

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 six months ended September 30, 2019 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. Attention is drawn to the fact that the standalone cash flow statement for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.

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, 2019. This statement has been compiled from the related unaudited interim standalone 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 thereunder ("Ind AS") 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.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards 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 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. Dilip Kumar
(Partner)

Membership No. 82118

UDIN: 19082118 AAAAG A 2346

Place: New Delhi

Date: October 24, 2019

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

Statement of unaudited standalone financial results for the quarter and six months ended September 30, 2019

Sl. No.	Particulars	(Rupees in million except per share data)					
		Quarter ended			Six months ended		Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
	Income						
1	a) Revenue from Operations	7,471.55	6,884.86	6,044.99	14,356.41	11,682.24	25,035.17
	b) Other Income	157.50	26.56	26.59	184.06	54.59	209.44
	c) Other Gain/loss	3.70	2.08	-1.38	5.78	0.47	5.44
	Total Income (a + b + c)	7,632.75	6,913.50	6,070.20	14,546.25	11,737.29	25,250.05
	Expenses						
2	a) Purchases	13.19	9.93	108.85	23.12	169.69	402.63
	b) Change in inventory of stock-in-trade	86.79	65.41	-26.71	152.20	-26.33	-70.71
	c) Employee benefits expense	6,471.73	6,006.80	5,319.18	12,478.53	10,316.68	22,007.91
	d) Finance costs	192.95	161.48	106.48	354.43	199.11	475.43
	e) Depreciation and amortization expense	138.26	119.26	69.69	257.52	127.02	295.10
	f) Other expenses	425.57	323.86	315.26	749.43	610.21	1,262.19
	Total expenses (a + b + c + d + e + f)	7,328.49	6,686.74	5,892.75	14,015.23	11,396.38	24,372.55
3	Profit before tax and exceptional items (1-2)	304.26	226.76	177.45	531.02	340.91	877.50
4	Exceptional items	-	-	-	-	-	-
5	Profit before tax (3-4)	304.26	226.76	177.45	531.02	340.91	877.50
6	Tax expense						
	Current tax	35.98	56.21	6.81	92.19	15.91	223.09
	Deferred tax	-286.46	-307.58	-66.78	-594.04	-108.95	-538.20
	Total Tax expense	-250.48	-251.37	-59.97	-501.85	-93.04	-315.11
7	Profit for the period (5-6)	554.74	478.13	237.42	1,032.87	433.95	1,192.61
8	Other comprehensive income						
	Items that will not be reclassified to profit or loss						
	a) Remeasurement of Defined benefits plan	-72.40	24.58	39.77	-47.82	39.11	98.31
	b) Income tax relating to these items	25.30	-8.59	-13.90	16.71	-13.67	-34.35
	Other comprehensive income for the period (net of taxes)	-47.10	15.99	25.87	-31.11	25.44	63.96
9	Total comprehensive income for the period (7+8)	507.64	494.12	263.29	1,001.76	459.39	1,256.57
10	Paid-up equity share capital (face value of Rs. 10 per share)	733.18	733.18	733.00	733.18	733.00	733.13
11	Reserves i.e. Other equity	7,302.54	7,040.96	5,723.70	7,302.54	5,723.70	6,550.97
12	Earnings Per Share (EPS) (of Rs. 10/- each)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(not annualized)	(Annualized)
	(a) Basic (Rs)	7.57	6.52	3.24	14.09	5.93	16.28
	(b) Diluted (Rs)	7.45	6.42	3.19	13.86	5.83	16.02

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
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Statement of unaudited standalone Assets and Liabilities as at September 30, 2019

Particulars		(Rupees in million)	
		September 30, 2019 (Unaudited)	March 31, 2019 (Audited)
A	ASSETS		
	Non – Current Assets		
	Property, Plant and Equipment	1,312.29	1,022.01
	Capital work-in-progress	12.22	9.46
	Other Intangible Assets	11.34	16.15
	Intangible assets under Development	33.32	20.77
	Financial Assets		
	(i) Investments	4,647.86	3,848.76
	(ii) Others	642.74	712.00
	Deferred tax assets (net)	1,837.68	1,216.61
	Income tax Assets	991.76	944.77
	Other Non – Current Assets	14.90	16.38
	Total Non – Current Assets	9,504.11	7,806.91
	Current Assets		
	Inventories	166.31	162.13
	Financial Assets		
	(i) Trade Receivables	3,741.44	3,473.77
	(ii) Cash and Cash Equivalents	681.17	573.31
	(iii) Bank Balances other than in (ii) above	599.83	736.50
	(iv) Other financial assets	2,706.98	2,079.31
	Other Current Assets	687.95	655.89
	Total Current Assets	8,583.68	7,680.91
	Total Assets	18,087.79	15,487.82
B	EQUITY AND LIABILITIES		
	Equity		
	Equity share capital	733.18	733.13
	Other Equity	7,302.54	6,550.97
	Total Equity	8,035.72	7,284.10
	Liabilities		
	Non – Current Liabilities		
	Financial Liabilities		
	(i) Borrowings	2,659.34	2,645.41
	(ii) Other Financial Liabilities	328.53	26.59
	Provisions	492.19	390.72
	Total Non- Current liabilities	3,480.06	3,062.72
	Current Liabilities		
	Financial Liabilities		
	(i) Borrowings	3,231.90	2,082.85
	(ii) Trade Payables		
	a. Total outstanding dues of micro enterprises and small enterprises	1.10	0.18
	b. Total outstanding dues of creditors other than micro enterprises and small enterprises	149.46	155.15
	(iii) Others	2,436.76	2,110.24
	Other Current Liabilities	682.44	742.95
	Provisions	70.35	49.63
	Total Current Liabilities	6,572.01	5,141.00
	Total Liabilities	10,052.07	8,203.72
	Total Equity and Liabilities	18,087.79	15,487.82



