 2017, has become a subsidiary effective July 01, 2017 with 51% of the shares and voting rights held by the Group effective that date,

SIS Cash Services Private Limited and its subsidiaries are in the business of providing cash logistics services

Joint ventures

The Group holds 50% interest in SIS Prosegur Alarm Monitoring Response Services Pvt. Ltd. and 49% interest in Habitat Security Pty Ltd and exercises joint control over these entities. The Group's interest in these entities are accounted for using the equity method in the consolidated financial statements.

SIS Prosegur Alarm Monitoring Response Pvt. Ltd. is engaged in the business of providing alarm monitoring and response services.

Habitat Security Pty Ltd. is engaged in the provision of services relating to all aspects of physical security.

Name of entity	Place of business	% of ownership interest	Relationship	Accounting method	Carrying amount		
					March 31, 2018	March 31, 2017	April 1, 2016
SIS Cash Services Private Limited	India	49.00%	Associate	Equity method	537.70	631.99	683.10
Southern Cross Protection Pty Ltd	India	10.00%	Associate	Equity method	N.A	119.72	113.12
SIS Prosegur Alarm Monitoring Response Services Pvt. Ltd.	India	50.00%	Joint venture	Equity method	134.18	74.98	101.37
Habitat Security Pty Ltd.	Australia	49.00%	Joint venture	Equity method	2.06	0.61	-
Total equity accounted investments					673.94	827.30	897.59

The share of profits from associates and joint ventures recognised by the Group is given below:

	March 31, 2018	March 31, 2017
Share of profits from associates	(91.06)	(35.29)
Share of profits from joint ventures	(26.80)	(25.17)
Total share of profits from associates and joint ventures	(117.86)	(60.46)

Aggregate amount of share of those joint ventures and associates:	Joint ventures		Associates		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(a) Profit or loss from continuing operations.	(28.81)	(25.81)	(92.09)	(31.43)	(120.09)	(57.24)
(b) Post-tax profit or loss from discontinued operations.	-	-	-	-	-	-
(c) Other comprehensive income.	2.00	0.64	1.03	(3.86)	3.03	(3.22)
(d) Total comprehensive income.	(26.80)	(25.17)	(91.06)	(35.29)	(117.86)	(60.46)

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41. RELATED PARTY TRANSACTIONS

Note 39 above provides the information about the Group's structure.

Names of related parties

Key Management Personnel and their relatives	Mr. Ravindra Kishore Sinha (Chairman)
	Mr. Uday Singh (Chief Executive Officer and Whole-Time Director)
	Mr. Rituraj Kishore Sinha (Managing Director)
	Mr. Arvind Kumar Prasad (Director - Finance)
	Ms. Rita Kishore Sinha – Non-Executive Director
	Mr. Jayanta Kumar Basu – Nominee Director
	Mr. Arun Batra – Independent Director
	Mr. Amrendra Prasad Verma – Independent Director
	Mr. T C A Ranganathan – Independent Director
	Mr. Devdas Apte – Independent Director
	Mr. A K Mattoo – Independent Director, passed away on December 27, 2017
	Mr. Rajan Krishnanath Medhekar – Additional Director (Independent), appointed w.e.f September 25, 2017
	Dr Ajoy Kumar - Independent Director, resigned w.e.f. September 25, 2017
	Ms. Renu Mattoo – Additional Director (Independent), appointed w.e.f January 29, 2018
	Mr. Devesh Desai (Chief Financial Officer)
	Mr. Brajesh Kumar (Chief Financial Officer – Indian Security and Facility Management)
	Ms. Pushpalatha Katkuri (Company Secretary)
Associates/Joint Venture entities	Southern Cross Protection Pty Ltd. (Associate till 30 June 2017)
	SIS Prosecur Alarm Monitoring & Response services Private Limited (Joint venture)
	Habitat Security Pty Ltd (Joint venture)
	SIS Cash Services Private Limited (Associate)
	SIS Prosecur Holdings Private Limited (Associate)
	SIS Prosecur Cash Logistics Private Limited (Associate)
Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group	Saksham Bharat Limited
	Security Skills Council India Limited
	SIS Group Enterprises Limited
	Mahamanav Mritunjay Institute of Yoga & Alternative Medicine Limited
	Mritunjay Educational Foundation Limited
	Rituraj Resorts Limited
	Superb Intelligence Services Private Limited
	Sunrays Overseas Private Limited. w.e.f. January 18, 2018
	Vardan Overseas Private Limited w.e.f. January 18, 2018
	SIS Asset Management Company Private Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Joint venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group companies	Total
Transactions during the year						
Investments made	Mar-18	90.00	100.00			190.00
	Mar-17		147.00			147.00
Sale of Investments	Mar-18				-	-
	Mar-17				7.04	7.04
Fixed Assets purchased/ (sold)	Mar-18	(0.08)				(0.08)
	Mar-17	-				-
Other receivables and accruals paid	Mar-18	0.98	12.06	-	1713	3017
	Mar-17	-	16.69	-	7.43	24.12
Other payables and accruals paid	Mar-18	0.11		8.60		8.71
	Mar-17	-		-		-
Other payables and accruals received	Mar-18				20.05	20.05
	Mar-17	0.11	0.01	8.50		8.62
Interest Received on Bonds; Debentures and loans	Mar-18		1.30		0.16	1.46
	Mar-17				-	-

