

Independent Auditors' Report on Standalone Financial Results

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

Report on the Audit of the Standalone Financial Results

Opinion

We have audited the accompanying statement of standalone financial results ("Statement") of **Security and Intelligence Services (India) Limited** ("the "Company"), for the year ended March 31, 2020 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 amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- a. is presented in accordance with the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended; and
- b. gives a true and fair view in conformity with the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net profit, total comprehensive income and other financial information of the Company for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit of the standalone Financial Results in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the standalone financial results under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial results.

Management's Responsibility for the Standalone Financial Results

The Results included in the Statement, which are the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related Ind-AS standalone financial statements and reviewed quarterly financial results upto the third quarter which have been prepared by the Management in accordance with the Indian Accounting Standards specified under section 133 of the Companies Act 2013 (the Act), read with relevant rules issued thereunder ("Ind AS") and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Company's Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matters

The Statement include the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto the third quarter of the current financial year which were subject to limited review by us.

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

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KUMAR

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DILIP KUMAR
Date: 2020.04.30
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CA. Dilip Kumar
(Partner)
Membership No. 82118
UDIN: 20082118AAAADQ2621
Place: New Delhi
Date: April 30, 2020

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

Statement of standalone financial results for the quarter and year ended March 31, 2020

Sl. No.	Particulars	(Rupees in million except per share data)				
		Quarter ended			Year ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Income					
1	a) Revenue from Operations	7,858.77	7,743.63	6,764.81	29,958.81	25,035.17
	b) Other Income	224.45	31.81	37.06	440.32	209.44
	c) Other Gain/loss	5.47	-2.42	-1.23	8.83	5.44
	Total Income (a + b + c)	8,088.69	7,773.02	6,800.64	30,407.96	25,250.05
	Expenses					
2	a) Purchases	105.70	265.29	139.44	394.11	402.63
	b) Change in inventories of stock-in-trade	-7.15	-151.76	-40.10	-6.71	-70.71
	c) Employee benefits expense	6,879.55	6,752.84	5,918.34	26,110.92	22,007.91
	d) Finance costs	208.73	193.20	145.12	756.36	475.43
	e) Depreciation and amortization expense	138.04	139.23	88.93	534.79	295.10
	f) Other expenses	414.85	384.52	328.64	1,548.80	1,262.19
	Total expenses (a + b + c + d + e + f)	7,739.72	7,583.32	6,580.37	29,338.27	24,372.55
3	Profit / (loss) before tax and exceptional items (1-2)	348.97	189.70	220.27	1,069.69	877.50
4	Exceptional items	-	-	-	-	-
5	Profit / (loss) before tax (3-4)	348.97	189.70	220.27	1,069.69	877.50
6	Tax expense / (credit)					
	Current tax	-62.90	32.94	190.84	62.23	223.09
	Deferred tax	948.09	-209.87	-354.55	144.18	-538.20
	Total Tax expense / (credit) (refer note 8)	885.19	-176.93	-163.71	206.41	-315.11
7	Profit / (loss) for the period (5-6)	-536.22	366.63	383.98	863.28	1,192.61
8	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
	a) Remeasurement of Defined benefits plan	88.30	-23.96	82.27	16.52	98.31
	b) Income tax relating to these items	-29.24	8.37	-28.74	-4.16	-34.35
	Other comprehensive income / (loss) for the period (net of taxes)	59.06	-15.59	53.53	12.36	63.96
9	Total comprehensive income / (loss) for the period (7+8)	-477.16	351.04	437.51	875.64	1,256.57
10	Paid-up equity share capital (face value of Rs. 5 per share) (refer note 6)	733.19	733.19	733.13	733.19	733.13
11	Reserves i.e. Other equity	6,846.52	7,662.90	6,550.97	6,846.52	6,550.97
12	Earnings Per Share (EPS) (of Rs. 5/- each) (refer note 6)	(not annualized)	(not annualized)	(not annualized)	(Annualized)	(Annualized)
	(a) Basic (Rs)	-3.66	2.50	2.62	5.89	8.14
	(b) Diluted (Rs)	-3.66	2.46	2.58	5.79	8.01

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 standalone Assets and Liabilities as at March 31, 2020

