

Independent Auditor's Review Report on the Consolidated Quarterly and Year to Date Financial Results of Security and Intelligence Services (India) Limited pursuant to 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 Parent"), 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, 2018 attached herewith, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement is the responsibility of the Parent's Management and has been approved by the Board of Directors at its meeting held on January 30, 2019. This statement has been compiled from the related interim consolidated financial statements which has been prepared in accordance with Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of Companies Act, 2013, read with relevant rules issued thereafter and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent 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 financials result and financial information, in respect of 30 subsidiaries whose Ind-AS financial results include total revenue from operations of INR 11,802.80 Mn and INR 33,215.60 Mn and total net profit after tax of INR 452.91 Mn and INR 1,073.88 Mn for the quarter and the nine months ended December 31, 2018 respectively. The Ind-AS financial results and other financial information of these subsidiaries have been reviewed by other auditors and the financial results, other financial information and limited review reports have been furnished to us by the Parent's management. The consolidated Ind-AS financial results also include the group's share of net loss of INR 39.61 Mn and INR 128.87 Mn for the quarter and the nine months ended December 31, 2018, as considered in the consolidated Ind-AS financial results, in respect of 5 associates, whose financial results, other financial information have been reviewed by another auditor, whose report has been furnished to us by the Parent'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 report is not qualified in respect of this matter.

Certain of these subsidiaries and associates/joint ventures are located outside India whose financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted standards applicable in their respective countries. The Parent's management has converted the financial results of such subsidiaries and associates/joint ventures from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent's management. Our opinion in so far as it relates to the affairs of such subsidiaries and associates/joint ventures is based on the report of other auditors and the conversion adjustments prepared by the Parent's management and reviewed by us.

Based on our review conducted as above and based on the consideration of the reports of other auditors on the unaudited separate quarterly and nine months financial results and on the other financial information of subsidiaries and associates/joint ventures, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated financial results prepared in accordance with the 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



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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.

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




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

Place: - New Delhi
Date: - January 30, 2019

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

Statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2018

Sl. No.	Particulars	(Rupees in million except per share data)					
		Quarter ended			Nine months ended		Year ended
		December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	a) Revenue from Operations	18,368.39	16,902.10	15,377.18	51,384.24	42,411.81	58,333.73
	b) Other Income	33.04	47.44	33.55	136.70	104.85	147.53
	c) Other Gain/loss	6.84	3.21	3.77	11.33	211.11	217.91
	Total Income (a + b)	18,408.27	16,952.75	15,414.50	51,532.27	42,727.77	58,699.17
2	Expenses						
	a) Cost of materials consumed	64.64	58.39	56.68	179.59	152.74	204.43
	b) Purchases of Stock-in-Trade	47.91	6.98	13.67	64.84	30.83	55.35
	c) Changes in inventories of finished goods	59.22	78.27	46.27	193.95	42.86	102.99
	d) Employee benefits expense	14,780.21	13,832.45	12,333.44	41,884.53	34,823.90	47,660.18
	e) Finance costs	228.54	184.62	200.31	581.33	647.89	924.83
	f) Depreciation and amortization expenses	176.57	159.44	124.69	468.69	376.88	559.73
	g) Other expenses	2,438.76	2,144.30	2,084.25	6,557.45	5,107.47	7,191.16
	Total expenses (a + b + c + d + e + f + g)	17,795.84	16,464.45	14,859.33	49,930.38	41,182.59	56,698.67
3	Profit before tax and exceptional items (1-2)	612.43	488.30	555.17	1,601.89	1,545.18	2,000.50
4	Share of profit/(loss) of associates	-39.61	-46.23	15.02	-128.87	-61.30	-117.86
5	Profit before exceptional items and tax (3+4)	572.82	442.07	570.19	1,473.02	1,483.88	1,882.64
6	Exceptional items	0.00	0.00	0.00	0.00	0.00	8.33
7	Profit before tax (5-6)	572.82	442.07	570.19	1,473.02	1,483.88	1,874.31
8	Tax expense						
	Current tax	108.36	66.75	117.64	343.68	358.18	597.26
	Deferred tax	-126.17	-62.66	-12.83	-294.08	-120.64	-353.94
	Tax expense for earlier periods	0.00	0.14	0.00	0.14	-23.34	0.71
	Total tax expense	-17.81	4.23	104.81	49.74	214.20	244.03
9	Profit for the period (7-8)	590.62	437.84	465.38	1,423.28	1,269.68	1,630.28
10	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 a foreign subsidiary	-215.36	98.67	-78.07	-83.23	-16.87	-30.55
	b) Income tax relating to these items	-10.98	7.76	-5.33	0.00	1.72	2.29
	Items that will not be reclassified to profit or loss:						
	a) Remeasurement of defined benefits plan	-25.96	47.10	-1.94	18.36	3.52	-8.19
	b) Income tax relating to these items	8.98	-16.59	0.55	-6.57	-1.25	3.79
	Other Comprehensive income for the period (net of taxes)	-240.59	136.94	-84.79	-71.44	-12.88	-32.66
11	Total comprehensive income for the period (9+10)	347.31	574.78	380.58	1,351.84	1,256.80	1,597.62
12	Non-controlling Interests	-0.97	-3.97	-6.34	-8.74	-17.27	9.84
13	Total comprehensive income attributable to owners (11-12)	348.28	578.75	386.92	1,360.58	1,274.07	1,587.78
14	Paid-up equity share capital (face value of Rs. 10 per share)	733.13	733.00	731.84	733.13	731.84	731.84
15	Reserves i.e. Other equity	11,030.98	10,668.10	9,861.01	11,030.98	9,861.01	9,551.20
16	Earnings Per Share (EPS) (of Rs.10/- each)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(annualized)
	(a) Basic (Rs)	8.07	5.98	5.58	19.55	18.11	22.77
	(b) Diluted (Rs)	7.94	5.89	5.48	19.24	17.79	22.36

