

Date: June 4, 2019

National Stock Exchange of India Limited  
Exchange Plaza  
C-1, Block G, Bandra Kurla Complex,  
Bandra (E), Mumbai-400051

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400001

NSE Symbol: SIS

BSE Code: 540673

Dear Sir/Madam,

**Sub: Notice of Annual General Meeting & Annual Report 2018-19**

The thirty -fifth Annual General Meeting ("AGM") of the Company will be held on Friday, June 28, 2019 at 12.30 p.m. at Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001.


Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2018-19 which is being despatched / sent to the members by the permitted mode(s).

This is for your information and records.

Thanking you.

Yours Faithfully,

For **Security and Intelligence Services (India) Limited**

  
**Pushpalatha K**  
Company Secretary





## SECURITY AND INTELLIGENCE SERVICES (INDIA) LIMITED

CIN: L75230BR1985PLC002083

Regd. Office: Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna-800 010

Ph. No. +91 612 226 6666 Fax. +91 612 226 3948

website: www.sisindia.com E-mail: shareholders@sisindia.com

### THIS NOTICE FORMS AN INTEGRAL PART OF THE ANNUAL REPORT 2018-19

NOTICE is hereby given that the 35th Annual General Meeting (AGM) of Security and Intelligence Services (India) Limited will be held on Friday, June 28, 2019 at 12:30 p.m. at Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001, Bihar to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a. the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and the Auditors thereon; and
  - b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of the Auditors thereon.
2. To declare dividend of ₹ 3.50 per equity share for the financial year ended March 31, 2019.
3. To appoint a Director in place of Mr. Uday Singh (DIN: 02858520), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arvind Kumar Prasad (DIN: 02865273), who retires by rotation and, being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS:

5. **Re-appointment of Mr. Ravindra Kishore Sinha (DIN: 00945635), as Chairman of the Company and to fix his remuneration**

To consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded for re-appointment of Mr. Ravindra Kishore Sinha (DIN: 00945635), as a Director, and also as Chairman of the Company for a period of 5 years at a remuneration of ₹ 25,000,000 per annum effective May 15, 2019.

**RESOLVED FURTHER THAT,** notwithstanding anything to the contrary herein contained where in any financial year during the tenure of the Chairman, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary including perquisites and allowances, as specified under Schedule V to the Companies Act, 2013 or in accordance with any statutory modification(s) thereof.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary, proper or desirable in this regard.”

6. **Approval for continuation of directorship of Mr. Devdas Apte (DIN: 03350583), as Non-Executive Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded for continuation of directorship of Mr. Devdas Apte (DIN: 03350583) as Non-Executive Director of the Company till the completion of his present term i.e. upto September 24, 2022.”

7. **Re-appointment of Mr. Tirumalai Cunnavakum Anandanpillai Ranganathan (DIN: 03091352), as an Independent Director of the Company for a period of 5 years**

To consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded for re-appointment of Mr. TCA Ranganathan (DIN: 03091352), as an Independent Director of the Company, not liable to retire by rotation, for a period of 5 years effective July 30, 2019.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary, proper or desirable in this regard.”

**8. Revision in the remuneration of Mr. Rituraj Kishore Sinha (DIN: 00477256), Managing Director of the Company**

To consider and, if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded to increase the remuneration of Mr. Rituraj Kishore Sinha (DIN: 00477256), Managing Director to ₹ 10,000,000 per annum effective June 1, 2019 for the remaining period of his tenure as Managing Director of the Company.

**RESOLVED FURTHER THAT**, notwithstanding anything to the contrary herein contained where in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary including perquisites and allowances, as specified under Schedule V to the Companies Act, 2013 or in accordance with any statutory modification(s) thereof.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary, proper or desirable in this regard.”

**9. Revision in the remuneration of Mr. Arvind Kumar Prasad (DIN: 02865273), Director- Finance of the Company**

To consider and, if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded to increase the remuneration of Mr. Arvind Kumar Prasad (DIN: 02865273), Director - Finance to ₹ 5,500,000 per annum effective June 1, 2019 for the remaining period of his tenure as Director Finance of the Company.

**RESOLVED FURTHER THAT**, notwithstanding anything to the contrary herein contained where in any financial year during the tenure of the Director - Finance, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary including perquisites and allowances, as specified under Schedule V to the Companies Act, 2013 or in accordance with any statutory modification(s) thereof.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary, proper or desirable in this regard.”

By Order of the Board  
For **Security and Intelligence Services  
(India) Limited**

Place : Hyderabad  
Date : May 2, 2019

**Pushpalatha Katkuri**  
Company Secretary

**NOTES:**

1. The relevant Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 in respect of the special businesses of the Notice as set above, are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE MEETING IS ATTACHED TO THIS NOTICE.
4. A PERSON CAN ACT AS PROXY ON BEHALF OF NOT EXCEEDING 50 (FIFTY) MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.
5. Corporate Members intending to send their authorised representatives to attend the meeting, pursuant to Section 113 of the Companies Act, 2013 (“the Act”), are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
6. Members, Proxies and Authorised representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith duly completed and signed for attending the meeting.
7. In case of joint holders attending the meeting, the joint holder who is higher in the order of names will be entitled to vote at the meeting, if not already voted through remote e-voting.
8. The Register of Members and Share Transfer Books will remain closed on Friday, June 21, 2019 for the purpose of AGM and payment of dividend, if approved by the members.

9. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, will be available for inspection by the members at the AGM.
  10. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available for inspection by the members at the AGM.
  11. The certificate from the Auditors certifying that Company's Employee Stock Option Plans are being implemented in accordance with the SEBI (Share Based Employee Benefits), Regulations 2014 and in accordance with the resolutions passed by the members of the Company will be available for inspection at the AGM.
  12. Subject to the provisions of the Act, dividend as recommended by the Board, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, to those members whose names appear in Register of Members as beneficial owners as on Friday, June 21, 2019.
  13. Members are requested to intimate to the Company, queries, if any, regarding the Accounts at least 7 days before the AGM to enable the management to keep the information ready at the meeting. The queries may be addressed to the Company Secretary – Ms. Pushpalatha Katkuri, Company Secretary and Compliance Officer, 106, 1st Floor, Ramanashree Arcade, 18 M.G. Road, Bangalore, Karnataka – 560 001, India, Ph.: 080- 2559 0801, E-mail: shareholders@sisindia.com.
  14. Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standards on General Meetings, in respect of the Directors seeking appointment/re-appointment at the AGM, is provided as Annexure to the Notice.
  15. In terms of Section 101 and 136 of the Act read with the rules made thereunder, companies can serve Annual Reports and other communication through electronic mode to those members who have registered their e-mail address either with their DP or the Company. The Notice of AGM, along with the Annual Report for the year ended March 31, 2019, is being sent by electronic mode to those members whose e-mail addresses are registered with the DPs/Company, unless a member has requested for a physical copy of the same. Physical copies of the Annual Report are being sent by the permitted mode to those members who have not registered their e-mail addresses. The Annual Report for the year ended March 31, 2019, circulated to the members is also available on the Company's website, www.sisindia.com.
- If there is any change in the e-mail address already registered with the Company, members are requested to immediately notify such change to the Company's Registrar and Share Transfer Agents in respect of shares held in physical form, and to their DPs in respect of shares held in electronic form.
16. Members who wish to claim dividends, which remained unclaimed, are requested to correspond with Link Intime Private Limited, Registrar and Share Transfer Agents for revalidation of warrants/drafts or instructions and encash them before the due dates. Members are requested to note that dividends remaining unclaimed for a period of seven years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund.
  17. In terms of the provisions of Section 72 of the Act, members are entitled to make nominations in respect of the equity shares held by them. Members desirous of making nominations may procure the prescribed Form SH-13 from the Registrar and Share Transfer Agents, Link Intime India Private Limited and submit the duly filled and signed form to the Registrar and Share Transfer Agents, in respect of shares held in physical form. Members holding shares in dematerialised mode, should file their nomination with their Depository Participant (DP).
  18. Members who hold shares in dematerialized form and wish to change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR Code of their bank to their Depository Participants.
- Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to Registrar and Share Transfer Agent of the Company.
19. SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 directed that transfer of securities would be carried out in dematerialized form only with effect from April 1, 2019, except in case of transmission or transposition of securities. Accordingly, members holding shares in physical form were communicated by the Company's Registrar and Share Transfer Agents at their registered address.
- In view of the above and to avail the benefits of dematerialisation, members are requested to consider dematerialising shares held by them in physical form.
20. **Voting:**  
All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Friday, June 21, 2019 only shall be entitled to vote by availing the facility of remote e-voting or by voting at the AGM through polling paper. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

**Members holding shares in physical mode are requested to register their e-mail address with the Company's Registrar and Share Transfer Agents, and members holding shares in demat mode are requested to register their e-mail address with their respective DPs, in case the same is still not registered.**

**General Information:**

- a. In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI Listing Regulations, the Company is pleased to provide e-voting facility to its members in respect of the businesses to be transacted at the 35th AGM of the Company. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) as authorised agency to provide the facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ('remote e-voting'). It is clarified that it is not mandatory for a member to vote using remote e-voting facility.
- b. The facility for voting through polling paper shall be made available at the AGM for those members who have not cast their vote electronically using the remote e-voting facility.
- c. The members who have cast their votes by remote e-voting prior to the AGM may also attend and participate in the AGM but they shall not be entitled to cast their vote again.
- d. Members can opt for only one mode of voting i.e. either by remote e-voting or by polling paper at the AGM. In case Members cast their votes through both the modes, voting done by remote e-voting shall prevail and the votes cast through polling paper at the AGM shall be treated as invalid.
- e. Resolutions passed by members through e-voting or through polling paper at the AGM, are deemed to have been passed as if they have been passed at the AGM.
- f. The remote e-voting period will commence on Tuesday, June 25, 2019 (09:00 a.m.) and will end on Thursday, June 27, 2019 (05:00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, June 21, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- g. The voting rights of members shall be in proportion of the paid-up equity share capital of the Company as on the cut-off date i.e. Friday, June 21, 2019.
- h. Mr. Suryakant Kumar, Practicing Company Secretary (Membership No. 27610 and Certificate of Practice No. 10207) has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM, in a fair and transparent manner.
- i. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses

not in the employment of the Company and make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the meeting or a person authorized by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith. The Scrutinizer's decision on the validity of the vote shall be final and binding.

- j. The results declared along with the Scrutinizer's Report shall be placed on the website of the Company [www.sisindia.com](http://www.sisindia.com) and on the website of CDSL e-Voting immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results will also be communicated to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

**Procedure for e-Voting:**

- (i) The voting period will begin on Tuesday, June 25, 2019 (09:00 a.m.) and will end on Thursday, June 27, 2019 (05:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The cut-off date for e-voting facility is Friday, June 21, 2019 and members whose names appear in the register of members shall be entitled to avail the service. Any person who becomes a member of the Company after the date of the Notice of the AGM and holding shares as on the cut-off date is requested to contact Company's RTA to get the details relating to his/her login details. Members may call the RTA through telephone number +91 22 4918 6270 or send an email request to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
- (iii) The members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders / Members" tab.
- (v) Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in DEMAT form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:



	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on address sticker.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in DEMAT form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the DEMAT holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If DEMAT account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Institutional Members (Non Individual and Custodians)

- Institutional members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

(xxii) In case of joint members attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote (if cast at the AGM).

21. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during business hours except on holidays, upto and including the date of the AGM.

22. The route map to reach the venue of the AGM is annexed.

## ANNEXURE TO THE NOTICE

### Explanatory statement pursuant to SECTION 102 (1) of the Companies Act, 2013

The following statement sets out all material facts relating to certain Ordinary Business and all the Special Businesses mentioned in the accompanying Notice:

#### Item No. 3.

Though not statutorily required, the following is being provided as additional information to the members.

As per the provisions of Section 152 of the Companies Act, 2013 ("the Act"), Mr. Uday Singh (DIN: 02858520), Director of the Company, is due to retire by rotation. Mr. Singh, being eligible, has offered himself for re-appointment.

The Board recommends the resolution mentioned at Item No. 3 for approval of the members.

Except for Mr. Singh, none of the Directors, Key Managerial Personnel or their respective relatives is in any way concerned or interested financially or otherwise, in the resolution mentioned at Item No. 3.

#### Item No. 4.

Though not statutorily required, the following is being provided as additional information to the members.

As per the provisions of Section 152 of the Act, Mr. Arvind Kumar Prasad (DIN: 02865273), Director- Finance of the Company, is due to retire by rotation. Mr. Prasad, being eligible, has offered himself for re-appointment.

The Board recommends the resolution mentioned at Item No. 4 for approval of the members.

Except for Mr. Prasad, none of the Directors, Key Managerial Personnel or their respective relatives is in any way concerned or interested financially or otherwise, in the resolution mentioned at Item No. 4.

#### Item No. 5.

Mr. Ravindra Kishore Sinha was appointed as Chairman-cum-Managing Director at the extra-ordinary general meeting held on May 31, 2014 to hold office for a period of five years upto May 14, 2019. Subsequently, Mr. Sinha resigned as Managing Director and continued to be the Chairman.

Based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the members, the Board of Directors in its meeting held on May 2, 2019 approved the re-appointment of Mr. Sinha as Chairman for a period of 5 years at a remuneration of ₹ 25,000,000 per annum, as detailed hereunder, effective May 15, 2019:

- a. Basic Salary: ₹ 12,512,000 per annum
- b. Allowances: ₹ 10,182,098 per annum
- c. Perquisites: ₹ 39,600 per annum
- d. Statutory benefits viz., contribution to provident fund, leave encashment and medical insurance: ₹ 2,266,302 per annum

Approval of the members is required by way of a Special Resolution for reappointment and remuneration of Mr. Sinha.

Requisite Notice under Section 160 of the Act proposing the re-appointment of Mr. Sinha has been received by the Company.

Additional information in respect of Mr. Sinha, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Secretarial Standard on General Meetings, is enclosed.

The Board recommends the resolution mentioned at Item No. 5 for approval of the members.

Except for Mr. Ravindra Kishore Sinha, Mrs. Rita Kishore Sinha and Mr. Rituraj Kishore Sinha, none of the Directors, Key Managerial Personnel or their respective relatives is in any way concerned or interested financially or otherwise, in the resolution mentioned at Item No. 5.

#### Item No. 6.

Mr. Devdas Apte was appointed as Independent Director at the annual general meeting held on September 25, 2017 to hold office for a period of 5 years upto September 24, 2022

In terms of the SEBI Listing Regulations, approval of the members, by way of special resolution, is required for continuation of a non-executive director beyond the age seventy five years

Mr. Apte is aged 84 years and has crossed the age of 75 years. Therefore, in terms of SEBI Listing Regulations, approval of the members, by way of special resolution, is required for his continuation as a non-executive director.

Mr. Apte has been associated with the Company as a Director since February 16, 1999. He holds a bachelor's degree in arts from Nagpur University and was a Member of Parliament (Rajya Sabha) from Jharkhand constituency.

Mr. Apte is also a member of the Audit Committee and Corporate Social Responsibility Committee of the Company and has been providing valuable guidance to the Company. The Board is of the opinion that Mr. Apte's continuance on the Board would be beneficial to the Company.

Additional information in respect of Mr. Apte, pursuant to the SEBI Listing Regulations and the Secretarial Standard on General Meetings, is enclosed.

The Board recommends the resolution mentioned at Item No. 6 for approval of the members.

Except for Mr. Apte, none of the Directors, Key Managerial Personnel or their respective relatives is in any way concerned or interested financially or otherwise, in the resolution mentioned at Item No. 6.