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		Joint venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group companies	Total
Sub-contracting service charge (net) received	Mar-18		7.03			7.03
	Mar-17		9.43			9.43
Service charges / Expenses paid	Mar-18	0.30	1.42		225.20	226.92
	Mar-17	0.81	1.55		11.70	14.06
Service charges / other	Mar-18	4.65	11.50		76.99	93.14
Income received	Mar-17	2.86	13.39		32.09	48.34
Salary & remuneration paid	Mar-18			65.70		65.70
	Mar-17			44.11		44.11
Rent received	Mar-18		2.23			2.23
	Mar-17		1.04			1.04
Rent paid	Mar-18			19.04	3.84	22.88
	Mar-17			18.65	0.84	19.49
Demerger of consultancy and investigation business	Mar-18				156.96	156.96
	Mar-17				-	-
Balances outstanding at end of the year						
Investment in shares	Mar-18	136.26	537.70		-	673.96
	Mar-17	75.59	751.71		-	827.32
	Mar-16	101.37	796.22		7.03	904.62
Other payables and accruals	Mar-18	-	0.18	-	20.05	20.23
	Mar-17	0.11	0.01	8.60		8.72
	Mar-16	-	0.01	0.11		0.12
Other receivables and accruals	Mar-18	1.03	87.24		83.01	171.28
	Mar-17	-	75.56		68.94	144.50
	Mar-16	0.01	58.46		58.47	116.94
Bonds and Debentures	Mar-18		247.00			247.00
	Mar-17		147.00			147.00
	Mar-16		-			-

Terms and conditions of transactions with related parties

Transactions relating to dividends paid, subscription for new equity shares were on the same terms and conditions that applied to other shareholders.

Refer Note 14 in respect of demerger of consultancy and investigation business.

The sales to, and purchases from, related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances at the year-end are unsecured and carry interest equivalent to market rate, where specified, in terms of the transactions and settlement occurs in cash. For the year ended March 31, 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: ₹ Nil, April 1, 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

42. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support the financing of the operations of its subsidiaries, joint ventures and associates. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations and loans, security and other deposits.

The Group's operations expose it to market risk, credit risk and liquidity risk. The Group's focus is to reduce volatility in financial statements while maintaining balance between providing predictability in the Group's business plan along with reasonable participation in market movement. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, loans and deposits given, FVTOCI investments and derivative financial instruments.

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Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates which arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency revenue and cash flows. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The Group has limited foreign currency transactions and has limited exposure to foreign currency assets and liabilities resulting in the foreign currency risk being low.

The exchange rate between the Indian Rupee and foreign currencies has fluctuated in recent years and may continue to do so in the future. Consequently, the results of the Group's operations may be affected as the Indian Rupee appreciates/depreciates against these currencies.

There are no foreign currency denominated financial assets and financial liabilities as at March 31, 2018 and March 31, 2017.