Particulars		(Rupees in million)	
		March 31, 2020 (Audited)	March 31, 2019 (Audited)
A	ASSETS		
	Non – Current Assets		
	Property, plant and equipment	1,246.20	1,022.01
	Capital work-in-progress	10.64	9.46
	Other intangible assets	17.41	16.15
	Intangible assets under development	41.03	20.77
	Financial Assets		
	(i) Investments	4,981.19	3,848.76
	(ii) Other non-current financial assets	625.14	712.00
	Deferred tax assets (net)	1,078.60	1,216.61
	Income tax assets	1,273.56	944.77
	Other non – current assets	6.57	16.38
	Total non – current assets	9,280.34	7,806.91
	Current assets		
	Inventories	168.84	162.13
	Financial assets		
	(i) Trade receivables	4,649.03	3,473.77
	(ii) Cash and cash equivalents	502.08	573.31
	(iii) Bank balances other than in (ii) above	492.12	736.50
	(iv) Other current financial assets	2,366.86	2,079.31
	Other current assets	753.96	655.89
	Total current assets	8,932.89	7,680.91
	Total assets	18,213.23	15,487.82
B	EQUITY AND LIABILITIES		
	Equity		
	Equity share capital	733.19	733.13
	Other equity	6,846.52	6,550.97
	Total equity	7,579.71	7,284.10
	Liabilities		
	Non – current liabilities		
	Financial liabilities		
	(i) Borrowings	2,610.04	2,645.41
	(ii) Other non-current financial liabilities	414.02	26.59
	Provisions	469.39	390.72
	Total non- current liabilities	3,493.45	3,062.72
	Current liabilities		
	Financial liabilities		
	(i) Borrowings	3,706.26	2,082.85
	(ii) Trade payables		
	a. Total outstanding dues of micro enterprises and small enterprises	0.03	0.18
	b. Total outstanding dues of creditors other than micro enterprises and small enterprises	129.48	155.15
	(iii) Other current financial liabilities	2,322.47	2,110.24
	Other current liabilities	918.42	742.95
	Provisions	63.41	49.63
	Total current liabilities	7,140.07	5,141.00
	Total liabilities	10,633.52	8,203.72
	Total equity and liabilities	18,213.23	15,487.82

Security and Intelligence Services (India) Limited
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Standalone statement of Cash flows for the year ended March 31, 2020

Particulars		(Rupees in million)	
		March 31, 2020 (Audited)	March 31, 2019 (Audited)
A	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit before tax	1,069.69	877.50
	Adjusted for:		
	Depreciation and amortization expense	534.79	295.10
	Unrealised foreign exchange (gain) / loss	-2.93	-2.99
	Net (gain) /loss on sale of property, plant and equipment	-5.90	1.44
	Finance costs	756.36	461.83
	Interest income classified as investing cash flows	-132.09	-107.15
	Provision for doubtful debts	80.97	65.72
	Dividend income	-308.23	-101.88
	Employee stock option compensation expense	35.04	60.70
	Operating profit / (loss) before changes in working capital	2,027.70	1,550.27
	Changes in working capital:		
	Decrease / (increase) in Trade receivables	-1,256.22	-1,248.88
	Decrease / (increase) in Inventories	-6.71	-70.71
	Decrease / (increase) in other current assets	-121.70	12.18
	Decrease / (increase) in other current financial assets	-248.60	-41.18
	(Decrease) / increase in Trade payables	-25.81	-14.84
	(Decrease) / increase in provisions	108.98	124.11
	(Decrease) / increase in other current liabilities	175.44	148.92
	(Decrease) / increase in other current financial liabilities	107.86	305.11
		760.94	764.98
	Decrease / (increase) in other non-current assets	0.05	0.05
	Decrease / (increase) in other non-current financial assets	-33.98	-217.24
	(Decrease) / increase in other non-current financial liabilities	7.96	-6.61
	Cash (used in) /generated from operations	734.97	541.18
	Direct tax paid (net of refunds)	-401.35	-462.05
	Net cash inflow / (outflow) from operating activities	333.62	79.13
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of property plant and equipment and changes in capital work in progress	-285.08	-644.78
	Proceeds from sale/disposal of property, plant and equipment	9.95	12.90
	Investment in subsidiary	-1,097.77	-1,602.65
	Purchase of other non-current investments	-	-168.87
	(Investment) in / matured fixed deposits (net)	213.30	30.83
	Restricted balances	133.00	-245.00
	Interest received	106.52	83.28
	Dividend received	307.39	103.91
	Net cash inflow / (outflow) from investing activities	-612.69	-2,430.38
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from issue of share capital (net of share issue expenses)	0.01	0.23
	Proceeds from term loans	211.65	374.68
	Repayment of term loans	-213.06	-188.82
	Bonds/debentures issued / (repaid/redeemed)	-	1,500.00
	Interest paid	-693.92	-329.91
	Dividends paid to Company's shareholders	-549.31	-109.39
	Tax on dividend paid	-52.32	-2.34
	Changes in lease liability	-118.62	-
	Net cash inflow / (outflow) from financing activities	-1,415.57	1,244.45
D	Net increase / (decrease) in cash and cash equivalents (A+B+C)	-1,694.64	-1,106.80
E	Cash and cash equivalents at the beginning of the year	573.31	708.00
F	Cash credit at the beginning of the year	-2,082.85	-1,110.74
	Cash and cash equivalents at the end of the year (D+E+F)	-3,204.18	-1,509.54