#### Item No. 7

Mr. Tirumalai Cunnavakaum Anandanpillai Ranganathan was appointed as Independent Director at the annual general meeting held on August 30, 2016 to hold office for a period of three years upto July 29, 2019.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on May 2, 2019 approved the re-appointment of Mr. Ranganathan as Independent Director for a second term of five years effective July 30, 2019.

Requisite Notice under Section 160 of the Act proposing the re-appointment of Mr. Ranganathan has been received by the Company.

The Board, based on the performance evaluation and recommendation of the Nomination and Remuneration Committee, considers that given his background and experience, the continued association of Mr. Ranganathan would be beneficial to the Company.

The Company has received a declaration from Mr. Ranganathan to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

In the opinion of the Board, Mr. Ranganathan fulfils the conditions specified in the Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company.

Approval of the members is required by way of a Special Resolution for reappointment of Mr. Ranganathan.

Additional information in respect of Mr. Ranganathan, pursuant to the SEBI Listing Regulations and the Secretarial Standard on General Meetings, is enclosed.

The Board recommends the resolution mentioned at Item No. 7 of the accompanying notice for approval of the members.

Except for Mr. Ranganathan, none of the Directors, Key Managerial Personnel or their respective relatives is in any way concerned or interested financially or otherwise, in the resolution mentioned at Item No. 7.

#### **Item No. 8**

Mr. Rituraj Kishore Sinha was appointed as the Managing Director of the Company at the extra-ordinary general meeting held on May 31, 2017 to hold office for a term of five years upto April 23, 2022.

Based on the recommendation of the Nomination and Remuneration Committee and considering the prevailing levels of managerial remuneration in industry, the Board of Directors, in its meeting held on May 2, 2019, recommended an increase in the remuneration of Mr. Sinha from ₹ 9,451,762 per annum to ₹ 10,000,000 per annum, as detailed hereunder, effective June 1, 2019.

- a. Basic Salary: ₹ 4,416,000 per annum.
- b. Allowances: ₹ 5,275,297 per annum.
- c. Perquisites: ₹ 39,600 per annum.
- d. Statutory benefits viz., contribution to provident fund, leave encashment and medical insurance: ₹ 269,103 per annum.

Approval of the members is required by way of a Special Resolution for revision in such remuneration.

Additional information in respect of Mr. Sinha, pursuant to SEBI Listing Regulations and the Secretarial Standard on General Meetings, is enclosed.

The Board recommends the resolution mentioned at Item No. 8 of the accompanying notice for approval of the members.

Except for Mr. Ravindra Kishore Sinha, Mrs. Rita Kishore Sinha and Mr. Rituraj Kishore Sinha, none of the Directors, Key Managerial Personnel or their respective relatives is in any way concerned or interested financially or otherwise, in the resolution mentioned at Item No. 8.

#### **Item No. 9**

Mr. Arvind Kumar Prasad was appointed as Director – Finance of the Company at the extra-ordinary general meeting held on May 31, 2017 to hold office for a term of five years upto April 23, 2022.

Based on the recommendation of the Nomination and Remuneration Committee and considering the prevailing levels of managerial remuneration in industry, the Board of Directors in its meeting held on May 2, 2019 recommended an increase in the remuneration of Mr. Prasad from ₹ 5,238,000 per annum to ₹ 5,500,000 per annum, as detailed hereunder, effective June 1, 2019.

- a. Basic Salary: ₹ 2,400,000 per annum.
- b. Allowances: ₹ 2,812,380 per annum.
- c. Statutory benefits viz., contribution to provident fund, leave encashment, medical insurance and gratuity: ₹ 287,620 per annum.

Approval of the members is required by way of a Special Resolution for revision in such remuneration.

Additional information in respect of Mr. Prasad, pursuant to the SEBI Listing Regulations and the Secretarial Standard on General Meetings, is enclosed.

The Board recommends the resolution mentioned at Item No. 9 of the accompanying notice for approval of the members.

Except for Mr. Prasad, none of the Directors, Key Managerial Personnel or their respective relatives is in any way concerned or interested financially or otherwise, in the resolution mentioned at Item No. 9.



**Additional information on directors recommended for appointment / re-appointment in the forthcoming Annual General Meeting in pursuance of Regulation 36 (3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and Secretarial Standard-2 issued by Institute of Company Secretaries of India.**

Name of the Director	Mr. Ravindra Kishore Sinha	Mr. Uday Singh	Mr. Rituraj Kishore Sinha	Mr. Arvind Kumar Prasad	Mr. Devdas Apte	Mr. TCA Ranganathan
Date of Birth and Age	September 22, 1951 67 Years	April 7, 1949 70 Years	November 29, 1980 38 Years	September 9, 1956 62 Years	June 15, 1934 84 Years	November, 19, 1953 65 Years
Date of First Appointment on the Board	January 2, 1985	August 6, 2012	April 24, 2017	April 24, 2017	February 16, 1999	July 30, 2016
Brief Resume Qualification, Experience and Nature of Expertise in specific functional areas	Mr. Sinha holds a bachelor's degree in arts from Magadh University. He has over 32 years of experience in the business of security services. At present, he is a Member of Parliament (Rajya Sabha) from Bihar. He has also served as an advisor to the Ministry of Human Resource Development, Government of India.	Mr. Singh holds a bachelor's degree in science (electrical engineering) from Birla Institute of Technology – Mesra, Ranchi and a post-graduate diploma in management from Brilliant's School of Management, Chennai. He has over 40 years of experience in management and has, in the past, held various positions with Metallurgical & Engineering Consultants (India) Limited and Jindal Vijaynagar Steel Ltd., and with Praxair Carbon Dioxide Private Ltd.	Mr. Sinha holds a bachelor's degree in arts from the University of Leeds. He joined the Company on July 8, 2002 as the Vice President (International Business Development) and was thereafter designated as the Chief Operating Officer. Subsequently, with effect from April 24, 2017, he was appointed as the Managing Director of the Company. He has over 16 years of experience in the business of security services.	Mr. Prasad holds a bachelor's degree in commerce from the University of Calcutta and an intermediate degree from the Institute of Chartered Accountants of India (ICAI). He has over 32 years of experience in the finance function.	Mr. Apte holds a bachelor's degree in arts from Nagpur University. He was a Member of Parliament (Rajya Sabha) from Jharkhand constituency. He has been associated with the Company since February, 1999.	Mr. Ranganathan holds a bachelor's degree in Arts (Economics) from St. Stephen's College and a master's degree in Arts (Economics) from University of Delhi. He has over 38 years of experience in banking and has, in the past, held various positions with Export Import Bank of India as the Chairman, with State Bank of Bikaner and Jaipur as the Managing Director.  As Chairman of Exim Bank, Mr. Ranganathan had been a member of several Government of India overseas initiatives such as Indo-South Africa CEO Forum, Indo-Africa Business Council, Indo-Myanmar Joint Trade and Investment Forum etc.  Mr. Ranganathan's international experiences include starting the first Indian Commercial Banking operations in China (SBI Shanghai) and Board positions in various SBI subsidiaries in North America, Africa and Asia.  Currently, Mr. Ranganathan is the Non-Executive Chairman of Indian Overseas Bank.
No. of Board Meetings attended during the year as a Director	4	4	4	4	4	4
Relationship with Directors and Key Managerial Personnel	Spouse of Mrs. Rita Kishore Sinha  Father of Mr. Rituraj Kishore Sinha	None	Son of Mr. Ravindra Kishore Sinha and Mrs. Rita Kishore Sinha.	None	None	None

Name of the Director	Mr. Ravindra Kishore Sinha	Mr. Uday Singh	Mr. Rituraj Kishore Sinha	Mr. Arvind Kumar Prasad	Mr. Devdas Apte	Mr. TCA Ranganathan
Directorships held in other Companies as on March 31, 2019	<ul style="list-style-type: none"> <li>• Ritu Raj Resorts Ltd.</li> <li>• Service Master Clean Ltd.</li> <li>• Tech SIS Ltd.</li> <li>• Saksham Bharat Skills Ltd.</li> <li>• Terminix SIS India Pvt. Ltd.</li> <li>• SIS Group Enterprises Ltd.</li> <li>• Adi Chitragupta Finance Ltd.</li> <li>• SISCO Security Services Pvt. Ltd.</li> <li>• SIS Asset Management Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Security Skills Council (India) Ltd.</li> <li>• Saksham Bharat Skills Ltd.</li> <li>• Terminix SIS India Pvt. Ltd.</li> <li>• Dusters Total Solutions Services Pvt. Ltd.</li> <li>• Uniq Detective and Security Services Pvt. Ltd.</li> <li>• Uniq Detective &amp; Security Services (AP) Pvt. Ltd.</li> <li>• Uniq Detective and Security Services (Tamilnadu) Pvt. Ltd.</li> <li>• Uniq Facility Services Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Adi Chitragupta Finance Ltd.</li> <li>• Dusters Total Solutions Services Pvt. Ltd.</li> <li>• Tech SIS Ltd.</li> <li>• Terminix SIS India Pvt. Ltd.</li> <li>• Service Master Clean Ltd.</li> <li>• Lotus Learning Pvt. Ltd.</li> <li>• Vardan Overseas Pvt. Ltd.</li> <li>• Sunrays Overseas Pvt. Ltd.</li> <li>• SIS Asset Management Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Security Skills Council (India) Ltd.</li> <li>• Service Master Clean Ltd.</li> <li>• Adi Chitragupta Finance Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Dusters Total Solutions Services Pvt. Ltd.</li> <li>• Service Master Clean Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• RAL Consumer Products Ltd.</li> <li>• Indian Overseas Bank.</li> <li>• Orient Electric Ltd.</li> </ul>
Audit Committee	Nil	Nil	Nil	Nil	Dusters Total Solutions Services Pvt. Ltd.	Orient Electric Ltd.
Nomination and Remuneration Committee	Service Master Clean Ltd.	Nil	Service Master Clean Ltd. Dusters Total Solutions Services Pvt. Ltd.	Nil	Dusters Total Solutions Services Pvt. Ltd.	Orient Electric Ltd.
Remuneration last drawn (FY2018-19)	₹ 21,321,258	Nil	₹ 8,955,392	₹ 4,963,220	Nil	Nil
Remuneration sought to be paid	Remuneration payable to Mr. Sinha is provided in the resolution referred in Item No 5.	Nil	Remuneration payable to Mr. Sinha is provided in the resolution referred in Item No 8.	Remuneration payable to Mr. Prasad is provided in the resolution referred in Item No. 9.	Nil	Nil
Number of Equity Shares held in the Company as on March 31, 2019	29,633,656	362,297	8,347,690	165,000	Nil	Nil

Note: The Directorships, Committee Memberships and Chairmanships do not include positions in foreign companies, private companies (which are not subsidiaries of public companies), Section 8 Companies & Limited Liability Partnership.

## ROUTE MAP TO THE AGM VENUE

Venue of the Annual General Meeting of the Company to be held on  
Friday, June 28, 2019 at 12:30 p.m.

### VENUE

Hotel Maurya, Fraser Road, South Gandhi Maidan,  
Patna-800001, Bihar.





# SECURITY AND INTELLIGENCE SERVICES (INDIA) LIMITED

CIN: L75230BR1985PLC002083

**Registered Office:** Annapoorna Bhawan, Telephone Exchange Road  
Kurji, Patna-800010, Bihar. **Tel:** +91-612 226 6666 Fax **No.:** +91-612 226 3948  
**E-mail:** shareholders@sisindia.com **Website:** www.sisindia.com

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the Member (s): .....  
Registered address: .....  
E-mail Id: .....  
Folio No. / Client Id: .....  
DP ID: .....

I/We, being the member (s) of ..... shares of Security and Intelligence Services (India) Limited, hereby appoint

- Name: ..... Address: .....  
E-mail ID: ..... Signature: ..... or failing him/her
- Name: ..... Address: .....  
E-mail ID: ..... Signature: ..... or failing him/her
- Name: ..... Address: .....  
E-mail ID: ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th Annual General Meeting of the company, to be held on Friday, June 28, 2019 at 12:30 p.m. at Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna- 800 001, Bihar and at any adjournment thereof in respect of such resolutions as are indicated below:

I/ We wish my above proxy (ies) to vote in the manner as indicated in the box below:

S. No.	Resolution	Vote (Optional, see Note 2)	
		For	Against
<b>Ordinary business</b>			
1	To receive, consider and adopt:		
a.	the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and the Auditors thereon; and		
b.	the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of the Auditors thereon.		
2	To declare dividend of ₹ 3.50 per equity share for the financial year ended March 31, 2019		
3	To appoint a Director in place of Mr. Uday Singh (DIN: 02858520), who retires by rotation and, being eligible, offers himself for re-appointment		
4	To appoint a Director in place of Mr. Arvind Kumar Prasad (DIN: 02865273), who retires by rotation and, being eligible, offers himself for re-appointment		
<b>Special Business:</b>			
5	Re-appointment of Mr. Ravindra Kishore Sinha (DIN: 00945635), as Chairman of the Company and to fix his remuneration		
6	Approval for continuation of directorship of Mr. Devdas Apte (DIN: 03350583), as Non-Executive Director of the Company		
7	Re-appointment of Mr. Tirumalai Cunnavakum Anandanpillai Ranganathan (DIN: 03091352), as an Independent Director of the Company for a period of 5 years		
8	Revision in the remuneration of Mr. Rituraj Kishore Sinha (DIN: 00477256), Managing Director of the Company		
9	Revision in the remuneration of Mr. Arvind Kumar Prasad (DIN: 02865273), Director- Finance of the Company		

Signed this ..... day of ..... 2019

Signature of Shareholder

Signature of Proxyholder(s)

Affix revenue stamp of not less than Re. 1/-

### Notes:

- This form, in order to be effective, should be duly completed and deposited at the registered office of the Company, not later than 48 hours before the commencement of the Meeting..
- It is optional to indicate your preference. If you leave the 'for' or 'against' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



## SECURITY AND INTELLIGENCE SERVICES (INDIA) LIMITED

**CIN:** L75230BR1985PLC002083

**Registered Office:** Annapoorna Bhawan, Telephone Exchange Road  
Kurji, Patna-800010, Bihar

**Tel:** +91-612 226 6666 Fax **No.:** +91-612 226 3948

**E-mail:** shareholders@sisindia.com **Website:** www.sisindia.com

**PLEASE FILL UP THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

### ATTENDANCE SLIP

Folio No ..... DP ID ..... Client ID .....

Number of shares held: .....

I/We hereby record my/our presence at the 35th Annual General Meeting of Security and Intelligence Services (India) Limited held on Friday, June 28, 2019 at 12:30 p.m. at Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001, Bihar.