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arises on borrowings with floating interest rate which is not material.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Variable rate borrowings:			
- Cash credit	1,597.82	2,179.40	2,025.26
- Bank overdraft	-	108.76	12.21
- Loans	3,817.23	3,748.58	1,784.87
Fixed rate borrowings	154.08	959.70	276.32
Total borrowings	5,569.12	6,996.44	4,098.65

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind-AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	March 31, 2018	March 31, 2017
Interest rates - increase by 25 basis points *	15.71	13.87
Interest rates - decrease by 25 basis points *	(15.71)	(13.87)

*Holding all other variables constant

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle their obligations as agreed resulting in a financial loss. The primary exposure to credit risk arises from Trade receivables and Unbilled revenue amounting to ₹ 6,242.71 million and ₹ 4,005.57 million respectively as at March 31, 2018 (₹ 4,206.58 million and ₹ 3,497.77 million respectively as at March 31, 2017). These are unsecured and are managed by the Group through a system of periodically assessing the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. No single customer accounted for more than 10% of the accounts receivable as of March 31, 2018 and March 31, 2017, respectively and revenues for the year ended March 31, 2018 and March 31, 2017, respectively. There is no significant concentration of credit risk. The Group uses the expected credit loss ("ECL") method to assess the loss allowance for Trade receivables and Unbilled revenue taking into account primarily the historical trends and analysis of bad debts. The company does not expect any credit risk or impairment in respect of amounts lent to its subsidiaries, associates and joint ventures.

The credit risk for financial assets other than bank balances and trade receivables are considered low.

Significant estimates and judgements

Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions. The Group estimates loss arising on trade receivables as a percentage of sales based on past trends and such loss is directly debited to revenue instead of creating a provision for impairment of receivables.

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Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are invested in bank fixed deposits or used to temporarily reduce the balance of cash credit accounts to optimize interest costs.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet its financial obligations and maintain adequate liquidity for use.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, shareholder equity, and finance leases.

Approximately 4.98% of the Group's long term debt will mature in less than one year at March 31, 2018 (March 31, 2017: 13.32%, April 1, 2016: 16.88%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and significant portion of short term debt maturing within 12 months can be rolled over with existing lenders. The Group believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended March 31, 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	1,597.82	52.02	156.06	3,763.23	-	5,569.13
Other Financial Liabilities	-	476.73	1,430.18	117.03	-	2,023.94
Trade and other payables	-	806.36	-	-	-	806.36
Contingent Consideration	-	-	-	2,578.62	-	2,578.62

Year ended March 31, 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	2,288.16	180.89	792.68	3,734.71	-	6,996.44
Other Financial Liabilities	-	413.93	1,241.78	9.00	-	1,664.71
Trade and other payables	-	394.28	-	-	-	394.28
Contingent Consideration	-	-	-	591.20	-	591.20

As at April 1, 2016

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	2,037.47	104.66	313.99	1,642.53	-	4,098.65
Other Financial Liabilities	-	236.32	708.97	-	-	945.30
Trade and other payables	-	301.35	-	-	-	301.35
Contingent Consideration	-	-	-	-	-	-

As a matter of policy, the Group does not carry out any hedging activities.

There has been no default in servicing borrowings and/ or breaches in loan covenants.

With effect from July 1, 2017, SIS Australia Group Pty Ltd., a subsidiary of the Group, acquired an additional 41% of the voting rights and shares (in addition to the 10% already held) in the Southern Cross Protection group (SXP). SXP was formerly an associate company and, as a result, it has become a subsidiary of the Group. Further, a deed of put and call option, executed on June 9, 2017 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in SXP on or after September 30, 2020. In the event SIS Australia Group Pty Ltd fails to exercise the option to purchase the balance of the SXP interest, the other SXP shareholders have the option to sell the balance of SXP shares to SIS Australia Group Pty Ltd at a price to be determined according to an agreed valuation formula. In view of this acquisition and the change in recognition of the results of SXP from equity accounting to being consolidated as a subsidiary, the results of the corresponding periods in the previous financial year are not strictly comparable with the results of the year ended March 31, 2017. Consequent to business combination accounting under Ind-AS, the Group has revalued the existing 10% shares in SXP to reflect the fair value of the shares at the time of the acquisition of the additional 41% of the

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voting rights and shares in SXP. As a result of this fair valuation of the existing 10% shares in SXP, the Group has recorded a one-time gain of ₹ 208.39 million during the year ended March 31, 2018, in "Other Gain/(loss)" in the Statement of Profit and Loss.

