

Limited Review Report on Quarterly and Year to Date Consolidated Financial Results of M/s Security and Intelligence Services (India) Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

We have reviewed the accompanying statement of unaudited consolidated financial results (“Statement”) of Security and Intelligence Services (India) Limited (“the Holding Company”), its subsidiaries (collectively referred to as “the Group”), its associates and joint ventures as listed in Note 1 to the Statement for the quarter and nine months ended December 31, 2017 attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Statement is the responsibility of the Holding Company’s Management and has been approved by the Board of Directors in its meeting held on January 29, 2018. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance about whether the financial results are free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We did not review the financial results and financial information, in respect of 31 subsidiaries (18 Subsidiaries upto June 30, 2017) whose Ind-AS financial results include total revenue from operations of Rs. 9,785,694 (000s) and Rs. 26,766,542 (000s), for the quarter and the nine months ended December 31, 2017 respectively. These Ind-AS financial results and other financial information have been reviewed by other auditors, which financial results, other financial information and limited review reports have been furnished to us by the company’s management. The consolidated Ind-AS financial results also include the group’s share of net profit/loss(-) of Rs. 15,025 (000s) and Rs. (-)61,302 (000s) for the quarter and the nine months ended December 31, 2017, as considered in the consolidated Ind-AS financial results, in respect of 5 associates for the quarter, and 6 associates (1 associate and its subsidiaries has been converted to a subsidiary effective July 1, 2017) for the nine months, ended December 31, 2017, whose financial results, other financial information have been reviewed by another auditor and whose report has been furnished to us by the company’s management. Our opinion, in so far as it relates to the affairs of such subsidiaries and associates is based solely on reports of other Auditors. Our opinion is not qualified in respect of this matter.

Based on our review conducted as above and based on consideration of the reports of other auditors on the unaudited separate quarterly financial results and on the other financial information of subsidiaries and associates, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 (“Ind-AS”) read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 Dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.



Saxena & Saxena
Chartered Accountants

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We have not reviewed the accompanying unaudited consolidated financial results and other financial information of the Group for the quarter and nine months ended December 31, 2016 and for the year ended March 31, 2017, which have been presented solely based on the information compiled by the Holding Company's Management and has been approved by the Board of Directors.

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




CA. D.K. Saxena
(Partner)
M. No. 82118

Place: - New Delhi
Date: - January 29, 2018

Security and Intelligence Services (India) Limited
Registered office: Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna - 800010
CIN: L75230BR1985PLC002083

Part I Statement of unaudited consolidated financial results for the quarter ended and nine months ended December 31, 2017