.....  
Name of the member /proxy  
(in BLOCK letters)

.....  
Signature of the member / proxy





Security and  
Intelligence Services  
(India) Limited

Annual Report  
**2018-19**

**SIS**  
Group Enterprises

A Market Leader in  
Security, Cash Logistics  
& Facility Management



Built for  
**GROWTH.**  
Trusted for  
**EXCELLENCE.**

# Report contents

## SUSTAINABLE ENTERPRISE

01-46

- 01 About SIS
- 04 Geographic Presence
- 06 Chairman's Review
- 08 Q&A with the Managing Director
- 10 Operating Context
- 14 Business Model
- 16 Stakeholder Engagement
- 18 Key Performance Indicators
- 20 Inorganic Growth Strategy
- 22 Technology Platforms
- Business Review**
- 24 India Security Solutions
- 30 International Security Solutions
- 34 Facility Management Services
- 38 Cash Logistics
- 40 Our People
- 44 Board Of Directors
- 46 Group Management Committee

## STATUTORY REPORTS

47-87

- 48 Directors' Report
- 66 Business Responsibility Report
- 72 Management Discussion and Analysis
- 76 Report on Corporate Governance

## FINANCIAL STATEMENTS

88-231

- 88 Standalone Financial Statements
- 150 Consolidated Financial Statements

# Delivering growth

↑ 21.6% (y-o-y)

### Revenue

(₹ in Mn)

FY19 70,933

FY18 58,333

↑ 17.0% (y-o-y)

### EBITDA

(₹ in Mn)

FY19 3,652

FY18 3,120

↑ 31.7% (y-o-y)

### Profit after tax

(₹ in Mn)

FY19 2,147

FY18 1,630

↑ 29.6% (y-o-y)

### Earnings per share

(₹)

FY19 29.5

FY18 22.8

y-o-y: Growth in FY19 over FY18

## About SIS

# Fast-tracking growth, delivering excellence

Incorporated in 1985, Security and Intelligence Services (India) Limited (SIS), is a market leader in the business segments of Security, Facility Management and Cash Logistics services. We have emerged as a trusted business services enterprise in Asia-Pacific with leadership position in Security Solutions in India and Australia and in Facility Management and Cash Logistics services in India.

Our long-standing presence in India and Australia has helped us gain a deep understanding of these markets, which has contributed towards the success of our operations. Our brands

are well-recognised for providing quality services in India and Australia. Our strong brand positioning and strategic focus have contributed to sustained business expansion over the years

Our integrated portfolio of services enables us to strengthen our customer relationships and scope of engagements while serving as a single-point of contact for multiple services, driving high customer retention. Moreover, our multiple service offerings allow us to derive operational efficiencies, by centralising certain key functions such as finance

and sales; and also certain other administrative functions.

Our operational experience, in-house end-to-end bandwidth and multi-sectoral expertise have enabled us to grow our market share and instil the confidence of customers to address their diverse and dynamic business requirements.

Our solutions help protect value for our customers across geographies. We focus on making our offerings more multi-faceted, supported by advanced technology and passionate teamwork.



**We aim to be number one in each of our verticals – Security, Facility Management and Cash Logistics.**

### Core values



**INTEGRITY**



**PEOPLE**



**SERVICE**

# About SIS

## SECURITY SOLUTIONS

Leading provider of Security Solutions both in India and Asia-Pacific (APAC) with diverse solutions across the security spectrum. Solutions combine electronic security with trained workforce (a blend of physical and technology-based services) comprising our 'Man-Tech' solutions.

### INDIA



Largest Security Solutions provider in India, offering the widest reach and most comprehensive range of services.



Complete suite of electronic Security Solutions.



Comprehensive suite of electronic Security Solutions.

**38%**  
CONTRIBUTION TO  
REVENUE IN FY19

### APAC



Largest Security Solutions provider across all market segments in Australia.



Leading mobile patrol company.



One of Singapore's leading security companies.



Specialist Security Solutions provider in New Zealand.

**49%**  
CONTRIBUTION TO  
REVENUE IN FY19

## Business segments at a glance

### FACILITY MANAGEMENT

Providing housekeeping services, janitorial support, integrated Facility Management, HVAC maintenance and pest control.



Comprehensive end-to-end Facility Management solutions.



Provides pest management services by utilising the most effective products and techniques.

**13%**  
CONTRIBUTION TO  
REVENUE IN FY19

### CASH LOGISTICS

Provide secured cash in transit, including transportation of bank notes and other valuables, doorstep banking as well as cash processing, ATM-related services, including ATM replenishment, first-line maintenance and safekeeping, and vault-related services for bullion and cash.



Provider of comprehensive range of Cash Logistics solutions in India.

**BUILDING BLOCKS OF  
LEADERSHIP**

# US\$ 1 BILLION

BUSINESS SERVICES  
ORGANISATION IN INDIA

# #1

SECURITY SOLUTIONS  
COMPANY IN INDIA

# #1

SECURITY SOLUTIONS  
COMPANY IN AUSTRALIA

# #2

LARGEST FACILITY  
MANAGEMENT SERVICES  
COMPANY IN INDIA

# #2

LARGEST CASH LOGISTICS  
SERVICES PROVIDER IN INDIA

# LARGEST

MOBILE PATROL COMPANY  
IN AUSTRALIA

**WORLD  
OF SIS**

# 7,335+

GLOBAL CUSTOMER BASE

# 312+

BRANCHES IN INDIA

# 215,429+

EMPLOYEES

# 17,800+

SITES UNDER MANAGEMENT





# Geographic Presence

## Indian MNC

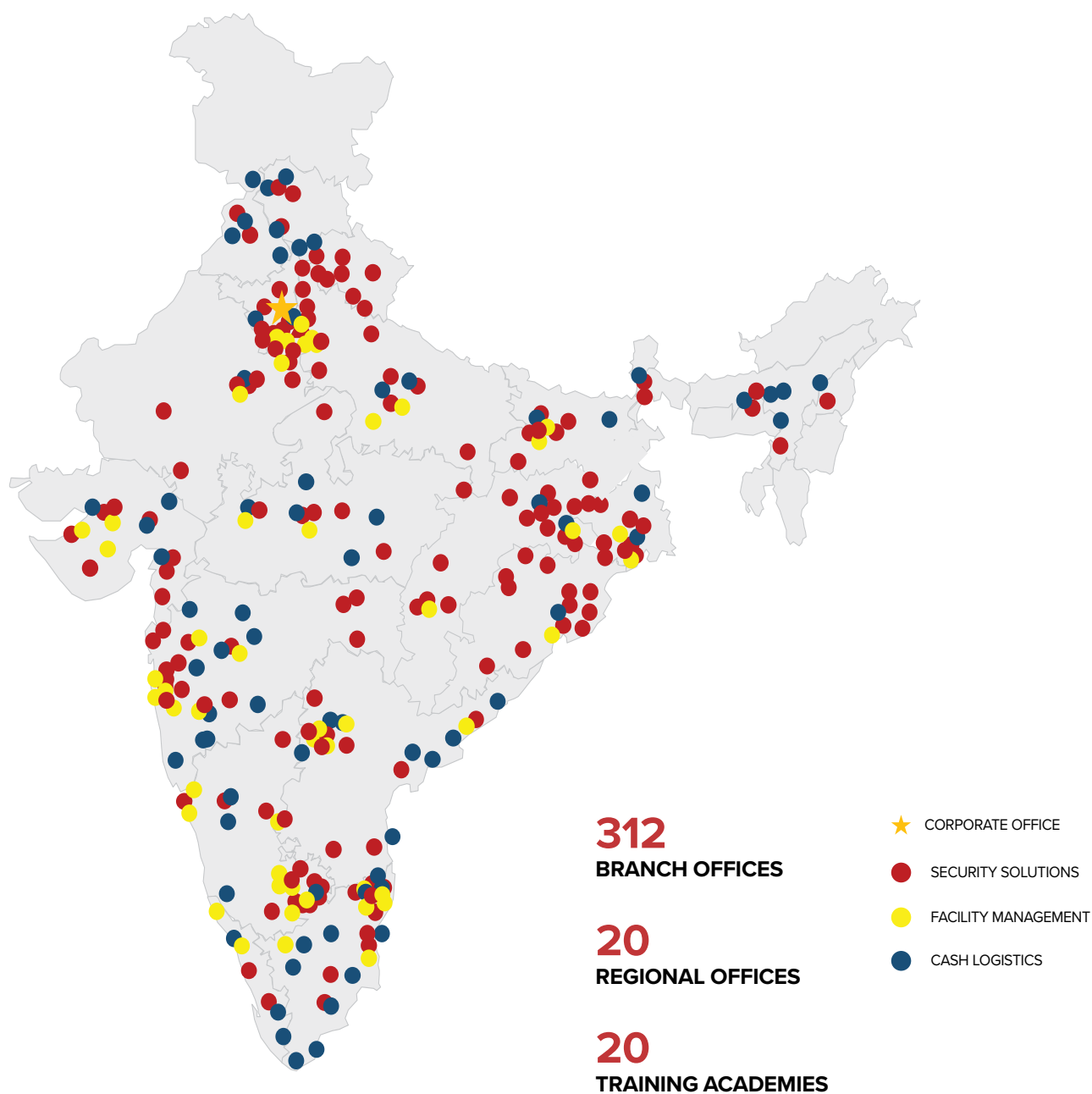
Our presence in Asia-Pacific (APAC) enables us to offer services to a diverse cross-section of customers, who prefer a single service provider for their operations at multiple locations. Our touchpoints are close to the premises of our customers, which translates into a faster delivery mechanism.

### APAC PRESENCE



Our branch network in India is robust comprising 312 branches in 125 cities and towns, which cater to 630 districts.

## INDIA FOOTPRINTS



## Chairman's Review

# Progressing with responsible leadership



**MR. RAVINDRA KISHORE SINHA**  
*Chairman*



**Creating jobs and skilling thousands  
to create a safer, cleaner and more  
productive India.**

## Dear Friends,

**India has now emerged as the world's fifth largest economy, with fast-paced inclusive progress that touches the lives of millions of people across the social spectrum. The structural reforms undertaken by the Union Government and the states are gradually translating into tangible outcomes. The economy is now on a strong footing with key macroeconomic fundamentals such as fiscal deficit and inflation well under control.**

The implementation of Goods and Services Tax (GST) has formalised the economy, enhanced transparency and paved the way towards a 'One Nation. One Tax' regime. The country's ease of doing business has also improved substantially, as evident in the World Bank's Doing Business 2019 report.

The economy in Australia continues to do well with its record period of uninterrupted growth.

When viewed against this operating environment, FY19 was a landmark year for the SIS Group. We crossed US\$1 Billion in revenues, a remarkable milestone in the journey of SIS that started decades back in a small one-room office. With this, we further reinforced our credentials as one of the leading business services players in Asia Pacific Region (APAC). Our Security Solutions business in India reached the No. 1 spot at the end of the year, which is another milestone in our long record of growth.

The Facility Management division has been the standout division in both revenues and profitability. We ended the year at No. 2 in the industry and garnered close to ₹1,000 Crore in revenues. We achieved this in less than 10 years from commencement of the business. All these achievements have been the result of untiring efforts of everyone at SIS – from business leaders to delivery staff.

FY19 is also the year in which SIS crossed 200,000 employees. We continue to be one of the largest private sector employers in India and

I am happy that we are able to provide livelihoods and touch so many lives. As I keep emphasising on every occasion, happy employees are the key ingredient for a successful enterprise; and our talent pool continues to drive our progress. We have grown sustainably, without compromising on employee welfare and benefits; and this is crucial for our ability to hire and retain the best talent. We are gradually improving our training programmes through the help of digital tools, enabling us to impart continuous training.

FY19 also saw us taking important steps in our mergers and acquisitions (M&A) programme. We made five acquisitions across three geographies, showcasing our strong M&A execution engine. These acquisitions are vital steps in our strategy to expand geographic presence in key markets. The acquisition of Henderson in Singapore is a vital extension of our presence in Australia. While helping these companies grow, we look forward to learning from them. I am pleased to welcome new partners who are now a part of our SIS family.

We continue to invest significantly to improve our brand visibility, marketing, operations and productivity. As industry leaders, we view technology as an opportunity and not as a threat. Our technology applications such as iOPS and SalesMaxx are providing valuable insights to enable us to deliver effective solutions. Our M-Trainer initiative enables us to continuously reskill people and improve service quality. We continue to test and rollout newer applications to improve both

internal productivity and frontline operations. Feedback from customers and internal users has been vital in making regular changes to these applications.

Our strong organic and inorganic growth strategies have translated into solid outcomes and have created a strong second engine for our growth. We are making impressive progress towards our Vision 2020 and have become the No.1 in Security Solutions and No. 2 in Facility Management in India. Leadership also entails huge responsibility and we need to move forward on the strength of our agile business model and the ambition to succeed across global markets. While being growth oriented, we should not lose sight of ethics, compliance, corporate governance and fiscal discipline.

I am confident that the culture of SIS, nurtured over many years, will continue to aid us as we navigate both opportunities and challenges. On behalf of the Board, I would like to thank all our stakeholders for their continued faith in the SIS story. The foundation for our future success has already been laid, and we are poised to show sustained high growth in India, as well as Asia Pacific (APAC).

Warm regards,

**RAVINDRA KISHORE SINHA**

## Q&A with the Managing Director

# Strong balance sheet to support continued organic growth supplemented by inorganic ventures



**MR. RITURAJ KISHORE SINHA**  
*Group Managing Director*



Globally, demand for Security and Facility Management services is growing at 1.5x-3x GDP. These are enabling services for any economic activity. In India, market growth is closer to 3x GDP for the last 15 years.



### Can you sustain your attractive growth rate in the future, given that the baseline revenue has significantly increased to over a billion dollars?

Globally, demand for security and facility management services is growing at 1.5x-3x GDP. These are enabling services for any economic activity.

**In India, market growth is closer to 3x GDP for the last 15 years.** And we see the same trend continuing in the near to mid term. Demand for our services is sector agnostic and we sell across B2B, B2G and also to some extent the B2C segment.

India is not only amongst the largest markets for these services but also the fastest growing amongst top 10 markets globally. The customer preference is clearly moving away from unorganised—non-compliant—operators to the organised service providers.

SIS, despite becoming the industry leader in Security Solutions and the 2<sup>nd</sup> largest in Facility Management has less than 5% market share in each of these segments. In other major markets like the US, the UK and Australia, market leaders tend to have 15-20% market share. Hence, we believe that there is substantial headroom for growth.

### What are the important financial key performance indicators (KPIs) that you track at various levels in the organisation?

**We see growth and return on capital employed (ROCE) as the primary KPIs.** Therefore, key metrics for us are earnings growth (EBITDA/PAT), return ratios (Return on Capital Employed/Return on Net Worth) and cash flow conversion. These are the group level KPIs. In turn, these are cascaded down the organisation with different functional heads and business heads having their own KPIs that reflect the overall organisational KPIs.

### Can you outline your capital allocation plan for the near term – between organic, inorganic, India and international?

As we have always stated, SIS is an organic story at its core and any inorganic plans have to supplement the core. Our capital allocation hence will be oriented towards funding organic growth as our steep growth entails steady working capital investment. We are also incubating new businesses like Tech SIS, VProtect whilst at the same time investing in the next generation technology for enhancing productivity and customer efficiency. These will be the primary areas of investments.

India will continue to be the focus as, both from a macroeconomic standpoint

and the underlying industry dynamics, it is ideally poised to generate consistently higher growth compared to most other developed and developing markets.

### How is your capital structure evolving and any challenges there?

**As at the end of FY19, our Net Debt/EBITDA was 1.1, which is quite comfortable.** This is further cushioned by our low cost of funds, which is around 7.5%, largely on account of the low cost of borrowing that we have in Australia. Our international security peers operate at a leverage level, often exceeding two times EBITDA. We believe that maintaining an adequate level of leverage is essential to ensure higher return on net worth.

### Can you elaborate on your inorganic plans?

Our inorganic strategy is centered around building partnerships and not acquisitions in the traditional sense. We believe that only by incentivising the target company founders through an earnout structure following a majority stake acquisition upfront, will they be able to grow faster. The case of DTSS is a perfect example of this; where the revenues have grown at a CAGR of 25% and EBITDA at 42% in the three years since acquisition. **Our M&A programme is geared to ensure that downside is protected while sharing the upside with the target company promoters and management.**

### What went well in FY19 and what could have been better?

We had a solid FY19 with strong revenue and profitability growth. This is despite some heavy portfolio rationalisation that we have had to do in the early part of the year. Large customer wins and business development efforts ensured a strong end to the year, establishing a sound base for FY20. Our Facility Management business was the standout performer with a solid growth in both revenues and margins.