The Group has the following financial assets and liabilities at FVTPL which are mandatorily measured at FVTPL in accordance with the requirements of Ind AS 109

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Financial Assets:			
Investments			
-Equity instruments	0.02	0.02	7.03
Indemnification asset part of business combination	61.98	52.93	-
Total Financial Assets	62.00	52.95	7.03
Financial Liabilities:			
Liability for forward contract for purchase of non-controlling interests	540.35	591.20	-
Liability for call and put options for purchase of non-controlling interests	2,038.27	-	-
Contingent liability acquired part of business combination	86.19	76.37	-
Total Financial Liabilities	2,664.81	667.57	-

The Group has the following financial assets which are subject to the impairment requirements of Ind AS 109. On assessment of the future cash flows arising from these assets, the Group believes that there is no provision required to be made for impairment losses on these assets.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Financial Assets:			
Investments in debentures or bonds	247.00	147.00	-
Trade receivables	6,242.71	4,206.58	2,605.29
Other financial assets	4,715.18	3,890.05	3,058.36
Total	11,204.89	8,243.63	5,663.65

43. ADDITIONAL CAPITAL DISCLOSURES

For the purpose of the Group's capital management, capital includes issued equity capital, share premium, all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximise shareholder value and support its strategies and operating requirements. The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with a focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements for the Group's operations are generally met through operating cash flows generated and supplemented by long-term and working capital borrowings from banks.

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to optimise the cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants to which it is subject. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is Net Debt divided by EBITDA. The Group defines Net Debt as borrowings less cash and cash equivalents, excluding discontinued operations, but including all free bank balances and deposits irrespective of their duration / maturity.

Particulars	Year ended	Year ended
	March 31, 2018	March 31, 2017
Borrowings (Note 17)	5,361.05	6,272.93
Current portion of long term debt (Note 17)	208.08	723.57
Less: Cash and cash equivalents (Note 13) (except unclaimed dividends), bank balances excluding restricted balances / deposits	4,947.03	3,895.98
Net Debt	622.10	3,100.52
EBITDA	3,119.62	2,203.64
Gearing ratio	0.20	1.41

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In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it simultaneously meets financial covenants attached to its borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the current period.

Dividends

The Parent declares and pays dividends in Indian Rupees. According to the Companies Act, 2013 any dividend should be declared only out of accumulated distributable profits. A Company may, before the declaration of any dividend, transfer a percentage of its profits for that financial year, as it may consider appropriate, to the reserves.

The cash dividends paid per equity share were ₹ 2.00 for the year ended March 31, 2018 (March 31, 2017: ₹ NIL per share) aggregating ₹ 146.36 million (March 31, 2017: ₹ NIL) including an interim dividend of ₹ 2.00 aggregating ₹ 146.36 million (March 31, 2017: ₹ Nil) during the year ended March 31, 2018.

The Parent's Board, at its meeting dated May 9, 2018, has proposed a final dividend of ₹ 1.50 per share aggregating to ₹ 109.78 million for the year ended March 31, 2018 (March 31, 2017: ₹ Nil). This dividend has not been recognised as a distribution to shareholders at the end of the reporting period.

Also, refer to Note no 14, regarding demerger of certain business to SIS Asset Management Private Limited.

The Board of Directors, at their meeting held on September 21, 2016 had approved the issue of bonus shares in the proportion of 10:1, i.e. 10 (ten) equity shares of ₹ 10 each for every 1 (one) fully paid-up equity share held as on September 15, 2016 pursuant to resolution passed by the shareholders on July 27, 2016. The Parent has not issued any bonus shares out of capitalisation of its revaluation reserves or unrealised profits.