SL. NO.	Particulars	(Rupees in '000 except per share data)					
		Quarter ended			9 months ended		Year ended
		December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
1	Income						
	a) Revenue from Operations	15,377,176	14,599,642	11,375,567	42,411,813	31,491,450	43,871,967
	b) Other Income	33,551	38,043	31,856	104,845	74,474	106,860
	c) Other Gain/loss	3,772	206,829	1,100	211,107	5,166	5,657
	Total Income (a + b)	15,414,499	14,844,513	11,408,523	42,727,765	31,571,090	43,984,484
2	Expenses						
	a) Cost of materials consumed	56,684	42,809	41,205	152,745	80,493	133,276
	b) Purchases of Stock-in-Trade	13,671	4,266	-1,581	30,832	59,500	51,087
	c) Changes in inventories of finished goods	46,275	2,381	15,407	42,865	-33,898	-21,497
	d) Employee benefits expense	12,333,444	11,923,124	9,607,700	34,823,903	26,676,051	37,038,640
	e) Finance costs	200,313	220,385	240,596	647,893	523,138	766,825
	f) Depreciation and amortization expenses	124,691	140,765	112,569	376,880	256,127	355,877
	g) Other expenses	2,084,251	1,886,322	1,113,846	5,107,470	3,186,106	4,466,825
	Total expenses (a + b + c + d + e + f)	14,859,329	14,220,052	11,129,741	41,182,588	30,747,517	42,791,031
3	Profit before tax and exceptional items (1-2)	555,170	624,461	278,782	1,545,178	823,573	1,193,452
4	Share of profit/loss (-) of associates	15,025	-25,037	3,781	-61,302	-70,738	-60,461
5	Profit before tax (3+4)	570,194	599,423	282,562	1,483,876	752,836	1,132,992
6	Tax Expense						
	Current tax	117,641	115,084	93,597	358,181	344,529	349,563
	Deferred tax	-12,831	-81,455	-29,440	-120,639	-109,621	-322,538
	Tax expense for earlier periods	0	-23,346	0	-23,346	0	0
	Total Tax expense	104,810	10,283	64,157	214,197	234,908	27,025
7	Profit for the period (5 - 6)	465,385	589,140	218,406	1,269,679	517,927	1,105,967
8	Other Comprehensive income						
	Items that will be reclassified to profit or loss						
	a) Exchange difference on translation of foreign operations	-78,070	-63,826	-43,708	-16,869	-43,354	-47,538
	b) Income tax relating to these items	-5,333	7,051	-8,535	1,720	-3,416	-1,367
	Items that will not be reclassified to profit or loss						
	a) Remeasurement of Defined benefits plan	-1,944	4,697	-5,324	3,523	-20,058	-30,953
	b) Income tax relating to these items	551	-1,550	3,970	-1,253	8,832	10,302
	Other Comprehensive income for the period (net of taxes)	-84,796	74,024	-53,597	-12,879	-57,996	-69,556
9	Total Comprehensive income for the period (7 + 8)	380,589	663,164	164,809	1,256,800	459,931	1,036,411
10	Non-Controlling Interest	-6,343	-6,492	-6,387	-17,268	-15,472	-21,413
11	Total Comprehensive income attributable to owners (9-10)	386,932	669,656	171,196	1,274,068	475,403	1,057,824
12	Paid-up equity share capital (face value of Rs. 10 per share)	731,838	731,590	687,030	731,838	687,030	687,030
13	Reserves i.e. Other equity	9,861,007	9,456,265		9,861,007		5,155,325
14	Earnings Per Share (EPS)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(annualized)
	(a) Basic (Rs)	6.45	8.36	3.27	18.11	7.80	16.47
	(b) Diluted (Rs)	6.34	8.21	3.21	17.79	7.74	16.24

Please see the accompanying notes to the financial results



Notes to the unaudited consolidated financial results:

The above results of Security and Intelligence Services (India) Ltd (the “Company”) including its subsidiaries (collectively known as the “Group”), its associates and its joint ventures are prepared in accordance with applicable accounting standards i.e. Ind-AS, prescribed under Section 133 of the Companies Act, 2013. The consolidated figures above include figures of subsidiary companies namely, Service Master Clean Limited, Tech SIS Limited, Terminix SIS India Private Limited, Sunrays Overseas Private Limited, Vardan Overseas Private Limited, Lotus Learning Private Limited, SIS Business Support Services Private Limited, Dusters Total Solutions Services Private Limited, SISCO Security Services Private Limited, SIS International Holdings Limited, SIS Asia Pacific Holdings Limited, SIS Australia Holdings Pty Ltd, SIS Australia Group Pty Ltd, SIS Group International Holdings Pty Ltd, MSS Strategic Medical and Rescue Pty Ltd, SIS MSS Security Holdings Pty Ltd, MSS Security Pty Ltd, Australian Security Connections Pty Ltd, 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. Limited, 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, Charter Security (NZ) Pty Limited, MSS AJG Pty Ltd, and the results of associates, viz., SIS Prosecur Alarm Monitoring & Response Services Private Limited, SIS Cash Services Private Limited, SIS Prosecur Holdings Private Limited, SIS Prosecur Cash Logistics Private Limited and Habitat Security Pty Ltd

1. The Statement of unaudited consolidated financial results (“the Statement”) of the Group, its associates and its joint ventures for the quarter and nine months ended December 31, 2017 has been reviewed by the Audit Committee and, thereafter, approved by the Board of Directors in its meeting held on January 29, 2018.
2. The Board of Directors has declared an interim dividend of Rs. 2 per equity share of face value of Rs. 10 each for the financial year 2017-18 at its meeting held on January 29, 2018.
3. The Company has adopted Indian Accounting Standards (Ind-AS) as prescribed under section 133 of the Companies Act, 2013 on April 1, 2017 with the transition date as April 1, 2016, and the adoption was carried out in accordance with Ind-AS 101 – First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 read with the rules made thereunder. Accordingly, the above mentioned financial results have been prepared in accordance with applicable Ind-AS.
4. Ind-AS compliant unaudited consolidated financial results for the quarter and nine months ended December 31, 2016 and for the year ended March 31, 2017 have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the results provide a true and fair view of the Group’s affairs.