Our M&A execution was focussed and we were able to complete five acquisitions during the year across three geographies. This required a keen eye on details and project management. We also worked to establish an integration plan that ensures that all the acquired entities perform as per the operating plan and the systems and culture blend seamlessly.

We had to do some provisioning for bad debts in Q1; we had to relook at our customer credit appraisal policies. We also need to step on the pedal on the tech solutions and evangelise the possibilities here more aggressively.

### How are you capitalising upon the move from a traditional delivery to a solution-based delivery model?

We have been ahead of the curve here. In our Security business, we have incubated two tech arms—Tech SIS and VProtect—over the past few years. The former spearheads our Man-Tech offerings, taking a consultative mode to Security Solutions while the latter offers alarm monitoring and response services to homes and SMEs. We are bullish about the prospects of solution-based selling as technology increasingly becomes cheaper and more efficient. We have partnered with the best-in-class hardware and software suppliers to design innovative Security Solutions. Similarly in Facility Management, we have started selling total Facility Management solutions where we are bringing our project management skills and integrated competencies to offer seamless solutions to customers.

We have delivered some interesting solutions during the year, case in point being our work on leading oil & gas companies. **Solutions offer higher margin potential and longer duration contracts, and can transform the nature of the industry.**

Though the movement towards technology is nascent, we feel that in the coming years solution design and delivery capability would be the principal differentiator in the market.

### How do you see competition in your various service segments? Any key industry trends that keep you awake?

We welcome organised and compliant competition. We believe that competition should be on quality of solution/ service and not just pricing. Our industry has to evolve in terms of overall service standards and compliance standards. Stronger enforcement of Private Security Agencies Regulation (PSAR) Act and labour regulations in recent years, introduction of GST, recategorisation of security industry workers as skilled workers under the Central Minimum Wages Act, are all helping organise the market. Technology change is the other differentiator that could become our sustainable competitive advantage.

Despite increasing competition, we have consistently grown at 1.5x the industry growth, thus gaining market share.

**We feel that we are making the right investments in people, technology, inorganic growth and new business solutions that establish a clear moat.**

Warm regards,

**RITURAJ KISHORE SINHA**

# Operating Context

## Canvas of mega opportunities

The megatrends that are shaping the opportunity landscape and how we are preparing ourselves.

### SECURITY SOLUTIONS

#### HEIGHTENED THREAT PERCEPTIONS

We live in societies where, for the preceding few years, the perception of security threat or risks has been increasing. This spans societies at various stages of development or socio-economic indicators. Even in societies, considered relatively secure, we have seen enhanced threat perceptions and businesses, individuals and governments are constantly seeking ways to foresee security threats and undertake pre-emptive measures.

#### GROWING URBANISATION AND INFRASTRUCTURE CREATION

India is rapidly urbanising, with ~35% of the population living in cities (~400 million people in absolute numbers). Urbanisation brings along steady infrastructure creation in terms of commercial and office buildings, retail destinations, roads, metro rails, airports, residential condos, schools and other architectural spaces, all of which need to be secured. The Government of India's ambitious Smart Cities Mission aims to develop 100 citizen-friendly and self-sustainable urban settlements, which will also require enhanced security measures.

#### CONSISTENT ECONOMIC GROWTH

India remains the world's fastest growing major economy with improving macroeconomic indicators, a strong demographic dividend and liberal foreign investment policies. These factors have made the country a preferred destination for industrial development and economic activities. The economy is steadily growing at over 7% and the country's security industry is closely linked to economic growth as security solutions are required by every sector. Hence, growth trends are strongly correlated to the underlying GDP growth.

#### INADEQUATE POLICING INFRASTRUCTURE

India has a inadequate police infrastructure and the police to population ratio is extremely low compared to other developed countries. The escalating external and internal threat perceptions, coupled with inadequate public security infrastructure, create a proper environment for private security companies to expand their presence.

#### MARCH OF TECHNOLOGY

The advancement of technology is overwhelming and will impact the delivery of security solutions. The historical linear linkage of services and headcount will be broken as technology becomes cheaper and more efficient and labour costs keep rising. Customers will start demanding solutions that are more suited to the complex infrastructure and risk requirements and which traditional security delivery models are ill-suited to provide.





## CONSOLIDATION AND FORMALISATION

Formalisation of the sector is progressing which is a result of various market forces comprising:

a) greater government focus on labour law enforcement b) fiscal benefits to compliant players c) regulation on minimum quality and operating parameters under the Private Security Agencies Regulation Act. Small and unorganised players will be forced to become compliant with regulations, thus negating their cost advantages vis-à-vis organised players. At the same time, there is going to be consolidation of market share among the top 5-10 players organically; and also through buyouts of smaller service providers.

## ENHANCED GOVERNMENT OUTSOURCING

Governments are among big-ticket customers internationally. However, in India, government spending represents a small portion of security industry revenues. Over time, government outsourcing of security solutions is likely to increase with central and state governments looking to outsource non-core security requirements, that are currently being serviced by government security agencies.

## WHAT THIS MEANS FOR SIS

SIS is ideally placed to tap into the trends shaping the industry. Our competitive strengths, financial resources and management bandwidth make us uniquely positioned to exploit the immense potential.



**Scope:** ₹80,000+ Crore Indian market growing at 18-20%. Potential to be a ₹150,000+ Crore market by 2025.



**Training:** Huge training infrastructure gives us ability to deploy and service contracts efficiently.



**M&A:** Continuously growing our scale through strategic M&A; closed two transactions in key markets of NCR and Bangalore in FY19.



**B2G:** Untapped opportunity; executing innovative work for PSUs and building credentials to tap into projects that the government selectively outsources.



**B2C:** Targeting with VProtect, our first Alarm Monitoring and Response offering in India.



## FACILITY MANAGEMENT

### INTEGRATED FACILITY MANAGEMENT

Customers seek to consolidate vendors across various services to simplify contracting, streamline control and ensure easier escalations. Hence, it is important to acquire adjacent competencies to become the vendor of choice to the customer.

### SPECIALISED SERVICES

Going forward, specialisation would increase, as customers would seek vendors with expertise in niche segments like hospitals, waste management, electrical/ HVAC

maintenance and others, thereby ensuring that the service providers upskill and employ leading-edge technology and equipment in the industry.

### MORE OUTSOURCING

Currently, many companies insource their facility management needs, thus optically reducing the overall size of the market. Outsourcing is expected to accelerate as organisations look to taking the headcount off their rolls while at the same time get professionally managed services.

### INFRASTRUCTURE SPEND

India is seeing vast infrastructure spends across power, transportation, healthcare, education by both public and private players. Specifically in healthcare, where the government has rolled out its ambitious Ayushman Bharat programme, significant

investments in hospitals/diagnostic centres/labs is expected. Managing all these assets to ensure high productivity will require professionally qualified facility management services.

### GOVERNMENT SPENDS TO INCREASE

Central and local governments spend significant amounts of money on housekeeping, cleaning and waste management. Government institutions are vast in a public sector heavy country like India and these span railways, hospitals, education institutions and roads among others. A large part of the current requirement is managed by local vendors with poor quality standards and compliances. We foresee a lot of government expenditure to move to the larger, compliant and higher quality players.



### WHAT THIS MEANS FOR SIS

Our Facility Management business has the largest pan-India network and we have a sound base to exploit the unfolding opportunities.



**Focus area:** Railways spend on housekeeping services is large; outsourcing to larger players is taking off and we have had impressive wins.



**Total Facility Management:** Launched integrated Facility Management services to offer seamless, one-stop shop solutions to customers.



**Healthcare:** With acquisition of Rare Hospitality, our healthcare offerings and credentials have deepened.

## CASH LOGISTICS

### RETURN OF CASH

India continues to be a significantly cash dependent society and the usage of cash in the country has increased by over 20% from the levels before demonetisation, indicating that the structure of the Indian economy (organised sectors, small and medium enterprises) is heavily skewed towards higher cash usage.

### REGULATORY CHANGES

In an announcement made in April 2018, the Reserve Bank of India (RBI) has mandated a three-year window for banks to move from the current method of cash-top-up to a cassette refill mechanism for ATMs. We believe that is going to reduce pilferage-related losses significantly. The RBI has also set a minimum net worth of ₹100 Crore for cash logistics companies. The Ministry of

Home Affairs (MHA) has also stipulated minimum operating standards, which we believe would improve system efficiencies, albeit with some upfront capital investment.

### CONSOLIDATION

Consolidation has been sluggish in India, but the new operating standards that set minimum net worth requirements, capital investment in the short term are expected to reduce the number of players in this space.

**Reserve Bank of India (RBI) has mandated a three-year window to move from the current method of cash-top-up to a cassette refill mechanism.**

### WHAT THIS MEANS FOR SIS

As the cash logistic industry is seeing consolidation, we believe we can play an active role with scaled-up operations



**Pricing reset:** Industry pricing reset likely with implementation of the RBI and MHA norms – discussions on with banks and intermediaries.



**M&A:** Consolidation likely to intensify thus resulting in better operating synergies over time.



**Capabilities:** Partnership with Prosegur enhances technology and investment capabilities.





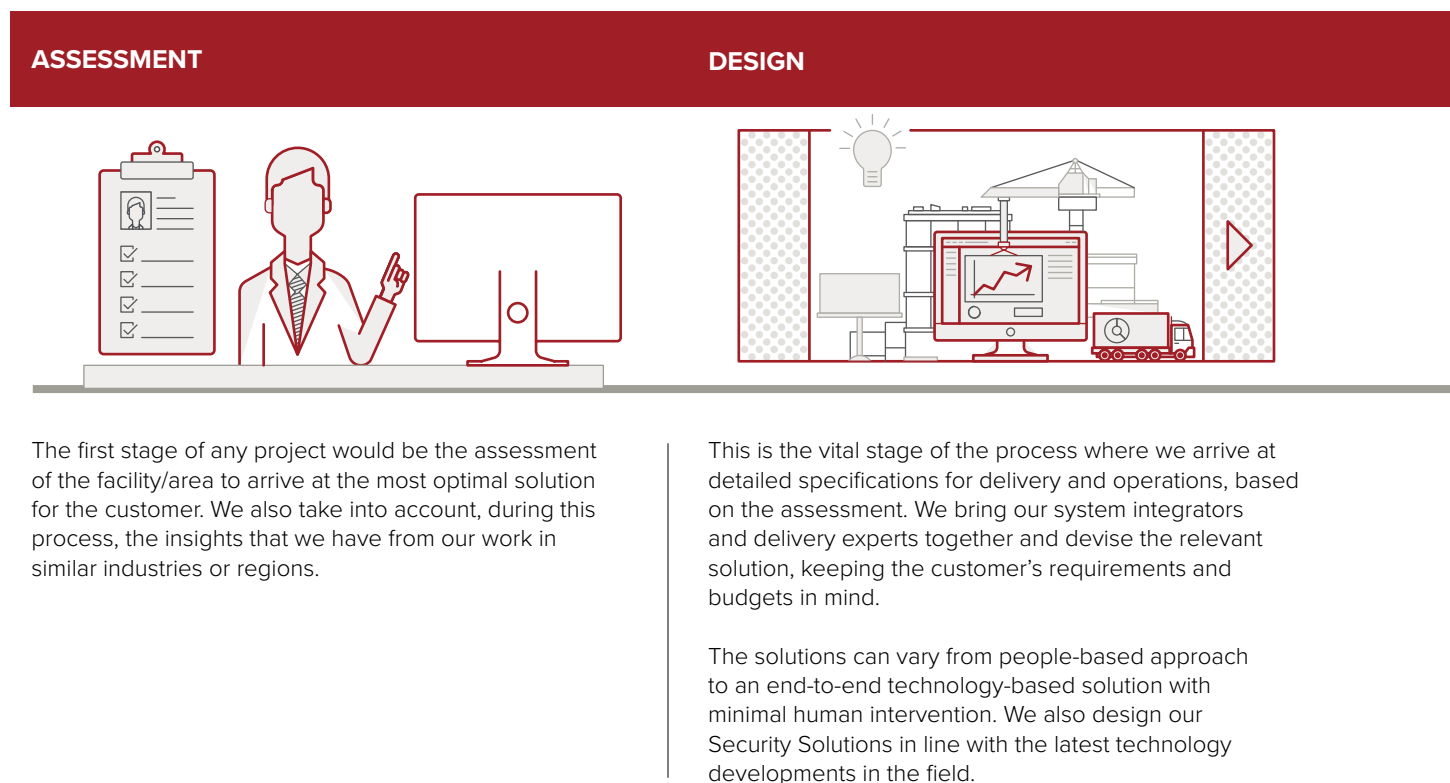
# Business Model

## Value-accretive for the long-term

### Robust fundamentals

UNPARALLELED REACH	MARKET LEADERSHIP	SIGNIFICANT TECHNOLOGY INVESTMENTS
<p>We have the largest pan-India reach, with our coverage extending to 630+ districts. We have over 312 branches across India for all our business units (BUs). Cross-country coverage gives us the ability to deliver solutions across multiple geographies.</p> <p>Our presence across Australia, New Zealand and Singapore also gives us visibility to evolving security trends and draw insights for the development of our India business.</p>	<p>SIS has leadership positions across all its service offerings. Leadership brings the ability to invest continuously in people and technology, driving optimal solutions for customers.</p>	<p>SIS is at the cutting-edge of technology in both Security and Facility Management offerings. Our technology interventions span best-in-class solutions for efficient security operations, along with improved training delivery across our supply chain and enhancing employee productivity through customer-relationship management (CRM) tools.</p>

### Value creation model



## CUSTOMER INSIGHTS

Our 40-year history provides us deep industry insights, which we use to drive performance and accountability across the organisation.

## DEEP UNDERSTANDING

Our business understanding has helped our acquired companies too, which have benefitted immensely from our robust planning, capital allocation, and business development insights.

## PEOPLE STRENGTH

Over the decades, we have invested significantly in training infrastructure for our security and housekeeping professionals, which gives us a steady pool of recruits.

We have also invested in Graduate Trainee Officer (GTO) programmes that now represents the backbone for our middle management. Our people can marry a keen customer focus and operational excellence with financial discipline and P&L focus. They are steeped in the SIS way of working and the culture is passed on to the next generation.

## DEPLOYMENT



This is the go-live phase where we start running the Security and Facility Management operations. The transition will be geared to be seamless and integrate the delivery team and technology with our backend so that teething issues are escalated and handled quickly.

Initial days of deployment will involve more regular inspections and customer interactions to seek feedback and take corrective actions as needed.

## DATA ANALYTICS





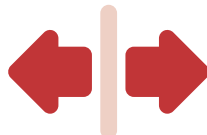


Post-deployment we track all operations through our 20 Regional Operational Command Centres. Regular inspections, monitoring, customer audit, and feedback are integral to the continuous improvement programme, essential to refine the delivery regularly. We also establish customer-specific command centres, depending on the engagement model.

# Stakeholder Engagement

## Engaging for sustainable value delivery

SIS aims to target and capture the rising demand for Security Solutions, Facility Management and cash logistics. Our strategy is primarily long-term oriented and though the short term is important, we will continue to prioritise the former. Our strategy touches all stakeholders such as customers, employees, investors and society, prioritising employees over others as happy employees create the foundation to deliver value sustainably.