44. FIRST-TIME ADOPTION OF IND-AS

These consolidated financial statements, for the year ended March 31, 2018, are the first the Group has prepared in accordance with Ind-AS. For all periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with Previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The date of transition to Ind AS is April 1, 2016.

Accordingly, the Group has prepared consolidated financial statements which comply with Ind-AS applicable for periods ending on or after March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Group's opening balance sheet was prepared as at April 1, 2016, the Group's date of transition to Ind-AS. Ind AS 101 requires that all Ind AS standards that are effective for the first Ind AS Financial Statements be applied consistently and retrospectively for all periods presented. This note explains the principal adjustments made by the Group in restating its Previous GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS.

The Group has applied the following exemptions:

Optional exemptions from retrospective application

- Ind-AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for Ind-AS, or of interests in associates and joint ventures that occurred before April 1, 2016. Use of this exemption means that the Previous GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind-AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement of business combination is in accordance with Ind-AS. Assets and liabilities that do not qualify for recognition under Ind-AS are excluded from the opening Ind-AS balance sheet. The Group did not recognise or exclude any previously recognised amounts as a result of Ind-AS recognition requirements.
- Ind-AS 101 also requires that Previous GAAP carrying amount of goodwill must be used in the opening Ind-AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind-AS 101, the Group has tested goodwill for impairment at the date of transition to Ind-AS. No goodwill impairment was deemed necessary at April 1, 2016.
- The Group has used the same exemptions for interest in associates and joint ventures.
- The Group has not applied Ind-AS 21, The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to Ind-AS.
- As at April 1, 2016 the date of transition, the group has used the exemption to deem the cumulative translation differences of all foreign operations to be zero.

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- A first-time adopter may opt to continue with the carrying value for all of its Property, plant and equipment (PPE), investment properties and intangible assets as recognised in its Previous GAAP financial statements as deemed cost at the transition date. However, it makes necessary adjustments for decommissioning liabilities to be included in the carrying value of PPE. If a first-time adopter opts to use the Previous GAAP carrying values as deemed cost at the transition date for all its PPE, investment property or intangible assets, the fact and the accounting policy will be disclosed by the entity. This disclosure is required in the entity's first Ind-AS financial statements and will continue for financial statements of subsequent years also until those items of PPE, investment properties or intangible assets, as the case may be, are significantly depreciated, impaired or derecognised from the entity's balance sheet. The Group has used this exemption to measure all its property, plant and equipment, investment property and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition.
- Ind-AS 102 Share-based Payment has not been applied to equity instrument grants in share-based payment transactions that vested before April 1, 2016.
- Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind-AS 101 exemption, and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.
- The Group has designated unquoted equity instruments held at April 1, 2016 as fair value through profit or loss investments.

Mandatory Exemptions from retrospective application:

Estimates

The estimates at April 1, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies).

Classification and measurement of financial assets

Financial assets and financial liabilities have been classified and measured on the basis of facts and circumstances existing on April 1, 2016 except for Compulsorily Convertible Debentures which have been classified and measured based on the fact and circumstances existing on the date of issue of such debentures.

Derecognition of financial assets

The Group has applied the exemption available under Ind AS 101 to apply the derecognition criteria under Ind AS 109 prospectively for transactions occurring on or after April 1, 2016.

Non-controlling Interests (NCI)

Ind AS 110 requires that total comprehensive income should be attributed to the owners of the parent and the NCI even if this results in the NCI having a negative balance. Ind AS 101 requires this requirement to be required prospectively from the date of transition to Ind AS. However, if an entity applies Ind AS 103 retrospectively to past business combinations, it also has to apply Ind AS 110 retrospectively from the same date. Since the Group has elected to apply Ind AS 103 prospectively to business combinations that occurred on or after April 1, 2016, it does not have any impact on the carrying amount of NCI.

