

Independent Auditor's Review Report on the Standalone Quarterly and Half Yearly 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 standalone financial results ("Statement") of Security and Intelligence Services (India) Limited ("the Company"), for the quarter and half year ended September 30, 2018 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors at its meeting held on October 24, 2018. 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.

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 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 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: October 24, 2018

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 half year ended September 30, 2018

Sl. No.	Particulars	(Rupees in million except per share data)					
		Quarter ended			Six months ended		Year ended
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	a) Revenue from Operations	6,044.99	5,637.25	5,217.02	11,682.24	10,100.03	21,350.52
	b) Other Income	26.59	27.99	21.46	54.59	39.98	72.26
	c) Other Gain/loss	-1.38	1.85	-0.91	0.47	0.13	3.7
	Total Income (a + b)	6,070.20	5,667.09	5,237.57	11,737.29	10,140.13	21,426.48
2	Expenses						
	a) Purchases	108.85	60.83	0.00	169.69	0.00	195.29
	b) Change in inventory of stock-in-trade	-26.71	0.38	0.00	-26.33	0.00	-91.43
	c) Employee benefits expense	5,319.18	4,997.50	4,641.89	10,316.68	8,951.30	18,820.41
	d) Finance costs	106.48	92.64	150.81	199.11	318.68	465.54
	e) Depreciation and amortization expense	69.69	57.33	80.85	127.02	152.97	305.27
	f) Other expenses	315.26	294.95	210.09	610.21	425.77	950.2
	Total expenses (a + b + c + d + e + f)	5,892.75	5,503.63	5,083.64	11,396.38	9,848.71	20,645.37
3	Profit before tax and exceptional items (1-2)	177.45	163.46	153.93	340.91	291.42	781.11
4	Exceptional items	-	-	-	-	-	8.33
5	Profit before tax (3-4)	177.45	163.46	153.93	340.91	291.42	772.78
6	Tax Expense						
	Current tax	6.81	9.09	16.71	15.91	65.92	165.69
	Deferred tax	-66.78	-42.17	-28.59	-108.95	-55.76	-130.35
	Tax expense for earlier periods	-	-	-	-	-	7.33
	Total Tax expense	-59.97	-33.07	-11.88	-93.04	10.16	42.67
7	Profit for the period (5-6)	237.42	196.53	165.81	433.95	281.26	730.11
8	Other Comprehensive income						
	Items that will be reclassified to profit or loss						
	a) Remeasurement of Defined benefits plan	39.77	-0.67	3.87	39.11	7.75	-2.66
	b) Income tax relating to these items	-13.90	0.23	-1.34	-13.67	-2.68	0.93
	Other Comprehensive income for the period (net of taxes)	25.87	-0.43	2.53	25.44	5.07	-1.73
9	Total Comprehensive income for the period (7+8)	263.29	196.10	168.34	459.39	286.33	728.38
10	Paid-up equity share capital (face value of Rs. 10 per share)	733.00	731.84	731.59	733.00	731.59	731.84
11	Reserves i.e. Other equity	5,723.70	5,551.57	5,144.66	5,723.70	5,144.66	5,332.67
12	Earnings Per Share (EPS)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(annualized)
	(a) Basic (Rs)	3.24	2.69	2.33	5.93	4.02	10.20
	(b) Diluted (Rs)	3.19	2.64	2.29	5.83	3.95	10.01