5. Reconciliations of Net Profit after tax between Ind-AS and erstwhile Indian GAAP are given below:

Nature of Adjustment	(Rupees in 000s)		
	Quarter ended	9 months ended	Year ended
	December 31, 2016	December 31, 2016	March 31, 2017
Net Profit as per erstwhile Indian GAAP	242,108	550,398	906,072
Impact of changes in pattern of recognition of revenue			
- Finance Income	8,713	24,031	31,986
- Revenue from Operations	(22,294)	(59,856)	(70,322)
Finance costs – Impact arising on recognizing and measuring financial assets and financial liabilities in accordance with Ind-AS	(20,874)	2,145	(14,764)
ESOP expenses on fair value basis	1,530	2,550	4,079
Employee benefit expenses – Actuarial gain and loss on long term defined benefits plan reclassified as OCI (net of taxes)	1,354	11,226	20,651
Unrealised foreign exchange gain/loss on monetary items included in net investment in foreign subsidiary reclassified as OCI (net of taxes)	(19,915)	(7,971)	(3,189)
Adjustments arising out of accounting for business combination	(18,581)	(31,656)	(50,715)
Depreciation and amortization expenses	14,770	32,375	47,669
Expected Credit Losses	10,642	13,893	36,638
Others	19,561	(1,528)	(9,683)
Deferred tax impact of Ind-AS adoption	1,391	(17,681)	207,544
Net Profit as per Ind-AS (A)	218,406	517,927	1,105,967
Other comprehensive Income (net of tax) (B)	(53,597)	(57,996)	(69,556)
Total comprehensive income as reported under Ind-AS (A+B)	164,809	459,931	1,036,411

6. The Holding Company has accounted for the benefits under Section 80JJAA of the Income Tax Act, 1961 in the year ended March 31, 2017 and the quarter and nine months ended December 31, 2017. On application of Ind-AS effective April 1, 2017 with the transition date as April 1, 2016, the Holding Company has accounted for a deferred tax asset in respect of the related benefits in the respective financial year/period. A subsidiary of the Group has accounted for the benefits under Section 80JJAA of the Income Tax Act, 1961, in respect of the year ended March 31, 2017 and the six months ended September 30, 2017, during the quarter ended September 30, 2017 as the relevant numbers and benefit were computed and crystallised only during the quarter ended September 30, 2017. Therefore, the tax expense for the nine months ended December 31, 2017 is lower by Rs. 67,390 (000s) which pertains to the accounting of the benefits, by this subsidiary, under Section 80JJAA of the Income Tax Act, 1961, in respect of the year ended March 31, 2017.
7. During the quarter ended September 30, 2017, the Company completed an Initial Public Offering (IPO) of its shares consisting of a fresh offer of 4,444,785 equity shares of Rs. 10 each at a premium of Rs. 805 per share and an offer for sale of 5,120,619 equity shares of Rs. 10 each by the selling shareholders. The proceeds of the fresh offer component from the IPO amounted to Rs. 3,414,066 (000s) (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	(Rupees in 000s)		
	Projected utilization of funds as per prospectus	Utilised upto December 31, 2017	Unutilised amount as on December 31, 2017
Prepayment & repayment of Debts of company	2,000,000	2,000,000	0
Funding working capital requirements of the company	600,000	600,000	0
General corporate purpose	788,700	0	788,700
Issue related expenses	233,800	233,800	0

Issue related expenses incurred includes an amount of Rs. 21,772 (000s) incurred on behalf of the selling shareholders to be shared by them

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 2018.

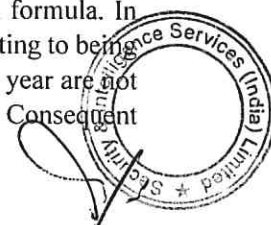
Expenses incurred by the Company, amounting to INR 212,028 (000s), in connection with the IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.