STAKEHOLDERS	Employees	Customers
	 <p>Aim to be the employer of choice to all our employees across the organisation – from service delivery personnel to the back office.</p>	 <p>Aim to be the preferred vendor across all our business service offerings and markets.</p>
ENGAGEMENT STRATEGY	 <ul style="list-style-type: none"><li>• Attract the best talent laterally; and groom the right talent internally.</li><li>• Invest in welfare and incentive measures for people.</li><li>• Focus on pan-organisational training programmes.</li><li>• Employee culture is key; and retain the entrepreneurial mindset.</li><li>• Continuous feedback mechanisms with objective appraisal processes.</li><li>• Job enrichment through emerging challenges at new regions and business units.</li><li>• Be an equal opportunity employer.</li></ul>	<ul style="list-style-type: none"><li>• Ensure the highest level of operational excellence in service delivery.</li><li>• Remain at the forefront of innovations in operations.</li><li>• Own the customer and keep frontline considerations at the top of mind.</li><li>• Be close to the customer; be responsive and address escalations through a micro-market approach.</li><li>• Improve sales force productivity through CRM tools.</li><li>• OneSIS to improve customer mining and lead generation.</li></ul>
INDICATORS	 <p><b>18%</b> Low back-office attrition in India</p>	<p><b>7,335+</b> Customer base</p> <p><b>95%</b> Customer retention in India</p>
Technology platforms		Continuous innovations

### Shareholders and investors



Aim to deliver optimal shareholder and investor returns with the highest standards of corporate governance.

- Ensure consistent, above-market growth in revenues and profits.
- Focus through technology on collections and working capital management.
- Risk mitigation through standardisation of contracts and refined delivery requirements.
- Maintain consistently high return on capital employed and return on net worth.
- Manage operating cash flow.
- De-risking portfolio through diversification across regions, customers and business units.

**21.6%**

Revenue growth (y-o-y)

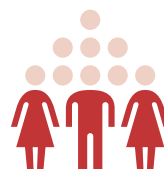
**18.6%**

Return on capital employed (ROCE) in FY19

**50%**

Operating cash flow/EBITDA in FY19

### Community



Elevate lives through strategic interventions in the areas we operate.

- A safe and clean society is a productive society.
- Touching millions of lives every day through our business units.
- Community outreach efforts to help people in need through various company and promoter initiatives.
- Industry leadership to help our sectors gain visibility and ultimately help customers and investors through better standards and efficient regulation.

**₹38 Mn**

Community investment made in FY19

**New delivery models**

**Culture of entrepreneurship**

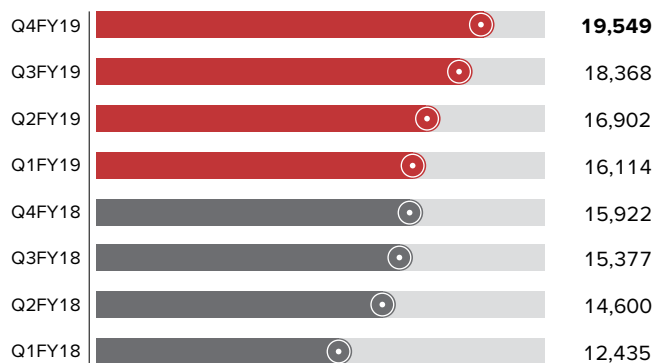
# Key Performance Indicators

## Delivering with steady foresight

### Predictability aiding visibility

#### Group revenues

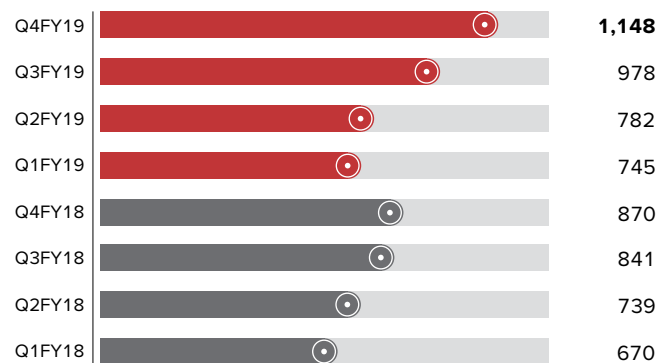
(₹ in Mn)



↑ **6.7%** CAGR over last eight quarters

#### Group EBITDA

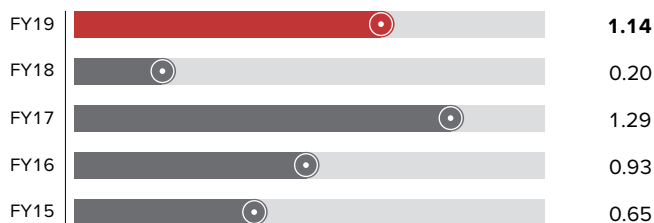
(₹ in Mn)



↑ **8%** CAGR over last eight quarters

### Comfortable leverage levels

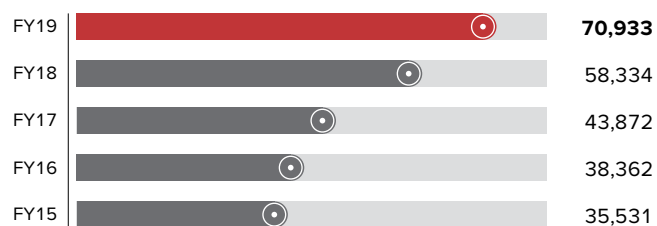
#### Net debt/EBITDA



Debt profile	India	International
Gross debt	₹5,447 Mn	₹4,301 Mn
Short-term	₹3,441 Mn	₹166 Mn
Long-term	₹2,007 Mn	₹4,135 Mn
Net debt	₹3,558 Mn	₹612 Mn

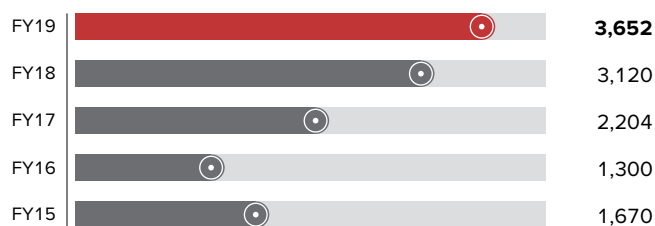
## Consistent performance

### Revenue (₹ in Mn)



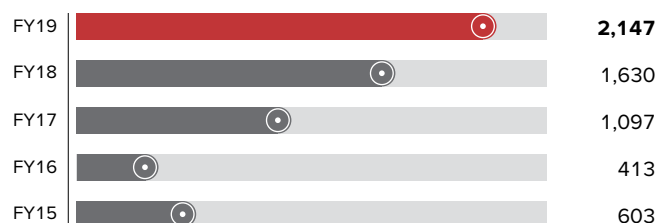
↑ **18.9%** 4-year CAGR

### EBITDA (₹ in Mn)



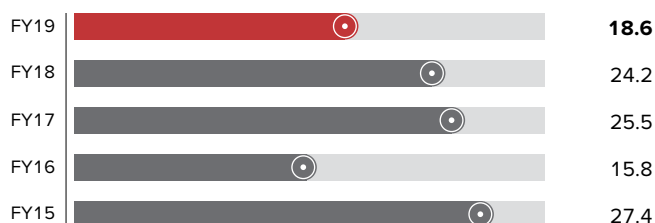
↑ **21.6%** 4-year CAGR

### PAT (₹ in Mn)

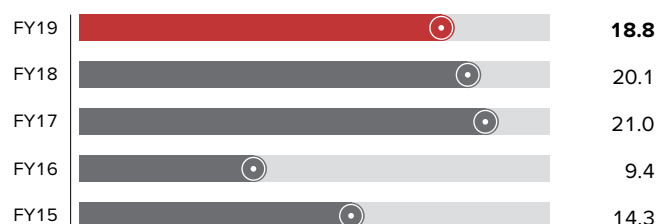


↑ **37.4%** 4-year CAGR

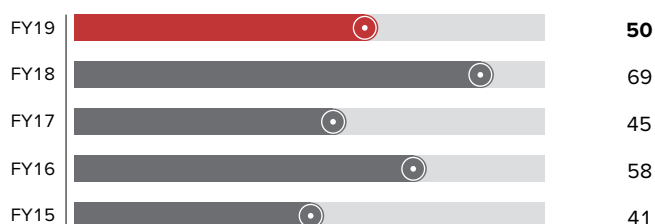
### Return on average capital employed (%)



### Return on net worth (%)



### Operating cash flow (OCF)/EBITDA (%)





## Inorganic Growth Strategy

# Acquisition engine gathers pace

FY19 was a landmark year for SIS on various fronts. One of these was the M&A execution engine ramping up to complete five acquisitions during the year across three geographies. During FY19, while we made our first-ever Security Solutions acquisition in India, we forayed into the Security Solutions markets of Singapore and New Zealand with two exciting acquisitions in each country.

### STRATEGY

#### Geography

Our industry has many regionally robust players with a strong customer profile, compliance record and good brand recognition, but have reached a glass ceiling in their scaling capabilities. Our strategy is to acquire these players to expand market share and leadership in key geographic verticals, especially the regions with strong economic and industrial activity.

#### Skill Sets

Customers are looking at specialised skillsets from their service providers. We are keen to acquire niche skills that bolster our expertise in a few select areas. These segments like healthcare for instance, may be small but offer immense scale potential and strong margins. The domain of Facility Management is especially ripe for acquiring adjacent skill sets.

#### Growth through partnership

Our intent is to build sustainable partnerships with the potential associates so that both parties are incentivised to aspire for growth. Consequently, we prefer to have a staggered buyout with an initial majority acquisition followed by an earnout structure. This ensures that interests are aligned and business continuity is assured.

### EXECUTION

We successfully closed five acquisitions during the year across India and APAC.



SLV provides Security Solutions, electronic surveillance, event security/management and security consulting services. The acquisition of SLV provides SIS a market-leading position in Delhi-NCR, which is among India's top three security markets. SLV closed FY19 at ₹260 Crore in revenues with a majority of the revenues coming from the NCR region. The Company has over 650 customers and operates 1,575 sites.



Uniq provides industrial Security Solutions, electronic surveillance, Facility Management and security consulting services to 430+ customers. Uniq's acquisition provides SIS a strong position in Bangalore, the second-largest and fastest-growing market for security solutions in India. Uniq has a high quality and long-standing clientele. The business generated over ₹165 Crore in revenues in FY19 with a majority of the revenues coming from Karnataka region.



RARE Hospitality provides Facility Management services to 80+ customers through 4,000 employees. Rare, headquartered in Mumbai, has an experience of over 30 years in the Facility Management business and has an especially strong presence in Western India. It has a reputed customer base in the healthcare vertical, an area of focus for SIS. With the government initiative of Ayushman Bharat, the healthcare vertical is only expected to grow further; and we will reinforce our specialisation in this area in the coming years.



Henderson Security is the third largest security company in Singapore. The primary customer segments include residential condominiums, public transport and commercial spaces. Henderson is highly regarded in Singapore and has several high-profile customers.



Platform 4 Group is a relatively small but important vehicle that provides us a foothold in New Zealand. Many customers in Australia look at combined contracts across the region and a New Zealand presence was vital to bid for these contracts.

## INTEGRATION

At SIS, we are keenly aware of the importance of integration and feel that having a detailed and well-thought integration plan is important to the success of any acquisition. Our integration plan combines the following key elements:

- Systems and processes
- Earnings optimisation
- Target orientation
- Policies and best practices

A detailed 100 days and six-month plan, with appropriate prioritisation, is prepared involving various functional leaders with the aim of bringing the

acquired company into the SIS way as early as possible.

After having successfully acquired and integrated many companies over the past few years, we believe that we have a strong and scalable home-grown recipe for cultural, operational and financial integration.



## Technology Platforms

# Technology optimising productivity and delivery

The adoption of best-in-class technology has a profound impact on our service delivery standards and internal business processes. We are stepping up our investments in leading-edge systems and applications, which make our operations more efficient, agile and up-to-the-minute. We, at SIS, look at technology and automation as key enablers and differentiators in our journey towards creating enhanced value.



## PRODUCTIVITY IMPROVEMENT TOOLS

### ARK

#### Automated Recruitment Kiosk (ARK)

ARK ensures product quality and consistency, minimises errors and human intervention by enabling recruitment through a kiosk-based recruitment processes.

### SalesMaxx

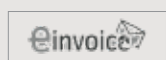
#### Sales Maxx

Sales Maxx, a tablet-based sales CRM tool, is targeted at lead management. It enhances sales productivity, controls margins and provides the salesperson instant access to high-quality presentations, real-time margin validation, quote generation, messaging tools and others.

### iOPS

#### iOPS

iOPS, a mobile app-based operations platform, provides assurance on service quality and operations productivity. It enables workflow automation, data analytics, real-time customer reporting and performance management process (PMP) linkage.



#### E-Invoice

E-INVOICE allows submission of digitally signed invoices, triggered through a well-developed application. This enhances customer experience, accelerates the entire collection process and reduces the amount of working capital.



#### Facial attendance

This technology enables capturing employee attendance through mobile phone devices at our Facility Management businesses. It has significantly improved the recording system of attendance and payroll processing and diminished payroll disbursements time considerably.

#### SERVICE DELIVERY

During FY19, we introduced newer delivery models to offer enhanced

efficiency to our customers across our business verticals. We rolled out our Man-Tech solutions nationwide after providing extensive training to our sales team.

We provided innovative solutions for the security of a city gas distribution company and a first-of-its-kind tanker truck locking solution to an oil & gas company for securing their trucks and significantly reducing pilferage.

In our Facility Management business, we pioneered QR-based applications, to proactively monitor various service deliverables and Internet of Things (IoT) based project allocations at sites to improve operational efficiency. Asset tracking applications at sites helped monitor daily operations and allowed us to take proactive initiatives on maintenance and management of the equipment placed there.

In Australia too, we launched an online interviewing and recruitment system; and made several processes paperless. We continue to test various applications that are poised to further improve reporting quality, analytics and task validation, among others.

#### ROAD AHEAD

We are in the early phases of a radical business transformation that spans every aspect of our processes and systems. Once complete, it will ensure that we adopt and integrate similar technology tools across our business units to work seamlessly and minimise friction. This is also expected to improve financial and operations control.

We are also moving to a shared services platform across our group that ensures that best practices become uniform, processes are efficient, overheads reduced and productivity enhanced. This can make the group leaner and more agile.

We have revamped our processes, based on industry-best practices and our procedures have been made keeping compliance and employee welfare in mind. These initiatives enhanced the customers' ability to do business with us. Additionally, we are planning a target enterprise architecture of integrated systems that will deliver these processes with the help of modern information systems technologies. We will also implement Human Resources Management System (HRMS), expenses management, and compliance management tools and will be rolling out automated attendance management, going forward.

## RECRUITMENT

## TRAINING

## OPERATIONS

## SALES

## INCENTIVES

## PAYROLL

## ACCOUNTING



# Business Segment 1

## Security Solutions – India



**Tapash Chaudhuri**  
COO, Security Solutions – India

# #1

**SECURITY  
SOLUTIONS COMPANY  
IN INDIA**

# 20

**REGIONAL OPERATIONS  
CONTROL CENTRES**

# 14,800+

**LOCATIONS (PAN-INDIA)**

# 4,000+

**CUSTOMERS**

# 144,257+

**EMPLOYEES IN INDIA**

SIS offers a comprehensive spectrum of Security Solutions, including trained security personnel for general guarding; specialised security staff for distinct roles; pipeline surveillance in the oil and gas sector and integrated Security Solutions through technology orientation. Apart from private-sector customers, we also serve various government organisations and public-sector undertakings across India.

Our industry is rapidly evolving; and once a market of small and fragmented players, it is currently seeing an increased rate of formalisation. These market changes are propelled by the introduction of the Private Security Agencies Regulation Act (PSARA), fiscal benefits to compliant players and Goods and Services Tax (GST), among others.