Security and Intelligence Services (India) Limited
Registered office : Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna - 800010
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Standalone statement of Cash flows for the six months ended September 30, 2019

Particulars		(Rupees in million)	
		September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
A	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit before tax	531.02	340.92
	Adjusted for:		
	Depreciation and Amortization expenses	257.52	127.02
	Unrealised Foreign exchange (gain) / loss	-1.86	1.80
	Net (gain) /loss on sale of property, plant and equipment	-3.92	-0.60
	Finance costs	354.43	199.11
	Interest income classified as investing cash flows	-62.15	-51.96
	Provision for doubtful debts	-121.90	-1.49
	Employee stock option compensation expense	40.41	30.31
	Other non-cash items	21.22	34.40
	Operating profit/(loss) before changes in working capital	1,014.77	679.51
	Changes in working capital:		
	Decrease / (increase) in Trade receivables	-308.09	-589.69
	Decrease / (increase) in Inventories	-4.18	-26.33
	Decrease / (increase) in other current assets	-71.68	-704.73
	Decrease / (increase) in other current financial assets	-611.03	-173.78
	(Decrease) / increase in Trade payables	-4.76	-49.89
	(Decrease) / increase in provisions	74.38	72.43
	(Decrease) / increase in other current liabilities	-31.37	48.85
	(Decrease) / increase in other current financial liabilities	285.82	182.88
		343.86	-560.75
	Decrease / (increase) in other non-current assets	0.02	0.02
	Decrease / (increase) in other non-current financial assets	-13.86	-
	(Decrease) / increase in other non-current financial liabilities	-	-3.80
	Cash (used in) /generated from operations	330.02	-564.53
	Direct tax paid including fringe benefit tax (net of refunds)	-139.18	-215.07
	Net cash inflow / (outflow) from operating activities	190.84	-779.60
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of property plant and equipment and changes in capital work in progress	-142.73	-265.98
	Proceeds from sale/disposal of property, plant and equipment	6.15	8.57
	Investment in Subsidiary	-726.45	-656.82
	Purchase of other non-current investments	-69.00	-25.00
	(Investment) in / matured fixed deposits (net)	162.14	64.16
	Restricted balances	60.00	-
	Interest received	53.68	37.15
	Dividend received	121.90	2.10
	Net cash inflow / (outflow) from investing activities	-534.31	-835.82
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from issue of share capital (net of share issue expenses)	0.01	0.11
	Proceeds from term loans	105.29	93.55
	Repayment of term loans	-96.71	-104.42
	Change in loans repayable on demand	408.80	400.00
	Bonds/debentures issued / (repaid/redeemed)	-	1500.00
	Interest paid	-393.15	-144.76
	Dividends paid to Company's shareholders	-256.40	-109.43
	Changes in lease liability	-56.78	-
	Net cash inflow / (outflow) from financing activities	-288.94	1,635.05
D	Net increase / (decrease) in cash and cash equivalents (A+B+C)	-632.41	19.63
E	Cash and cash equivalents at the beginning of the period	573.31	708.00
F	Cash credit at the beginning of the period	-1,141.65	-660.74
	Cash and cash equivalents at the end of the period (D+E+F)	-1,200.75	66.89



Notes to the 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, 2019 has been reviewed by the Audit Committee and, thereafter, approved by the Board of Directors at its meeting held on October 24, 2019.
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 prescribed 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 May 1, 2019, the Company acquired an additional 50% of the voting rights and shares, in addition to the 50% already held, directly and indirectly, in SIS Alarm Monitoring & Response Services Private Limited (formerly known as SIS Prosegur Alarm Monitoring & Response Services Private Limited) ("Alarms") for an aggregate consideration of INR 200 million. Alarms was formerly a jointly controlled entity and, as a result, has now become a wholly owned subsidiary of the Group.
4. During the quarter, the Company acquired all of the remaining shareholding of 6.94% in Dusters Total Solutions Services Private Limited ("DTSS"), a subsidiary of the Company, for an aggregate consideration of INR 525.95 million which resulted in DTSS becoming a wholly owned subsidiary of the Company.
5. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, the comparatives have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right of use asset ('RoU') of INR 326.90 million and a lease liability of INR 376.20 million. The cumulative effect of applying the standard resulted in INR 19.23 million being debited to retained earnings, net of taxes. The effect of this adoption is not significant on the profit for the period and earnings per share.
6. Disclosure under Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for six months ended September 30, 2019:

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	3.3 times
c) debt-equity ratio*	0.76 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,	Interest of INR 143.28 Mn due on April 15, 2019 and paid on April 15, 2019
e) next due date for the payment of interest/ principal along with the amount of interest payable and the redemption amount	April 13, 2020 is the next due date for interest payment of INR 142.11 Mn and April 13, 2021 is the due date for redemption of the debentures
f) debt service coverage ratio ** (Annualised)	1.62 times
g) interest service coverage ratio*** (Annualised)	2.07 times
h) Debenture redemption reserve	INR 187.50 Mn
i) net worth	INR 8,035.72 Mn
j) net profit after tax	INR 1,032.87 Mn
k) earnings per share (Basic)	INR 14.09 per share

* Total debt / Equity

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

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



7. 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.

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



Rituraj Kishore Sinha
Managing Director



Place: New Delhi

Date: October 24, 2019