Reconciliations

The following reconciliations provide the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

1. Reserves as at April 1, 2016 and March 31, 2017; and
2. Net Profit after tax for the year ended March 31, 2017.

Reconciliations of Group reserves between Ind-AS and Previous GAAP are given below:

Nature of Adjustment	As at April 1, 2016	As at March 31, 2017
Reserves as per Previous GAAP	4,439.26	4,743.90
Impact of recognizing and measuring financial assets and financial liabilities in accordance with Ind-AS	38.79	(7.10)
ESOP Expenses on fair value basis	0.21	(0.56)
Equity component of Compulsorily Convertible Debentures	75.03	209.25
Adjustments arising out of accounting for business combination	-	9.48
Expected Credit Losses	(10.31)	(5.06)
Depreciation and amortization	-	59.27
Non-Controlling Interests	0.91	3.37
Others	(32.51)	(56.85)
Deferred tax impact of Ind-AS adoption	(47.29)	262.97
Reserves as per Ind AS	4,464.41	5,218.67

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

Reconciliations of Consolidated Net Profit after tax between Ind-AS and erstwhile Previous GAAP are given below:

Nature of Adjustment	Year ended March 31, 2017
Net Profit as per Previous GAAP	906.07
Impact of changes in pattern of recognition of revenue	
- Finance Income	31.99
- Revenue from Operations	(70.32)
Finance costs – Impact arising on recognizing and measuring financial assets and financial liabilities in accordance with Ind-AS	(14.76)
ESOP expenses on fair value basis	4.08
Employee benefit expenses – Actuarial gain and loss on long term defined benefits plan reclassified as OCI (net of taxes)	20.65
Unrealised foreign exchange gain/loss on monetary items included in net investment in foreign subsidiary reclassified as OCI (net of taxes)	(3.19)
Adjustments arising out of accounting for business combination	(50.72)
Depreciation and amortization expenses	47.67
Expected Credit Losses	20.02
Others	(9.68)
Deferred tax impact of Ind-AS adoption	215.30
Net Profit as per Ind-AS (A)	1,097.11
Other comprehensive Income (net of tax) (B)	(69.56)
Total comprehensive income as reported under Ind-AS (A+B)	1,027.55

Footnotes to the reconciliation of Group reserve as at April 1, 2016 and March 31, 2017 and consolidated statement of profit or loss for the year ended March 31, 2017

a. Joint Ventures and associates

The Group holds 49% interest each in SIS Cash Services Pvt. Ltd., SIS Prosecur Cash Logistics Pvt. Ltd., SIS Prosecur Holdings Pvt. Ltd., which were earlier treated as joint ventures and, on transition to Ind-AS, the Group has assessed and determined that the above-mentioned entities are its associates; accordingly, the method of accounting for these associates has been changed from the proportionate consolidation to the equity method.

The Group holds 50% interest in SIS Prosecur Alarm Monitoring Response Services Pvt. Ltd., directly and indirectly, and exercises joint control over it. On transition to Ind-AS, the Group has changed the method of accounting for this entity from the proportionate consolidation to the equity method.

b. Trade receivables

Under Previous GAAP, the Group had created provisions for impairment of receivables only in respect of specific amounts for incurred losses. Under Ind-AS, the impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to the implementation of the ECL model, the Group has impaired its trade receivable by ₹ 10.31 million on April 1, 2016 which has been eliminated against retained earnings on that date, out of which ₹ 5.25 million has been subsequently reversed in the year ended March 31, 2017. For the year ended March 31, 2017, the Group has reduced its revenue based on actual and expected deductions by customers with corresponding credit to trade receivables. However, this has no impact on the profit for the year ended March 31, 2017.

c. Leasehold deposits

Under Ind-AS, long term lease deposits are required to be initially measured at fair value and subsequently at amortized cost using the effective interest method. Accordingly, fair value adjustment of ₹ (27.95) million (April 1, 2016) and ₹ (23.16) million (March 31, 2017) on security deposits has been recognized against increase in prepaid assets of ₹ 20.02 million (April 1, 2016) and ₹ 17.54 million (March 31, 2017) and decrease in retained earnings of ₹ 8.27 million (April 1, 2016) and ₹ 7.32 million (March 31, 2017) in profit and loss. Additionally, for the year ended March 31, 2017, interest income on such deposits due to unwinding of fair value of ₹ 10.54 million and rent expense of ₹ 1.57 million has been recognized in the statement of profit and loss. No such accounting was prescribed under Previous GAAP.