Please see the accompanying notes to the financial results



Notes to the unaudited consolidated financial results:

1. The above results of Security and Intelligence Services (India) Ltd (the “Parent” or “Company”) including its subsidiaries (collectively known as the “Group”), its associates and its joint ventures are prepared in accordance with Indian Accounting Standards i.e. Ind-AS, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and other recognized accounting practices and policies. The consolidated figures above include figures of subsidiary companies namely, Service Master Clean Limited, Tech SIS Limited, Terminix SIS India Private Limited, SIS Business Support Services Private Limited, Dusters Total Solutions Services Private Limited, SISCO Security Services Private Limited, SLV Security Services Pvt Ltd, Rare Hospitality and 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.
2. 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, 2018 have been reviewed by the Audit Committee and, thereafter, approved by the Board of Directors at its meeting held on January 30, 2019.
3. Effective September 1, 2018, the Company acquired 51% of the outstanding equity shares of SLV Security Services Private Limited for an aggregate consideration of INR 505.00 Mn. In addition, the share purchase agreement (SPA), executed on August 1, 2018 provides for acquisition of 100% of the outstanding equity shares, by August 2020, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula.

The Group has accounted for the acquisition on the assumption of 100% acquisition based on a put option and a forward contract entered with the minority shareholders.
4. Effective November 1, 2018, the Company acquired 80% of the outstanding equity shares of Rare Hospitality and Services Private Limited for an aggregate consideration of INR 325.80 Mn. In addition, the share purchase agreement (SPA), executed on October 16, 2018 provides for acquisition of 100% of the outstanding equity shares, by July 2020, at a price to be determined according to a pre-agreed valuation formula.

The Group has accounted for the acquisition on the assumption of 100% acquisition based on a put option and a forward contract entered with the minority shareholders.
5. Effective April 1, 2018, the Group adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant on the financial statements.
6. 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 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. 3,410.47 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	3622.5
Less: Estimated offer related expenses in relation to the Issue	233.82
Net Proceeds	3388.68
Add: Saving in offer related expenses	21.79
Total	3410.47

Particulars	Projected utilization of funds as per prospectus	Utilised upto December 31, 2018	Unutilised amount as on December 31, 2018
a. Prepayment & repayment of Debts of 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	810.47	Nil
Total	3,410.47	3,410.47	Nil