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, 2018

Particulars		(Rupees in million)	
		September 30, 2018 (Unaudited)	March 31, 2018 (Audited)
A	ASSETS		
	Non – Current Assets		
	Property, Plant and Equipment	821.53	714.89
	Capital work-in-progress	7.79	8.32
	Other Intangible Assets	21.27	21.10
	Intangible assets under Development	10.06	0.00
	Investments in associates and Joint ventures	193.90	167.89
	Financial Assets		
	(i) Investments	2,554.29	1,896.07
	(ii) Others	361.36	472.29
	Deferred tax assets (net)	808.04	712.76
	Income tax Assets	904.98	705.82
	Other Non – Current Assets	19.78	5.16
	Assets classified held for distribution to shareholders		
	Total Non – Current Assets	5,703.00	4,704.30
	Current Assets		
	Inventories	117.76	91.43
	Financial Assets		
	(i) Trade Receivables	2,849.98	2,290.61
	(ii) Cash and Cash Equivalents	846.07	708.00
	(iii) Bank Balances other than in (ii) above	558.85	508.57
	(iv) Other financial assets	2,213.69	2,026.46
	Other Current Assets	1,397.74	696.53
	Total Current Assets	7,984.09	6,321.59
	Total Assets	13,687.09	11,025.89
B	EQUITY AND LIABILITIES		
	Equity		
	Equity share capital	733.00	731.84
	Other Equity	5,723.70	5,332.67
	Total Equity	6,456.70	6,064.51
	Liabilities		
	Non – Current Liabilities		
	Financial Liabilities		
	(i) Borrowings	2,482.76	986.03
	(ii) Other Financial Liabilities	20.39	22.52
	Provisions	403.31	374.71
	Total Non- Current liabilities	2,906.46	1,383.26
	Current Liabilities		
	Financial Liabilities		
	(i) Borrowings	1,629.17	1,110.74
	(ii) Trade Payables	120.27	170.16
	(iii) Others	1,734.82	1,504.84
	Other Current Liabilities	795.11	752.53
	Provisions	44.56	39.84
	Total Current Liabilities	4,323.93	3,578.12
	Total Liabilities	7,230.39	4,961.38
	Total Equity and Liabilities	13,687.09	11,025.89



Notes to the unaudited standalone financial results:

1. The Statement of unaudited standalone financial results ("the Statement") of the Company for the quarter and half year ended September 30, 2018 has been reviewed by the Audit Committee and, thereafter, approved by the Board of Directors at its meeting held on October 24, 2018.
2. The standalone results have been prepared in accordance with the principles and procedures of Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in Section 133 of the Companies Act, 2013 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and other recognized accounting practices and policies.
3. 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 fair value of such options are not material on the balance sheet date and, hence, have not been recognised in the financial statements.
4. Effective April 1, 2018, the Company 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.
5. During the previous 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	3,622.5
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 September 30, 2018	Unutilised amount as on September 30, 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

6. On April 13, 2018, the Company 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.



7. Disclosure under Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 for the half year ended September 30, 2018:

Particulars	Details
a) credit rating in respect of above mentioned NCD by ICRA. We confirm there is no change in the credit rating as of date.	A+
b) asset cover available	3.10 times
c) debt-equity ratio*	0.65 times
d) previous due date for the payment of interest / repayment of principal of non-convertible debt securities and whether the same has been paid or not; and,	The first payment of interest and principal is not yet due
e) next due date for the payment of interest/ principal along with the amount of interest payable and the redemption amount	April 15, 2019 is the next due date for interest payment of INR 143.28 Mn and April 13, 2021 is the due date for redemption of the debentures
f) debt service coverage ratio ** (Annualised)	2.15 times
g) interest service coverage ratio*** (Annualised)	2.59 times
h) Debenture redemption reserve	INR 62.50 Mn
i) net worth	INR 6,456.70 Mn
j) net profit after tax	INR 433.95 Mn
k) earnings per share (Basic)	INR 5.93 per share

* Total debt / Equity

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

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

8. 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.
9. During the quarter ended September 30, 2018, upon exercise of vested stock options by the eligible employees, the Company has allotted 116,578 equity shares of Rs. 10 each. Consequent to the said allotment, the paid-up equity share capital of the Company stands increased from INR 731,837,850 divided into 73,183,785 equity shares to INR 733,003,630 divided into 73,300,363 equity shares.
10. The following changes in the board of directors took place subsequent to the quarter ended September 30, 2018:
- i. Mr. Jayanta Kumar Basu, Nominee Director has resigned as a Director effective October 9, 2018 due to pre-occupations.
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

RS Sinha

Rituraj Kishore Sinha
Managing Director

Place: New Delhi
Date: October 24, 2018