India's security solutions market is seeing encouraging expansion, owing to accelerated economic growth, growing concerns about crime, terrorism, inadequate public safety measures and urbanisation. It is projected to grow from ₹390 Billion in FY15 to ₹970 Billion in FY20E, at a CAGR of 20% (Source: FICCI Report on Private Security Industry).

We further enjoy expertise in related products like building management system (BMS) and training conductors for bus services, among others. We have grown this business completely organically.

With these growth opportunities in place, we have reinforced our position as India's fastest growing and second largest security solutions company, commanding 4% market share.

## OUR COMPETENCIES

### Track record

Our 35+ years of experience offers us deep industry-specific insights into handling critical security issues, risks and mitigation. These help us create customised solutions for industries and customers.

### Widest reach

We have over 170 branches across India, which is close to double the branch network of the next largest player. Our unparalleled reach enables us to provide single-point services for companies that need multi-location security coverage.

### Solutions delivery

We are the pioneers in bundling traditional manpower with technology to create solutions that offer enhanced efficiency and effectiveness in services.

### Nurturing talent

We have the largest supply chain in India enabling us to hire, train and deploy over 25,000+ employees every year. This coupled with continuous training and robust middle management grooming through the GTO programme help us have the best management pool in India.

### Compliance and governance

Our high compliance and corporate governance standards make us stand out and is a strong USP for increasingly demanding customers.

## INDUSTRY ENABLERS

- Security solutions industry size is around ₹80,000 Crore and it is growing at 18-20% annually.
- Increasing economic activity and GDP growth lead to the demand for improved security.
- Annual rise in wages of security guards is a key growth driver of the security solutions industry.
- The Private Security Agencies (Regulation) Act, 2005, brought all private security agencies under government control.
- Enhanced threat from anti-social elements and terrorist outfits.
- Societal perception on threats and awareness on security.
- Increased urbanisation and asset creation.

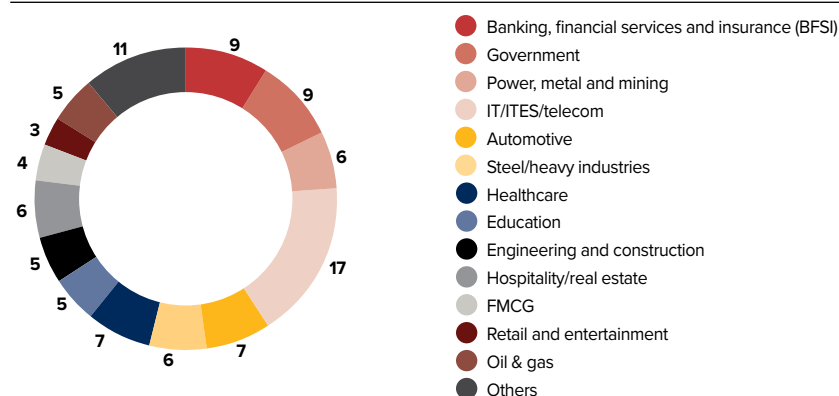


## CORE OFFERINGS

- Security Guards/Officers
- Armed Guards
- Firemen
- Fire Suppression
- Maritime Security
- Aviation Security
- Perimeter Protection
- Command and Control Centre
- Paramedic and Allied Health
- Rowing and Mobile Patrols
- Access Control/Entry Automation
- Closed-Circuit Television (CCTV)
- Intrusion Detection
- Fire Detection

## Sector-wise sales mix

(%)



## ACHIEVEMENTS, FY19

- Recorded 17.6% organic growth on the back of strong customer wins and retentions.
- Registered customer retention ratio at 95%.
- Completed two acquisitions in India with SLV Security and Uniq Security.
- Crossed ₹200 Crore monthly revenue run rate and ended the year at a monthly revenue run rate of ₹265 Crore (including SVL and Uniq).
- Won the single largest contract ever in India's security industry with the Cognizant contract.
- Rolled out M-Trainer—our digital learning platform—on tab/app and on wheels, enhancing on-job-training for our field staff.

## Financial progress

Security Solutions - India	FY19	FY18
Revenue from operations (₹ in Mn)	27,123	21,501
EBITDA (₹ in Mn)	1,519	1,491
EBITDA (%)	5.6	6.9
Revenue share in overall business (%)	38.2	36.9
EBITDA share in overall business (%)	41.0	47.7

## WAY FORWARD

Being India's largest Security Solutions player with 4% market share, we continue to enjoy significant growth headroom. Going forward, we will continue to optimise synergies in the acquired companies, strengthen brand salience and build more traction in Man-Tech solutions. Additionally, we will focus on consolidating our position in key regions and enhance our working capital management.



**Chander Gujral**  
President, Tech SIS

With the growing relevance of technology in security systems, the market for electronic security systems in India has grown significantly in the last few years. The demand in this segment is primarily driven by the realisation among end users that a combination of physical and technology-based security offers more holistic protection and at a lower operating cost.

We offer technology-driven, integrated and turnkey electronic security and surveillance solutions to private, as well as government organisations.

Our unique Man-Tech solutions provide services to various industries like healthcare, education, hospitality and others through smart use of technology. We use cameras, Near Field Communication (NFC) cards, Global Positioning System (GPS)



devices and remote monitoring, with security personnel to optimise our service offerings.

We provide end-to-end services, encompassing surveys, requirement analysis, solution designing and implementation and installation of electronic security systems.



## OUR COMPETENCIES

### End-to-end solutions

One-stop Security Solutions provider that offers assessment, design, procurement, installation and maintenance.

### Enduring relationships

Lasting relationships with OEMs and reputed players strengthen opportunities to generate leads and develop business.

### Round-the-clock services

Fully trained design/installation engineers with 24x7 system support.

### Packaged offerings

Our bundled Man-Tech solutions are integral to our services.

### Best-in-class sourcing

Source products from the best digital companies and provide some of the most advanced electronic Security Solutions to our customers.

### Best handlers

Well-trained and efficient security staff to handle all electronic devices.

### Consistent monitoring

Regular track of technological upgrades.

## MAN-TECH

**SOLUTIONS  
UNDER ONE ROOF**

## 24X7

**FULLY TRAINED  
SYSTEM SUPPORT**

## END-TO-END

**SECURITY  
MANAGEMENT SYSTEM**

### INDUSTRY ENABLERS

- Growing demand for high-tech surveillance through Man-Tech solutions on Electronic Security as a Service (ESAS) model.
- Premiumisation of offerings for organised market participants to capitalise on technological innovations in security applications.
- Rising demand for end-to-end solutions are bringing security requirements under a single umbrella.
- Increasing budgets for high-end security solutions across commercial, government and residential sectors.
- Increased urbanisation and asset creation.

### CORE OFFERINGS

- Closed-circuit television (CCTV)
- Access control
- Entry automation solutions
- Fire detection
- Public address systems

### ACHIEVEMENTS, FY19

- Bagged 109 deals consisting of various product lines and solutions, involving CCTVs, entrance control, access control and others.
- Expanded our tech hubs from 4 to 11.
- Conducted L2-level training successfully.
- Launched new offerings under the Man-Tech umbrella that provides locking solutions, inhouse VMS and other customised solutions.
- Partnered with several public sector units (PSUs) fortifying our overall portfolio.

## INDIA'S LARGEST TT LOCKING SOLUTION PROJECT

We completed a highly innovative project for a leading oil & gas public sector undertaking (PSU) in India. We provided the oil giant with Electromechanical Locking Solution for 2,700 tanker trucks for 3,600 retail outlets and successfully completed it in a record nine months.

The solution offered has a very complex yet sustainable back-end application, which exceeded customer expectations, as it increased profitability significantly by curtailing access and pilferage of oil.

We developed the integrated application software to manage the complex operation in-house, integrating world-class hardware and successfully executing the project in 13 terminals. This is India's largest TT Locking Solution project by any organisation.

## WAY FORWARD

With India's steady economic growth, we see improved prospects in the coming years. We will continue to leverage government policies and initiatives like Smart Cities, which are expected to enhance focus on security, to expand our presence. We will strengthen our alliances with original equipment manufacturers (OEMs) and government departments to expand our operations.

Our objective is to expand our footprint by reaching more locations

and increasing our hub count. Additionally, we intend working on big-ticket projects to sharpen our capabilities, deepen our industry insights and maximise our brand salience. Moving ahead, we will bolster our Man-Tech solutions by incorporating a solutions-based approach.

Additionally, we will explore other solution offerings such as Electronic Security as a Service (ESAS) to retail and strengthen tie-ups with established players.



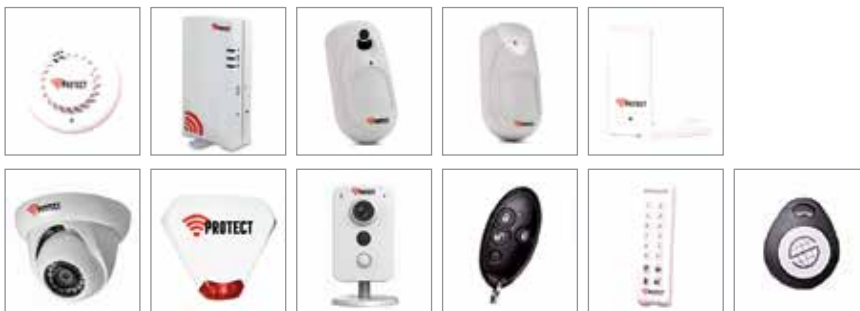
**Shankar Subramanian**  
President, VProtect

**15 MINUTES**  
RESPONSE TIME

We launched VProtect in FY17 and provide state-of-the-art video-verified and integrated security response services through it. VProtect primarily caters to homes, small commercial offices and retail spaces with a private and dedicated response fleet.

We are employing cloud computing and mobile application technologies for cost optimisation, while adopting technology that is reliable, affordable and easy to operate.

Our customers' security is our first priority; and therefore, we utilise sophisticated hardware systems, which ensure robust connectivity using wireless applications. The cutting-edge infrastructure enables us to promptly troubleshoot anomalies in connectivity, while keeping a check on the network



strength and battery energy. Despite these fail-safe measures, we provide a dual channel of communication to our customers, ensuring uninterrupted services in case of network failure.

VProtect offers peace of mind to our end users, along with easy-to-use applications and fast response. We provide our customers a comprehensive mobile app that enhances efficiency and facilitates usage. Moreover, we are collaborating with financial institutions for providing easy EMI options to buyers.

### ADVANTAGES OF VPROTECT

- **Protects valuables**  
The 24-hour monitoring capability is useful to preserve valuables and protect family/staff. In case of break-ins, the alarm goes off immediately.
- **Prevents crime in immediate vicinity**  
It has been proven that with the installation of a security system, the crime rate in the locality drops gradually. Even people who don't have a system, but live in the same locality are safer.
- **Provides remote access**  
Monitoring property even in the absence of the owner by installing hidden cameras at preferred locations. Ability to remotely control and adjust locks/lights.
- **Low maintenance cost of security**  
Employing round-the-clock services of a guard can be expensive. This wireless tech and manpower response solution is ideal to reduce security cost.
- **Emergency response**  
In the event of a fire or medical emergency, the monitoring centre, apart from the panic button will ensure immediate response from the required civic authorities.

### CORE OFFERINGS

- Alarm monitoring and response
- Fire suppression
- Medical and personal emergency systems
- Perimeter protection system

### OUR COMPETENCIES

#### Wireless security solution

We offer seamless services in wireless security solution through leading-edge technology.

#### 24x7 services

We provide round-the-clock private emergency response fleet to defuse any emergency situation.

#### Vigilance with privacy

We ensure the privacy of our customers through event-based recording.

#### Periodic maintenance

We care for the installed devices with monthly maintenance and health check of installed devices conducted by professionals.

#### Operational synergies

We derive procedural synergies, thanks to our extensive network.

#### Regular patrolling

We provide day-and-night beat patrolling by response officers to identify any unusual activity around the property.

### INDUSTRY ENABLERS

- Security norms are stringent and strictly implemented, leading to higher prevalence of alarm monitoring in medium-scale and large-scale industries.
- Rising safety awareness is propelling the demand for alarm monitoring and response solutions.
- Increased urbanisation and asset creation.

### ACHIEVEMENTS, FY19

- Strengthened and customised solutions based on requirements, building a pan-India response mechanism for catering to B2B requirements; and leveraging technology to improve customer engagement, among others.
- Introduced wireless PIR detector with camera capability to cut down false alarms and legitimacy check tools, real-time visuals, Smart 2.0.
- Achieved 98% on response service level agreement (SLA).

### WAY FORWARD

We will continue to expand our presence with dedicated sales, CRM/response offices in each of our seven city clusters and increase our B2B sales across the banking, retail and logistical segments. We will further use alternative channels to promote VProtect services in Delhi, along with focussed and targeted marketing activities that will include digital and social media initiatives. Besides, we will improve our sales productivity and CRM through training and development and build operational efficiencies using customer feedback.

### FOUR-STEP WORKFLOW

1. If an intruder tries to break into our customer's home or workplace, our system will trigger a loud alarm and send a notification to our Alarm Receiving Centre.
2. Our alarm receiving centre will verify the alarm and contact the customer within a minute.
3. Within 15 mins, a trained response officer will be at the premises.
4. Meanwhile, the concerned civic authority (police, ambulance, fire) will also be alerted.





## Business Segment 2

# Security Solutions – International



**Mike McKinnon**  
CEO - SIS International

# 10,400+

**TRAINED  
SECURITY PERSONNEL**

# 1,057

**CUSTOMERS**

# 20%

**MARKET SHARE**

# 9,700+

**MOBILE PATROL  
CUSTOMERS**

In Australia, we operate MSS—Australia's largest Security Solutions company—and Southern Cross Protection (SXP), where we have 51% stake. We have carved over 20% market share in the country's security solutions industry by delivering a full range of security solutions, along with other quality paramedic and allied health, fire rescue and specialised training services. We cater to key customers in Australia's aviation, defence, healthcare, mining, natural resources, manufacturing, education and heavy construction industries and provide our services to several government organisations.

During FY19, we forayed into New Zealand and Singapore with the acquisition of Platform 4 Group Ltd. (51% holding) and Henderson Group (60% holding), respectively. The acquisition of Platform 4 Group Ltd. will enable us to bid for customers who require joint contracts for Australia and New Zealand while Henderson Group offers significant opportunities to bid for large government and quasi-government contracts in Singapore. Henderson enables us to access regional APAC level contracts, which are decided out of Singapore.

The new acquisitions in Singapore and New Zealand will enable us to deepen our footprint across the new and emerging markets in the Asia Pacific (APAC) region, with a larger suite of security solutions.

## OUR COMPETENCIES

### Customer retention

Our top 10 customers have been with us for over five years, as a result of superior customer servicing.

### Well-trained teams

We have trained patrol teams, adept at handling various types of cases.

### Qualified leadership

Our stable, well-qualified and experienced management helps develop a cohesive internal unit.

### Expertise

We are experts in area management and efficient in handling large crowds; managed security at reputed events such as Formula 1 Championship, Melbourne Cup and Australian Open, among others.