d. Defined benefit obligation

Both under Previous GAAP and Ind-AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, re-measurement gain / loss on defined benefit plan net of related deferred taxes of ₹ 20.65 million has been recognized in the retained earnings through OCI.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

e. Share-based payments

Under Previous GAAP, the Group recognised only the intrinsic value of share options as an expense. Ind-AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. A reduction in expense of ₹ 4.08 million has been recognised in profit or loss for the year ended March 31, 2017 as a result of transition to Ind-AS

An amount of ₹ 0.21 million in respect of the difference between the intrinsic value and the fair value of share options outstanding and unvested on April 1, 2016 has been recognized as a credit in retained earnings with a corresponding adjustment to the Securities Premium Reserve.

f. Leasehold land

Leasehold land was classified as finance lease arrangement under Previous GAAP. However, as per Ind-AS 17 it is accounted for as operating lease as the arrangement does not satisfy the conditions for classification as finance lease. Accordingly, the written down value of leasehold land, as at the transition date, amounting to ₹ 2.88 million has been reclassified from property, plant and equipment to prepaid expenses. This change also has a reclassification impact of ₹ 0.05 million on the statement of profit and loss for the year ended March 31, 2017 from depreciation to rent expense.

g. Property, plant and equipment

The Group has elected to measure all items of property, plant and equipment at deemed cost at the date of transition to Ind-AS.

h. Unbilled Revenue and Deferred revenue

One of the subsidiaries in the Group is engaged in trading and installation of security electronic equipment and devices. The arrangement involves three deliverables i.e. sale of security system equipment, provision of service of Installation, testing & training, commissioning and maintenance service. Unbilled revenue net of expected deductions is recognised at the end of each period. Such unbilled revenue is reversed in the subsequent period when actual invoice is raised. Further, the Group recognizes maintenance charges separately, during the respective periods of maintenance service to be provided i.e. during 2nd and 3rd year after completion of standard warranty period of one year, through recognition of upfront income received in "deferred income" account. On the date of transition, the Group has deferred revenue of ₹ 2.67 million (March 31, 2017: ₹ 7.65 million) which has been adjusted against retained earnings.

i. Deferred tax

Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP in addition to the various transitional adjustments leading to different temporary differences.

The entities of the Group, including the Parent are eligible for benefits under section 80JJAA of the Income Tax Act, 1961 effective the year ended March 31, 2017. This deduction u/s 80JJAA arises on expenditure being incurred in a particular year and which does not result in creation of an asset, the cost of which will be realised through use in the future. This has resulted in a deductible temporary difference and accordingly, a deferred tax asset has been created on such deductible temporary difference in the year ended March 31, 2017. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax assets is of ₹ 43.47 million (March 31, 2017: 262.97 million) with consequent impact on retained earnings (and net profit for the year ended March 31, 2017).

j. Other comprehensive income

Under Previous GAAP, the Group did not recognise other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP profit or loss to profit or loss as per Ind-AS. Further, Previous GAAP profit or loss is reconciled to total comprehensive income as per Ind-AS.

k. Statement of cash flows

The transition from Previous GAAP to Ind-AS has not had a material impact on the statement of cash flows.

l. Goodwill and intangible assets

Intangible assets, fair values of contingent liabilities, and deferred tax assets/ liabilities in relation to business combinations that occurred during the year ended March 31, 2017 and which were included within Goodwill under Previous GAAP, have been recognised separately under Ind AS with corresponding adjustments to profit or loss for giving effect to amortisation and interest expenses.

NOTES TO THE FINANCIAL STATEMENTS

All figures in ₹ million except per share data

m. Liability towards forward contract for purchase of non-controlling interests

The Parent has entered into a forward contract with NCI of Dusters Total Solutions Services Private Limited ("DTSS") to acquire their shareholding in tranches over three years from the date of the business acquisition as at August 19, 2016. The consideration is based on a formula defined in the agreement. Accordingly, the NCI have transferred their risks and rewards of ownership of their shares in DTSS to the Parent. Consequently, a liability for acquisition of NCI has been recognised under Ind AS at fair value with consequential adjustments to Goodwill and interest expenses in respect of unwinding of the discount on such liability.

