

Saxena & Saxena **Chartered Accountants**

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Limited Review Report on Quarterly and Year to Date Standalone Financial Results of 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 standalone financial results (“Statement”) of Security and Intelligence Services (India) Limited (“the Company”), for the quarter and six months ended September 30, 2017 attached herewith, being submitted by the 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 Company’s Management and has been approved by the Board of Directors in their meeting held on November 22, 2017. 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 inquires 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.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone 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.

We have not reviewed the accompanying financial results and other financial information of the company for the quarter and six months ended September 30, 2016 and for the year ended March 31, 2017, which have been solely based on the information compiled by the 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: November 22, 2017

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

Part I Statement of unaudited standalone financial results for the quarter and six months ended 30 September 2017

SL. NO.	Particulars	(Rupees in '000 except per share data)					
		Quarter ended			6 months ended		Year ended
		September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
1	Income						
	a) Revenue from Operations	5,217,023	4,883,002	3,936,411	10,100,025	7,425,168	16,018,216
	b) Other Income	21,456	18,525	8,552	39,980	21,584	58,820
	c) Other Gain/loss	-914	1,041	7,735	127	8,308	4,372
	Total Income (a + b + c)	5,237,565	4,902,567	3,952,698	10,140,132	7,455,060	16,081,407
2	Expenses						
	a) Employee benefits expense	4,641,886	4,309,413	3,554,173	8,951,299	6,690,789	14,365,732
	b) Finance costs	150,813	167,863	105,648	318,677	169,654	509,045
	c) Depreciation and amortization expenses	80,849	72,118	52,420	152,967	99,137	242,633
	d) Other expenses	210,088	215,682	158,266	425,770	309,268	669,897
	Total expenses (a + b + c + d)	5,083,636	4,765,076	3,870,508	9,848,712	7,268,848	15,787,307
3	Profit before tax and exceptional items (1-2)	153,929	137,492	82,191	291,420	186,213	294,101
4	Exceptional Items	0	0	0	0	0	0
5	Profit before tax (3+4)	153,929	137,492	82,191	291,420	186,213	294,101
6	Tax Expense						
	Current tax	16,706	49,209	37,535	65,915	82,383	50,049
	Deferred tax	-28,588	-27,170	-8,524	-55,758	-13,524	-287,954
	Total Tax expense	-11,881	22,039	29,012	10,158	68,859	-237,904
7	Profit for the period (5 - 6)	165,810	115,453	53,179	281,263	117,354	532,005
8	Other Comprehensive income						
	Items that will not be reclassified to profit or loss						
	a) Remeasurement of Defined benefits plan	3,873	3,873	-8,578	7,747	-17,157	-34,313
	b) Income tax relating to items that will not be reclassified to profit and loss	-1,341	-1,341	2,969	-2,681	5,938	11,875
	Other Comprehensive income for the period net of taxes	2,533	2,533	-5,609	5,066	-11,219	-22,438
9	Total Comprehensive income for the period (7 + 8)	168,343	117,986	47,569	286,328	106,135	509,567
10	Paid-up equity share capital (face value of Rs 10 Per share)	731,590	687,142	687,030	731,590	687,030	687,030
11	Reserves i.e. Other equity	5,144,657			5,144,657		1,450,256
12	Earnings Per Share (EPS)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(annualized)
	a) Basic (Rs)	2.37	1.68	0.77	4.02	1.71	7.75
	b) Diluted (Rs)	2.33	1.65	0.77	3.95	1.71	7.69

Please see the accompanying notes to the financial results



Security and Intelligence Services (India) Limited
Registered office : Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna - 800010
CIN: L75230BR1985PLC002083
Statement of unaudited standalone Assets and Liabilities as at September 30, 2017

Particulars		(Rupees in '000)	
		As at September 30, 2017 (unaudited)	As at March 31, 2017 (unaudited)
A	ASSETS		
	Non – Current Assets		
	Property, Plant and Equipment	727,015	750,885
	Capital work-in-progress	23,032	3,046
	Other Intangible Assets	30,606	40,242
	Investments in associates and joint ventures	77,889	77,889
	Financial Assets		
	(i) Investments	1,870,866	1,752,158
	(ii) Advances	38,211	4,070
	(iii) Others	219,647	154,389
	Deferred tax assets (net)	570,407	517,330
	Income tax Assets (net)	616,158	476,154
	Other Non – Current Assets	2,805	2,830
	Assets classified held for distribution to shareholders	156,601	156,601
	Total Non – Current Assets	4,333,237	3,935,595
	Current Assets		
	Inventories	39,113	0
	Financial Assets		
	(i) Trade Receivables	2,373,267	1,496,082
	(ii) Cash and Cash Equivalents	1,543,514	1,042,674
	(iii) Advances	799,753	695,261
	Other Current Assets	1,970,473	1,717,653
	Total Current Assets	6,726,120	4,951,670
	Total Assets	11,059,357	8,887,265
B	EQUITY AND LIABILITIES		
	Equity		
	Equity share capital	731,590	687,030
	Other Equity	5,144,657	1,450,256
	Total Equity	5,876,247	2,137,286
	Liabilities		
	Non – Current Liabilities		
	Financial Liabilities		
	(i) Borrowings	1,032,027	2,523,794
	(ii) Other Financial Liabilities	18,181	15,176
	(iii) Employee Benefit Obligation	367,674	313,021
	Total Non- Current liabilities	1,417,883	2,851,991
	Current Liabilities		
	Financial Liabilities		
	(i) Borrowings	885,867	1,811,040
	(ii) Trade Payables	160,182	125,234
	(iii) Others	157,640	284,952
	Other Current Liabilities	2,552,005	1,667,508
	Provisions	9,531	9,254
	Total Current Liabilities	3,765,227	3,897,989
	Total Equity and Liabilities	11,059,357	8,887,265