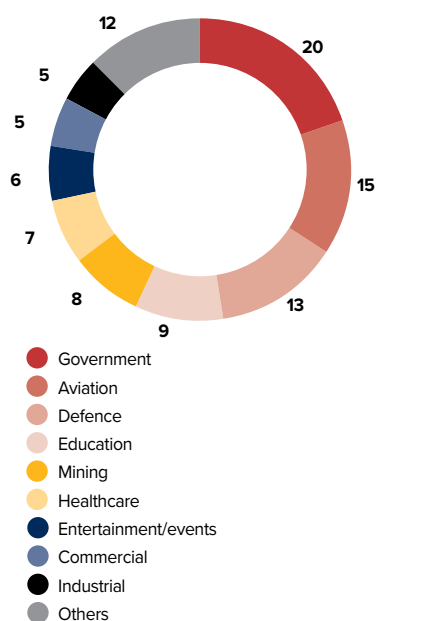
### Collaboration with authorities

Our organisation is well regarded by all regulatory and police authorities who value MSS insights and partnerships.



## Sector-wise revenue mix

(%)



## INDUSTRY ENABLERS

- A mandatory increase in the minimum wage is the most significant driver of revenue growth for security solutions.
- Security threats heighten demand for security solutions, especially for high-risk groups such as critical infrastructure, universities and government establishments, and law enforcement agencies.
- Sustained growth across commercial, industrial, government and aviation sectors for security solutions.

## CORE OFFERINGS

- Security guards/officers
- Maritime security
- Aviation security
- Perimeter protection
- Command and control centre
- Paramedic and allied health
- Roving and mobile patrols
- Access control/entry automation
- Closed-circuit television (CCTV)
- Intrusion detection
- Emergency 1st responders
- Retail loss prevention
- Major events
- Risk assessments and investigations
- Armed guards







## ACHIEVEMENTS, FY19

- Executed Commonwealth Games contract.
- Awarded Contractor of the Year by the Department of Defence, Australia.
- Recorded revenue growth of 14.5% and EBITDA growth of 19.8%. Out of this, organic revenue growth was 13.6% and organic EBITDA growth was 15.0%.
- Acquired 60% stake in Henderson Security in Singapore.
- Procured 51% stake in Platform 4 Group, New Zealand.
- Ended the year with Days Sales Outstanding (DSO) of 46 days – in the process, generating free cashflow of AUD 27.3 Million.
- Introduced emerging technologies that facilitate online recruitment, training programmes and other such initiatives, which enhance employee productivity.

## Financial progress

Security Solutions - Australia	FY19	FY18
Revenue from operations (₹ in Mn)	34,580	30,185
EBITDA (₹ in Mn)	1,552	1,296
EBITDA (%)	4.5	4.3
Revenue share in overall business (%)	48.7	51.7
EBITDA share in overall business (%)	42.0	41.5

## WAY FORWARD

Our new acquisitions will provide access to opportunities with international customers across Australia, Singapore and New Zealand. Our present strategy will focus on strong organic growth in these regions and integrate these entities to realise optimum synergies and cost savings. Going forward, we will concentrate on delivering solution-based service offerings that will enable cost-effectiveness.





# Business Segment 3

## Facility management Services



**Shamsheer Puri**  
Managing Director, DTSS



**Jasmer Puri**  
Jt. Managing Director, DTSS



**Edward Ambrose Dsouza**  
President, ServiceMaster  
Clean Limited

**54,988**  
EMPLOYEE STRENGTH

**1,275**  
CUSTOMERS SERVED

**3,222+**  
CUSTOMERS SITES

**73**  
BRANCHES

India's facility management market is expected to be buoyed by construction activities (high-end commercial and residential sites); government policies (Smart Cities); increasing population across Tier I cities and continuing growth in IT/ITeS, healthcare and banking sectors. Besides, the increased demand for high-level hygiene standards in the healthcare and pharmaceutical industry, provides enhanced opportunities for us to expand. Also, the market is witnessing a significant shift from unorganised sector to organised sectors owing to the increased regulatory interventions.

We operate three brands in India's Facility Management industry: ServiceMaster Clean (SMC) Dusters Total Solutions Services (DTSS) and Rare Hospitality (Rare). While SMC has been in operation for the past ten years, we acquired DTSS in August 2016. DTSS enjoys deep footprint in the markets of Karnataka and Maharashtra, with a distinct brand popular among domestic and international companies. Rare is an acquisition completed in November 2018 that gives us expertise in the niche healthcare verticals, besides additional presence in West India.

We offer productivity-based value proposition with integrated Facility Management solutions to our partners across sectors and transform customer premises in line with the global best practices. During FY19, the segment grew by 46.7% and recorded a five-year CAGR of 83%.

## OUR COMPETENCIES

### Wide footprint

Our FM business has the largest branch network among all FM companies in India. This gives us a unique ability to serve customers across locations.

### Well-defined offerings

We offer customers the choice between input-based and output-based delivery models. The latter enables more efficient delivery mechanism.

### Sophisticated machinery and training

Mechanised cleaning through specialised equipment helps in delivering cost-effective quality solutions and world-class standards of housekeeping, owing to intensive training for cleaning staff.

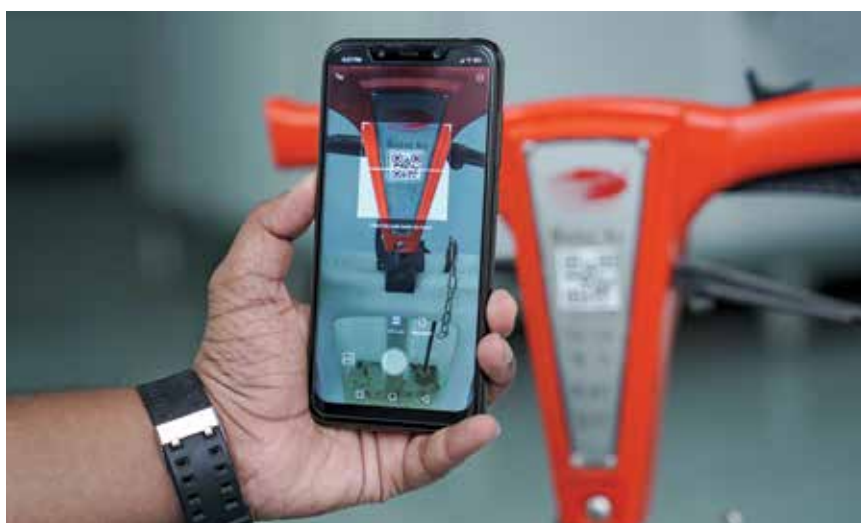
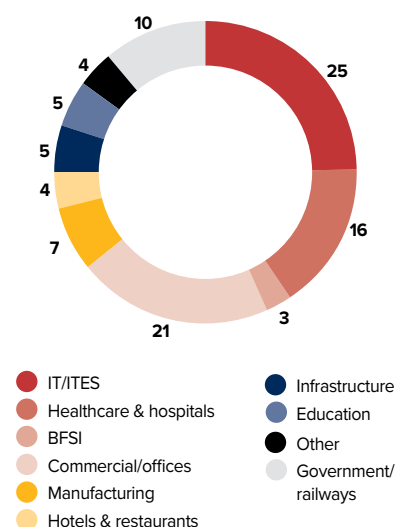
### Technology investments

We have made steady investments in technology across onboarding, payroll, audit, quality assessment, training etc. to establish a clear differentiator for customers while also improving productivity.

### Customer relationship management

Our proactive and transparent engagement with our clients has enabled us to foster long-lasting business relationships, with a customer retention rate of over 98%.

## Segment-wise revenue mix (%)



## CORE OFFERINGS

### Hard services

- Mechanical and electrical maintenance
- Plumbing services
- Asset management strategies
- Preventive maintenance services
- Short-term repairs
- Heating, ventilation and air-conditioning

### Soft services

- Cleaning and housekeeping
- Catering
- Pest control
- Office support
- Guest house or service apartment management

## ACHIEVEMENTS, FY19

- Increased overall revenues on the back of strong wins in Railways, corporate and Integrated Facility Management (IFM) contracts.
- Delivered substantial growth—52%—in M&E (Mechanical & Electrical) services.
- Bagged key projects with prestigious organisations.

## WAY FORWARD

Our priority is to work towards expanding our revenues through pan-India presence, high-value large contracts and integrated Facility Management contracts. We will continue to focus on healthcare, pharmaceutical, hospitality, manufacturing and IT & ITES sectors with 'smart solutions', based on digital drives and smart mechanised cleaning, aimed towards productivity and process improvements.

Additionally, we will steadily increase the adoption of technology-driven and digitised processes and procedures to facilitate the introduction of service-based new technology and reduce the proportion of voluminous and repetitive manual processes. We will also focus on planned growth in Chennai, Hyderabad, Delhi, Pune and Delhi NCR and continue with the organisation's leadership development.

## INDUSTRY ENABLERS

- The demand for facility management services is consistently growing with increasing awareness among end users. End users include offices, hotels, hospitals, malls, residential spaces, the automobile industry, the pharmaceutical industry, electronics, food and infrastructure development.
- Growing preference for integrated players who provide a one-stop shop for facility management

needs, rather than unorganised companies that are incapable of providing integrated services and do not have a good track record of compliance.

- Increasing awareness of the benefits of outsourcing facility management to reduce operating costs of the facilities/buildings and to focus on core business activities.

- Focussed on smart solutions with digital and mechanised services.
- Continued to adapt to a digital infrastructure for enhancing customer experience, operational efficiency at the sites, back-office process efficiency and empowering and enhancing employee experience.
- Acquired RARE Hospitality to strengthen our presence in the Facility Management services,

especially in the healthcare vertical; with a customer base of 80+ patrons, over 30 years of experience, 4,000 strong workforce and a robust presence in western India, the acquisition is expected to bolster our position in India's healthcare vertical.

## Financial progress

Facility management	FY19	FY18
Revenue from operations (₹ in Mn)	9,499	6,745
EBITDA (₹ in Mn)	640	332
EBITDA (%)	6.7	4.9
Revenue share in overall business (%)	13.0	11.6
EBITDA share in overall business (%)	17.0	11.0

In our ServiceMaster business, we intend to balance the growth of our services to government/s, Railways and corporates and hence strengthened our corporate and regional sales team. Moreover, our strategies include increasing the Strategic Business Units (SBUs) from 32 to 38, continue with our digital transformations—largely focussing on smart solutions for operations and back office—and leadership development for the middle and senior levels across all functions, through various programmes.





**Anil Dias**  
President, Terminix SIS

**1,000+**  
CUSTOMERS

**32%**  
GROWTH  
OVER PREVIOUS YEAR

The global pest control market is likely to reach US\$ 27,609.8 Million by 2025, registering a 5.2% CAGR from 2018 to 2025, primarily driven by Brazil, India, China, Russia, Mexico and others (Source: Pest Control Market by Type, Application, Global Opportunity Analysis and Industry Forecast, 2018 – 2025). Pest control, a labour-intensive industry, is strengthened by the growth in economic activities.

We entered into a JV with Terminix—the world's largest pest management company—to launch TerminixSIS. We offer professional and efficient pest and termite control services to B2B, B2C and B2G customers through TerminixSIS. Our services are world-class and affordable at the same time. We deliver services to restaurants, food processing units, healthcare facilities, offices and residences, with specific focus on non-food based commercial customers and cover the entire spectrum of pests.

#### CORE OFFERINGS

- Pest control
- Termite control

#### OUR COMPETENCIES

##### High-quality offerings

We provide world-class and expert services in pest and termite control, backed by the 'Terminix SIS Problem Solved Guarantee'.

##### Affordable services

We offer cost-effective pest management solutions that can be availed by a large market segment.

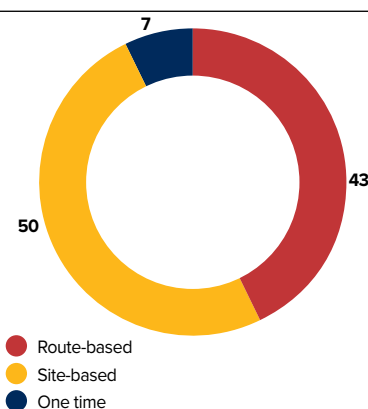
##### Professionally trained team

Our team comprises certified and government-licensed professionals, delivering quality services consistently.

##### Customer satisfaction

We are focussed on maximising customer satisfaction with the quality of our services.

#### Sector-wise sales mix (%)



#### ACHIEVEMENTS, FY19

- Focussed on revenue growth through consistent scale up and exiting non-profitable accounts.
- Accomplished a break even at the enterprise level with a model, which is over 95% commercial.
- Leveraged on our ability to provide services on a pan-India basis.
- Recorded 20% of the revenue coming from large Facility Management players.
- Doubled recurring revenue in North and East zones; South region grew on a larger base, while West region bagged the largest ever one-time order.
- Launched CSAT 2.0, an enhanced customer satisfaction tool.

#### INDUSTRY ENABLERS

- Over the years, there has been a growing trend of offering contracts to service providers that have a pan-India presence and adhere to all statutory compliances, while being capable of servicing according to stringent audits and at the same time, are professional in their approach.
- Growing number of service sector segments, including food processing units, retail, healthcare and hospitality industries offer enhanced prospects.
- The concept of pests, affecting health and causing diseases, has caught on with an expanding market segment, owing to the Government of India's Swachh Bharat Abhiyan, further accentuating the importance of hygiene.
- As the industry has no entry barriers, there is always a challenge for price competitiveness, presenting an opportunity for us to differentiate ourselves and build a loyal customer base.

#### WAY FORWARD

By FY20, India's outsourced pest control services is expected to reach ₹21,140 Million, offering us immense growth opportunities. We will further scale the business with relentless focus on acquiring large profitable accounts and leveraging our pan-India footprint to bag sizable route-based customers. We will also emphasise on gaining business from large Facility Management players, renewals and delighting our customers with enhanced services and customer relationship management.

Moving ahead, we will continue to maintain tight controls on gross margins and enhance commitment on CSAT initiatives, while enriching the branch score card to a seven-finger model to rate them.

We will open new branches in Chandigarh and Patna and seed new markets in Indore and Bhubaneswar. We will also concentrate on one-time revenue generators, including rodent-entry closures, termite product sale and others.



# Business Segment 4

## Cash logistics

**SIS PROSEGUR**  
LEADER IN CASH LOGISTICS >>



**Avinash Kumar**  
President, SIS Cash Services



# #2

**LARGEST CASH  
LOGISTICS COMPANY**

# 14%

**MARKET SHARE**

# 8,720+

**EMPLOYEE STRENGTH**

# 2,000+

**CASH VANS  
AND TWO-WHEELERS**

# 54+

**VAULTS/STRONG ROOMS**

India's cash logistics market prospects look promising, with the new Reserve Bank of India(RBI) guidelines for cash logistics companies. The latest guidelines are designed to bring the companies at par with global standards and practices, improve security of public money, enhance efficiency and reduce frauds in future. As India's second largest Cash Logistics player with 14% market share in terms of revenue, number of employees, ATMs served and cash vans utilised, we foresee exciting times ahead.

We established SIS Cash Services, under the brand name SIS Prosegur, in 2011 in a JV with Prosegur. Later in 2014, we acquired the Cash Logistics business of ISS-SDB and rebranded it as SISCO, which helped us to reach our current market position.

We utilise state-of-the-art tools for operations, including SCO, Genesis, ATM app, along with the platform for Cash Deposit Machines (CDM) for operation and reporting that the JV receives from Prosegur.

## CORE OFFERINGS

- Safe keeping and vault-related services
- ATM-related services
- Cash-in-transit
- Doorstep banking
- Cash pick-up and delivery
- On-site and off-site cashiers
- Bullion transportation

## ACHIEVEMENTS, FY19

- Initiated a business-wide system integration project.
- Implemented CYCLO tool for tracking and control of losses.
- Integrated SISPSG/SISCO back-office functions and alignment of policies.
- Initiated the new 'fleet Mobile APP' for better fleet control.
- Tested Cash Deposit Machine (CDM) successfully.
- Transferred support services to a new JV organisation.
- Integrated vaults with NOC, measuring its control OTC.