n. Compound financial instruments

The Company has issued zero coupon compulsorily convertible debentures ("CCDs") during 2013. Such CCDs provided for conversion into a variable number of equity shares of the Company based on fulfilment of certain conditions. Accordingly, the liability towards such CCDs was computed on the date of issue of such CCDs on a present value basis considering the interest rate applicable to similar securities without the conversion feature. The difference between the net proceeds and such present value of liability has been taken to Other Equity as Equity Component of Compound Financial Instrument. The unwinding of discount on such liability towards CCDs (net of deferred tax thereon) has been taken to retained earnings for a period upto March 31, 2016 and to profit or loss thereafter. The number of shares to which such CCDs were to be converted was fixed on September 26, 2016 and accordingly, the CCDs have been treated as an equity instrument from that date with no further accrual of interest.

o. Lease accounting as lessor

Assets given on lease to customers which were earlier treated as given on operating lease are now treated as given under finance lease under Ind-AS. This has resulted in such assets being derecognized from property, plant and equipment. Instead, a finance lease receivable has been recognized based on present value of minimum lease payments on the transition date. Consequently, the Group now allocates lease rentals receivable as principal payments and finance income on effective interest rate basis instead of treating the whole lease rental as operating lease revenue under operating lease. This has resulted in an increase of finance lease receivable of ₹ 222.19 million and a reduction of ₹ 41.48 million as at April 1, 2016 and March 31, 2017 respectively.

p. Financial instruments

Borrowings have been stated at their amortised cost on transition date and interest expense has been computed on effective interest rate basis. This has resulted in reduction of borrowings by ₹ 0.69 million and ₹ 30.02 million as at April 1, 2016 and March 31, 2017 and decrease in finance costs by ₹ 29.37 million for the year ended March 31, 2017.

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

CA. D.K. Saxena
(Partner)
Membership No. 082118

Place: New Delhi
Date: May 9, 2018

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Devesh Desai
Chief Financial Officer

For and on behalf of the Board

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Brajesh Kumar
Chief Financial Officer (IS & FM)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Pushpalatha Katkuri
Company Secretary

CORPORATE INFORMATION

Board of Directors

Mr. Ravindra Kishore Sinha
Chairman

Mr. Rituraj Kishore Sinha
Group Managing Director

Mr. Arvind Kumar Prasad
Director-Finance

Mr. Uday Singh
Non-Executive Director

Mrs. Rita Kishore Sinha
Non-Executive Director

Mr. Jayanta Kumar Basu
Nominee Director

Mr. Arun Kumar Batra
Independent Director

Mr. Amrendra Prasad Verma
Independent Director

Mr. T C A Ranganathan
Independent Director

Mr. Devdas Apte
Independent Director

**Mr. Rajan Krishnanath
Medhekar**
Independent Director

Mrs. Renu Mattoo
Independent Director

Company Secretary

Ms. Pushpalatha Katkuri

Bankers

State Bank of India

IDBI Bank Limited

Axis Bank Limited

ICICI Bank Limited

Yes Bank Limited

Kotak Mahindra Limited

Standard Chartered Bank

IDFC Bank Limited

Group Management

Mr. Uday Singh

Mr. Rituraj Kishore Sinha

Mr. Arvind Kumar Prasad

Mr. Dhiraj Singh

Mr. Tapash Chaudhri

Mr. Mike McKinnon

Mr. Devesh Desai

Mr. Brajesh Kumar

Mr. Vamshidhar Guthikonda

Auditors

M/s. Saxena and Saxena
Chartered Accountants

Registered Office
Annapoorna Bhawan,
Telephone Exchange Road,
Kurji
Patna – 800 010

Corporate Office
A-28 & 29, Okhla Industrial
Area, Phase-1
New Delhi – 110 020

Corporate Identification No
L75230BR1985PLC002083

Website
www.sisindia.com



A Market Leader in
Security, Cash Logistics
& Facility Management

Group Enterprises

Registered Office

Annapoorna Bhawan, Telephone
Exchange Road, Kurji, Patna

Corporate Office

A-28 & 29 Okhla industrial Area, Phase-1,
New Delhi - 110020