8. During the quarter ended December 31, 2017, upon exercise of vested stock options by the eligible employees, the Company has allotted 24,750 equity shares of Rs. 10 each. Consequent to the said allotment, the paid-up equity share capital of the Company stands increased from Rs. 731,590,350 divided into 73,159,035 equity shares to Rs. 731,837,850 divided into 73,183,785 equity shares.
9. 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.

During the quarter ended September 30, 2017, subsequent to shareholders and creditors of the Company approving the proposed scheme, the Company, SMC and SIS Asset Management Private Limited jointly filed a petition before NCLT for sanctioning of the proposed Scheme.

The NCLT has approved the Scheme by an order dated December 22, 2017 and the same has been filed with the Registrar of Companies on January 18, 2018. Thus, the Scheme is effective on the date of filing of the order with the Registrar of Companies. Since the said order was filed with the Registrar of Companies subsequent to the quarter ended December 31, 2017, which is the date on which it became effective, no effect has been given in these financial results. This has no impact on the results for the quarter and nine months ended December 31, 2017.

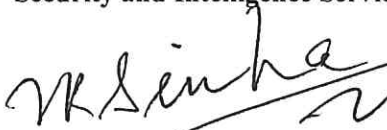
10. With effect from July 1, 2017, SIS Australia Group Pty Ltd., a subsidiary of the Company, acquired an additional 41% of the voting rights and shares (in addition to the 10% already held) in the Southern Cross Protection group (SXP). SXP was formerly an associate company and, as a result, it has become a subsidiary of the Company. 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 quarter and nine months ended December 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 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 Rs. 208,390 (000s) during the quarter ended September 30, 2017 and for the nine months period ended December 31, 2017, in "Other Gain/loss" in the Statement of Profit and Loss.

11. The following changes in the board of directors took place during the quarter ended December 31, 2017:
 - a. Mr. Ashok Kumar Mattoo passed away on December 27, 2017
12. The Company does not have any exceptional items to report for the above periods.

For and on behalf of the Board of Directors of
Security and Intelligence Services (India) Limited


Ravindra Kishore Sinha
Chairman



Place: New Delhi
Date: January 29, 2018

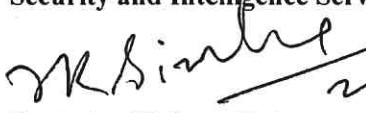
Security and Intelligence Services (India) Limited						
Registered office: Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna - 800010 CIN: L75230BR1985PLC002083						
Consolidated Segment – wise revenue and results for the quarter and nine months ended December 31, 2017						
Particulars	Quarter ended			9 months ended		Year ended
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue						
Security services - India	5,617,886	5,227,926	4,022,285	15,743,589	11,368,908	15,949,779
Security services – Australia	8,046,638	7,728,544	6,024,148	21,779,648	17,541,799	23,956,293
Facilities management	1,712,653	1,643,171	1,329,134	4,888,576	2,580,743	3,965,895
Total revenue from operations	15,377,176	14,599,642	11,375,567	42,411,813	31,491,450	43,871,967
Segment results						
Security services – India	324,102	302,694	196,442	926,539	559,545	669,156
Security services – Australia	348,691	474,390	284,261	1,069,747	751,431	1,036,421
Facilities management	84,820	68,593	40,782	202,234	40,828	260,738
Total	757,613	845,677	521,486	2,198,520	1,351,804	1,966,315
Less: unallocated corporate expenses	2,131	832	2,107	5,449	5,092	6,037
Less: Finance costs	200,313	220,385	240,596	647,893	523,138	766,825
Add: Share of net profit from associates	15,025	(25,037)	3,781	(61,302)	(70,738)	(60,461)
Total profit before tax	570,194	599,423	282,562	1,483,876	752,836	1,132,992

The Company is currently focused on three business groups, viz., Security Services (India), Security Services (Australia) and Facility Management. The Company'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.

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

For and on behalf of the Board of Directors of
Security and Intelligence Services (India) Limited


Ravindra Kishore Sinha
Chairman



Place: New Delhi
Date: January 29, 2018