Notes to the standalone financial results:

1. The Statement of standalone financial results (“the Statement”) of the Company for the quarter and year ended March 31, 2020 has been reviewed by the Audit Committee and, thereafter, approved by the Board of Directors at its meeting held on April 30, 2020.
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 Prosecur 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. Effective July 30, 2019, 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 February 10, 2020, the Company acquired an additional shareholding of 39.01% in SLV Security Services Private Limited (“SLV”), a subsidiary of the Company, for an aggregate consideration of INR 254 million. With this acquisition, the Company held 90.01% of the outstanding equity shares in SLV as at March 31, 2020.
6. Pursuant to the Ordinary Resolution passed by the shareholders by way of postal ballot on December 17, 2019, the Company has sub-divided each equity share of face value of INR 10 each, fully paid up, into 2 (two) equity shares of face value of INR 5 each, fully paid up, effective January 16, 2020, which was the record date. Consequent to the sub-division of equity shares, 73,318,987 equity shares of face value of INR 10 each has been sub-divided into 146,637,974 equity shares of face value of INR 5 each. Accordingly, all shares and per share information in the financial results reflect the effect of sub-division (Split) retrospectively.
7. Disclosure under Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Year ended March 31, 2020:

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	2.86 times The Debentures are secured by way of security created over the Company’s shareholding in one of its subsidiary companies.
c) debt-equity ratio*	0.86 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 141.72 Mn due on April 13, 2020 and paid on April 13, 2020
e) next due date for the payment of interest/ principal along with the amount of interest payable and the redemption amount	April 13, 2021 is the next due date for interest payment of INR 142.50 Mn and INR 1,500.00 Mn for redemption of debentures
f) debt service coverage ratio ** (Annualised)	1.56 times
g) interest service coverage ratio*** (Annualised)	2.11 times
h) debenture redemption reserve	INR 250.00 Mn
i) net worth	INR 7,579.71 Mn
j) net profit after tax	INR 863.28 Mn
k) earnings per share (basic)	INR 5.89 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

8. During the quarter ended March 31, 2020, the Company has after evaluation, decided to adopt the option (Section 115BAA of Income Tax Act) of the lower effective corporate tax rate of 25.17% (including surcharge and cess) instead of the earlier rate of 34.94% (including surcharge and cess) for the Financial Year 2019-20. The current tax for the financial year 2019-20 has, therefore, been calculated @ 25.17% and the deferred tax assets / liabilities have been adjusted accordingly. As a result of this option, MAT credit available in the books will not be eligible to be carried forward and has been adjusted through the Profit and Loss Account.
The cumulative effect of these adjustments relating to deferred tax assets / liabilities and MAT credit have been passed through the Profit and Loss Account during the quarter ended March 31, 2020. Without the effect of these cumulative adjustments, the profit after tax for the quarter ended March 31, 2020 is INR 447.54 million.
9. 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.
10. An Interim dividend of Rs 2 per equity share (Face value of Rs 5 per share) was declared on February 20, 2020 and the same was paid on March 07, 2020.
11. The figures for the quarter ended March 31, 2020 and the corresponding quarter ended March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
12. 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



Ravindra Kishore Sinha
Chairman



Place: Noida
Date: April 30, 2020