Please see the accompanying notes to the financial results



Notes to the unaudited standalone financial results:

1. The Statement of unaudited standalone financial results (“the Statement”) of the Company for the quarter and six months ended September 30, 2017 has been reviewed by the Audit Committee and, thereafter, approved by the Board of Directors in the meeting held on November 22, 2017.
2. Ind-AS compliant unaudited financial results for the quarter and six months ended September 30, 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 Company’s affairs.
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. Reconciliations of Net Profit after tax & reserves between Ind-AS and erstwhile Indian GAAP are given below:

a. Net Profit and Loss

Nature of Adjustment	(Rupees in 000s)		
	Quarter ended	6 months ended	Year ended
	September 30, 2016	September 30, 2016	March 31, 2017
Net Profit as per erstwhile Indian GAAP	15,500	78,066	262,154
Impact of changes in pattern of recognition of revenue			
- Finance Income	1,914	3,500	8,586
Finance costs – Impact arising on recognizing and measuring financial assets and financial liabilities in accordance with Ind-AS	49,079	44,004	19,522
ESOP expenses on fair value basis	529	1058	4227
Employee benefit expenses – Actuarial gain and loss on long term defined benefits plan reclassified as OCI (net of taxes)	5,609	11,219	22,438
Depreciation and amortization expenses	(1,513)	(3,325)	(5,657)
Expected Credit Losses	0	0	5,247
Others	1,515	2,655	5,222
Deferred tax impact of Ind-AS adoption	(19,454)	(19,824)	210,266
Net Profit as per Ind-AS (A)	53,179	117,354	532,005
Other comprehensive Income (net of tax) (B)	(5,609)	(11,219)	(22,438)
Total comprehensive income as reported under Ind-AS (A+B)	47,569	106,135	509,567



b. Reserves

Nature of Adjustment	(Rupee
	As at March 31, 2017
Reserves as per erstwhile Indian GAAP	1,026,337
Impact of recognizing and measuring financial assets and financial liabilities in accordance with Ind-AS	(31,426)
ESOP expenses on fair value basis	(594)
Equity component of Compulsorily Convertible Debentures	228,584
Expected Credit Losses	(5,247)
Depreciation and amortization	(5,657)
Others	9,681
Deferred tax impact of Ind-AS adoption	228,578
Reserves as per Ind AS	1,450,256

- The 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 six months ended September 30, 2017. 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/period.
- During the quarter ended 30 September 2017, the Company has 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 from 10 August 2017.

Details of the utilisation of IPO proceeds are as follows:

Particulars	Projected utilization of fund as per prospectus	Utilised upto September 30, 2017	(Rupees in 000s)
			Unutilised amount as on September 30, 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. 25,366 (000s) incurred on behalf of the selling shareholders to be shared by them

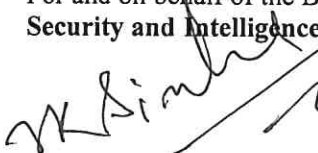
The unutilised amounts of the issue as at September 30, 2017 have been temporarily deployed in the cash credit accounts of the company with banks which is in accordance with objects of the issue. The same needs to be utilised by 2018.

Expenses incurred by the Company, amounting to INR 208,434 (000s), in connection with the IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.



7. Subsequent to the quarter ended September 30, 2017, upon exercise of 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.
8. 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"), 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 have further jointly filed a petition before NCLT for sanctioning of the proposed Scheme. Pending approval of the proposed Scheme by the NCLT and other statutory compliances, no effect has been given in these financial results other than to disclose the assets and liabilities to be transferred pursuant to the scheme as being classified as held for distribution to shareholders.
9. The following changes in the board of directors took place during the quarter ended September 30, 2017:
- The Board appointed Mr. Rajan Krishnanath Medhekar as an Additional Director (Independent) effective September 25, 2017 based on the recommendations of the Nomination and Remuneration Committee of the Board.
 - Dr. Ajoy Kumar resigned as a member of the Board effective September 25, 2017
10. In accordance with Ind-AS 108, Operating segments, segment information has been provided in the unaudited consolidated financial results of the Company and therefore no separate disclosure on segment information is given in these standalone unaudited financial results.
11. 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: November 22, 2017