7. On April 13, 2018, the Parent has issued 1,500 Secured Rated Listed Redeemable Non-Convertible Debentures (“the Debentures”) of face value of INR 1.00 million each, aggregating to INR 1,500 million, on a private placement basis. As per the terms of the issue, the net proceeds shall be utilized towards payment of existing outstanding loans of the company, financing of purchase of a business by way of slump sale or acquisition/purchase of shares of a company, working capital requirements and general corporate purposes. The Debentures carry a coupon rate of 9.50% p.a. payable annually and are redeemable at par after 3 years from the date of allotment. The Debentures are secured by way of security created over the Company’s entire shareholding in one of its subsidiary companies.
8. During the quarter ended December 31, 2018, upon exercise of vested stock options by the eligible employees, the Company has allotted 12,310 equity shares of Rs. 10 each. Consequent to the said allotment, the paid-up equity share capital of the Company stands increased from INR 733,003,630 divided into 73,300,363 equity shares to INR 733,126,730 divided into 73,312,673 equity shares.
9. During the quarter ended December 31, 2018, Mr. Jayanta Kumar Basu, Nominee Director has resigned as a Director effective from October 9, 2018 due to pre-occupations.

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 30, 2019

Security and Intelligence Services (India) Limited
Registered office : Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna - 620010
CIN: L75230BR1985PLC002083

Consolidated segment-wise Revenue, Results, Assets and Liabilities for the quarter and nine months ended December 31, 2018

Particulars	(Rupees in millions)					
	Quarter ended			Nine months ended		Year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment revenue						
Security services - India	7,252.35	6,298.94	5,615.23	19,175.80	15,743.46	21,500.13
Security services – Australia	8,625.67	8,438.87	8,046.64	25,561.96	21,779.65	30,185.11
Facilities management	2,506.86	2,212.61	1,716.28	6,708.99	4,916.04	6,744.85
Less: Inter- segment elimination	-16.49	-48.33	-0.97	-62.51	-27.34	-96.36
Total revenue from operations	18,368.39	16,902.10	15,377.18	51,384.24	42,411.81	58,333.73
Segment EBITDA						
Security services – India	422.47	317.57	391.40	1,020.47	1,120.26	1,491.31
Security services - Australia	397.39	309.34	366.89	1,050.03	910.40	1,295.83
Facilities management	164.39	155.72	85.55	446.67	228.94	332.5
Less: Inter- segment elimination	-0.01	-0.93	-1.15	-0.01	-6.75	4.85
Total EBITDA	984.24	781.70	842.69	2,517.16	2,252.86	3,124.49
Share of net profit / (loss) from associates	-39.61	-46.23	14.66	-128.87	-61.30	-117.86
Other income and gains	30.34	50.66	31.05	128.91	98.22	350.02
Other gains / (losses) and effect of entries resulting from consolidation and business combination accounting	-88.00	-63.52	-30.39	-206.93	136.34	-224.37
Finance costs	183.53	146.84	188.00	470.22	598.55	750.35
Depreciation	130.62	133.7	99.82	367.04	343.48	494.43
Unallocated corporate expenses	0.00	0.00	0.00	0.00	0.00	4.86
Exceptional items	0.00	0.00	0.00	0.00	0.00	-8.33
Total profit before tax	572.82	442.07	570.19	1,473.02	1,483.88	1,874.31
Particulars	As at December 31, 2018	As at September 30, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018
Segment assets	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Security services – India	15,588.77	13,949.25	9,316.42	15,588.77	9,316.42	9,323.51
Security services – Australia	12,069.70	12,626.99	13,079.22	12,069.70	13,079.22	13,931.70
Facilities management	4,732.79	4,314.48	3,829.32	4,732.79	3,829.32	3,726.57
Unallocated	0.20	512.35	1,484.38	0.20	1,484.38	959.07
Total	32,391.46	31,403.07	27,709.34	32,391.46	27,709.34	27,940.86
Segment liabilities						
Security services – India	8,810.54	8,448.78	4,618.83	8,810.54	4,618.83	4,370.83
Security services – Australia	8,957.36	8,907.39	10,633.59	8,957.36	10,633.59	11,793.09
Facilities management	2,866.03	2,639.80	2,274.65	2,866.03	2,274.65	1,480.13
Unallocated	0.01	0.07	1.49	0.01	1.49	0.08
Total	20,633.93	19,996.04	17,528.56	20,633.93	17,528.56	17,644.13

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
- Facilities 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 30, 2019