## OUR COMPETENCIES

### Wide reach

We have a strong customer base, owing to an extensive infrastructure and outreach across all major cities. Our wide network extends to the underserved markets of North East India, as well.

### Long-standing associates

We share enduring relationships with our vendors, business contractors and employees.

### Technology leadership

We utilise industry-leading technology from Prosegur that allows us to have best-in-class processes and systems.

### Robust partnership

We enjoy a strong investment partner in Prosegur that helps us to grow our business in India.

## INDUSTRY ENABLERS

- Increase in the number of ATMs and ATM transactions.
- Growing number of organised retail shops, jewellers, gold loan companies and hospital chains.
- Positive economic outlook, driving consumerism.

## Financial progress

Cash logistics	FY19	FY18
Revenue from operations (₹ in Mn)	2,872.6	3,120.0
EBITDA (₹ in Mn)	16.7	45.0
EBITDA (%)	0.6	1.4

Please note that the Cash Logistics business is not consolidated in our financials and is accounted for on the basis of equity accounting.



## WAY FORWARD

With the RBI/MHA guidelines being announced, there has been a realignment of resources, opening more opportunities in terms of additional business from existing lines and new business segments. In this dynamic business landscape, we are well placed to expand and grow as a thought leader in the cash industry.

During FY20, we will focus on improving pricing and expand our non-ATM business, achieving positive EBIT. We will further enhance the use of technology to ensure we become a 100% system-driven organisation. We will deploy CDM and align our resources according to the RBI/MHA guidelines.



# Our People

## Building a winning talent pool

At SIS, we believe in marrying a winning culture with the best-of-breed technology and processes to create a scalable platform for innovation and growth. We are shaping a congenial work environment for our people where their skills are nurtured and sharpened.

### INDIA

Our India businesses are a part of the world's fastest growing large economy, where the services sector is booming, making it essential for us to recruit and retain talent. We nurture our people through training and other growth opportunities.

#### PROCESSES AND PRACTICES

- Streamlined and strengthened key HR processes, including onboarding of billable employees and their background verification.
- Initiated career banding, designed and aligned HR policies accordingly.
- Automated key HR processes and launched HRMS.
- Encouraged diversity-based hiring.
- Focussed on performance management, with the launch of half-yearly performance review.
- Improved internal employee communication through weekly events and policy updates.



#### REWARDS AND BENEFITS

- Launched reward and recognition scheme and sales incentive programme for billable employees and sales team of Facility Management businesses, respectively.
- Commenced preventive healthcare programmes across the Group.
- Launched attractive Group Term Life Insurance policy.
- Organised affordable financing options through loans at subsidised rates.

#### TRAINING AND DEVELOPMENT

- Provided training to billable employees on soft services in Facility Management business that led to enhanced efficiency.
- Trained sales teams on presentation and negotiations, improving the quality of proposals.
- Upskilled support staff—office executives—on compliances and data management, resulting in reduced non-compliance issues and improved data accuracy.
- Created a dedicated learning management system (LMS) in communication skills to improve team and peer-level communication (written and oral).
- Focussed on leadership development.
- Educated teams on Prevention of Sexual Harassment (POSH) at workplace, POSH rights and the reporting mechanism.



# 3,070

**PERSON-DAYS  
TRAINING IN FY19**

**360 OF THE TOP 400  
MANAGERS IN INDIA ARE  
WITH SIS FOR OVER 10  
YEARS**

**AVERAGE TENURE OF THE  
TOP 400 MANAGERS IS  
OVER 10 YEARS.**

Going forward, we are looking towards transforming our human resource processes through automation and enhancing our productivity through training and upskilling. We will also focus on building leadership skills and self-learning at SIS, with emphasis on employee health and wellness.

## INTERNATIONAL

Our focus is on enhancing the team's diversity by recruiting women, indigenous people and defence force veterans.

### PROCESSES AND PRACTICES

- Partnered with specialist recruitment providers to enhance diversification and continued to drive employment of indigenous employees, which resulted in 200 indigenous employees in MSS—Australia's largest Security Solutions provider.
- Implemented Talent Succession Development Programme—STEPS (Supported Training and Experience Pathway for Success)—for creating a talent pool across various management levels; during the year under review, we had 40 participants for the programme.
- Introduced Recruitment Metrics programme that provides information on recruitment processes, timelines and employee retention.
- Piloted video-based recruitment interview programme, which improves efficiency and enhances the recruitment procedure, enabling effective hiring.

### REWARDS AND BENEFITS

- Introduced flu shots for all employees, which not only reduced personal leaves but also promoted health and wellbeing.
- Initiated new employee benefits to drive employee retention, specifically targeting cost of living benefits for our people and their families;

also introduced Medibank health insurance employee benefits.

- Organised several health campaigns for both men and women that raised awareness about various health issues.

### TRAINING AND DEVELOPMENT

- Expanded and enhanced our online training capability further by developing 40 customer-centric models for our online learning programme.
- Incorporated accredited course, Certificate IV in Leadership and Management for Supervisor Level Succession Programme.
- Initiated Lunch and Learns, 30-minute effective training sessions, which encourage skill development and knowledge transfer in a relaxed lunchtime setting.

### RECOGNITION FOR OUR HR DEVELOPMENT INITIATIVES

The Human Resources Director (HRD)—a leading HR industry body—honoured MSS Security with the Employer of Choice Award – 2018. The Company also received an award for Outstanding Training Initiative at the 2018 Outstanding Security Performance Awards (OSPA).





# The SIS family





# CONFERENCE 2019

er in  
Logistics  
gement



# Board of Directors



**RAVINDRA KISHORE SINHA**

Chairman



**RITURAJ KISHORE SINHA**

Group Managing Director



**UDAY SINGH**

Non-executive Director



**ARVIND KUMAR PRASAD**

Director – Finance



**RITA KISHORE SINHA**

Non-executive Director



**ARUN KUMAR BATRA**

Independent Director



**AMRENDRA PRASAD VERMA**

Independent Director



**DEVDAS APTE**

Independent Director



**TCA RANGANATHAN**

Independent Director



**RAJAN KRISHNANATH MEDHEKAR**

Independent Director



**RENU MATTOO**

Independent Director



**RAVINDRA KISHORE SINHA****Chairman**

Mr. R.K. Sinha is a first-generation entrepreneur and founder of SIS Group. A journalist by background, the foundation laid by him over 30 years back is responsible for making SIS Group a recognised leader in the security and business support services business in Asia Pacific with over 170,000 permanent employees. His dream of taking the Company public came to fruition in FY18. He is actively engaged in several philanthropic activities.

**RITURAJ KISHORE SINHA****Group Managing Director**

Mr. Rituraj Sinha is the Managing Director of SIS. He is an alumnus of the Doon School and Leeds University Business School, UK. He joined the SIS Group in 2002 after a brief stint in the banking sector in the UK. Over the years, he has built a reputation for himself in the global security and business support services industry by forging partnerships with global market leaders and orchestrating game-changing acquisitions. He is active on various industry forums and champions the cause of the private security industry at various government forums and industry associations.

**UDAY SINGH****Non-executive Director**

Mr. Uday Singh, aged 70 years, is a Non-executive Director. He holds a bachelor's degree in Science (electrical engineering) from Birla Institute of Technology – Mesra, Ranchi and a post-graduate diploma in Management from Brilliant's School of Management, Chennai. He has over 39 years of experience in management and has, in the past, held various positions with Metallurgical & Engineering Consultants (India) Limited and Jindal Vijaynagar Steel Ltd., and with Praxair Carbon Dioxide Private Limited as Director and Business Head. Also, he served as the CEO of SIS till April 2018.

**ARVIND KUMAR PRASAD****Director – Finance**

Mr. Arvind Kumar Prasad, aged 62 years, is the Director – Finance. He holds a bachelor's degree in Commerce from the University of

Calcutta and an intermediate degree from the Institute of Chartered Accountants of India (ICAI). He has over 32 years of experience.

**RITA KISHORE SINHA****Non-executive Director**

Mrs. Rita Kishore Sinha, aged 65 years, is a Non-executive Director. She holds a bachelor's degree in Arts (Hindi) and a bachelor's degree in Law from Ranchi University. She has around 32 years of experience in the legal field and is currently enrolled with the Supreme Court Bar Association.

**ARUN KUMAR BATRA****Independent Director**

Mr. Arun Kumar Batra, aged 63 years, is an Independent Director. He holds a bachelor's degree in Arts (Economics) from St. Stephen's College, the University of Delhi and is a fellow of the Institute of Chartered Accountants of India. He has, over 39 years of experience and has, in the past, worked with Nestle India Limited, Eternit Everest Limited and Group4 Securicor India.

**AMRENDRA PRASAD VERMA****Independent Director**

Mr. Amrendra Prasad Verma, aged 66 years, is an Independent Director. He holds a master's degree in Arts (Political Science) from Patna University. He has over 35 years of experience in the banking field and has in the past worked with SBI Capital Markets Limited as Managing Director and CEO and in GE Mid Corporate Group as the Deputy Managing Director.

**DEVDAAS APTE****Independent Director**

Mr. Devdas Apte, aged 84 years, is an Independent Director. He has been associated with the Company since February 16, 1999. He holds a bachelor's degree in Arts from the University of Nagpur. In the past, he was also elected as a Member of Parliament (Rajya Sabha) from Jharkhand constituency.

**TCA RANGANATHAN****Independent Director**

Mr. TCA Ranganathan, aged 65 years, is an Independent Director of our Company. He holds a bachelor's degree in Arts (Economics) from St. Stephen's College and a master's degree in Arts (Economics) from University of Delhi. He has over 38 years of experience in banking and has, in the past, held various positions with Export Import Bank of India as the Chairman, with State Bank of Bikaner and Jaipur as the Managing Director and with State Bank of India as the General Manager of Gujarat operations.

**RAJAN KRISHNANATH MEDHEKAR****Independent Director**

Mr. Rajan Krishnanath Medhekar, aged 67 years, is a graduate from the Birla Institute of Technology and Science (BITS), Pilani and a post-graduate in Solid State Physics from the University of Mumbai. He was an officer of the Indian Police Service (1975 Batch) and has served with distinction in several critical assignments with the Kerala State Police and with the Government of India, concluding his career as the Director General of the National Security Guard (NSG), the country's elite force for Counter Terrorism and Anti-Hijack operations. Mr. Medhekar has wide experience and deep insight into the functioning of enforcement, national security, intelligence and crime investigation systems.

**RENU MATTOO****Independent Director**

Mrs. Renu Mattoo, aged 73 years, is an English (Hons.) from the University of Delhi and a post-graduate from XLRI, Jamshedpur. She was a professor for post-graduate management at XLRI for nearly 16 years. In addition to her academic responsibilities, She was also faculty head for placement from 1980 to 1992. She is a renowned consultant and Executive Coach to C-level executives. Executives from nearly 700 companies in India and abroad have attended her management workshops. She has written over 400 articles, which have been published in many top business journals and magazines, and she has been invited to read papers at various international seminars in India and abroad.



# Group Management Committee



**MR. RITURAJ KISHORE SINHA**  
Group Managing Director



**MR. UDAY SINGH**  
Director



**MR. DHIRAJ SINGH**  
CEO, SIS Group Enterprises



**MR. ARVIND PRASAD**  
Director Finance



**MR. DEVESH DESAI**  
Group Chief Financial Officer



**MR. MIKE MCKINNON**  
CEO, SIS International



**MR. TAPASH CHAUDHURI**  
COO, (India Security Solutions)



**MR. BRAJESH KUMAR**  
CFO (Security Solutions and FM)



**MR. VAMSHIDHAR GUTHIKONDA**  
President – M&A & Investor Relations



# **STATUTORY REPORTS & FINANCIAL STATEMENTS**

# Directors' Report

## To the Members,

Your Directors have pleasure in presenting the Thirty Fifth Annual Report on the business and operations of the Company together with the audited financial statements for the year ended March 31, 2019.

## RESULTS

The Company's operations during the year ended March 31, 2019 are summarised in the table below:

	₹ Million			
	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Net Revenue	25,035.17	21,350.52	70,932.73	58,333.73
Revenue Growth %	17.26	33.30	21.60	32.90
Earnings before financial charges, depreciation & amortisation and taxes (EBITDA)	1,433.14	1,475.95	3,651.59	3,119.62
Depreciation & Amortisation	295.10	305.27	659.51	559.73
Financial charges	475.43	465.54	938.34	924.83
Others (Other Income & other entries arising from business combination)	214.88	84.28	(421.92)	(5.45)
Earnings/Profit before taxes (PBT)	877.50	772.78	2,095.25	1,874.31
Provision for taxes	(315.11)	42.67	(51.54)	244.03
Net Earnings/Profit after tax (PAT)	1,192.61	730.11	2,146.79	1,630.28
Earnings Per Share (Basic) in ₹	16.28	10.20	29.48	22.77
Earnings Per Share (Diluted) in ₹	16.02	10.01	29.01	22.36

On a standalone basis, the Company's revenues, at ₹ 25,035.17 Million during the year under review, increased by 17.26%, EBITDA at ₹ 1,433.14 Million decreased by 2.90% and, profit after tax at ₹ 1,192.61 Million increased by 63.35%, as compared to the previous year. Your Company continues to grow at a rapid pace and its revenue growth over the last 5 years (CAGR) has averaged 25.4 % and is clearly the fastest growing company in security services in India. The Earnings per Share (Basic) for the year under review was ₹ 16.28 when compared to ₹ 10.20 for the previous year, representing a growth of 59.61%.

On a consolidated basis, the Group's revenues, at ₹ 70,932.73 Million during the year under review, increased by 21.60%, EBITDA at ₹ 3,651.59 Million increased by 17.05% and, profit after tax at ₹ 2,146.79 Million increased by 31.71%, as compared to the previous year. The Group continues to grow at a rapid pace and its revenue growth over the last 5 years (CAGR) has averaged 18.02 %. The Earnings per Share (Basic) for the year under review was ₹ 29.48 when compared to ₹ 22.77 for the previous year representing a growth of 29.47%.

The SIS Group is amongst the largest security and facility management services companies in the Asia-Pacific region with revenues continuing to grow at a rate in excess of the industry growth rate.

## SIGNIFICANT DEVELOPMENTS

### Acquisition of SLV Security Services Private Limited ("SLV")

Effective September 01, 2018, the Company has acquired 51% shareholding of SLV for an aggregate consideration of ₹ 505 Million. SLV provides man guarding, electronic surveillance, event security/ management and security consulting services

to a wide range of end user industries including industrial, retail, and residential, etc. Presently, SLV's operations are focused primarily in the Gurgaon market with a small percentage coming from business in other states including metros and Tier- I and Tier-2 cities in India. The acquisition would help the Company to gain market share in NCR (of which Gurgaon is a significant territory), where SLV is a leading player and, post-acquisition SIS + SLV will be the dominant player with a close to 10% market share in the Gurgaon market which is one of the top 8, and fastest growing, markets for security services.

### Acquisition of Rare Hospitality & Services Private Limited ("RHSPL")

Effective November 01, 2018, the Company has acquired 80% shareholding in RHSPL for an aggregate consideration of ₹ 319.66 Million. RHSPL provides hospitality and facility management services across more than 20 cities and 10 states of India with primary focus in Western India and Healthcare segment. RHSPL has over 80 customers and provides services over 200 sites. The primary customer segments include healthcare / hospitals, hotels, townships, commercial and industrial. The acquisition would help the Company increase market share in the facility management services and also increase its presence in the Western region and the Healthcare segment.

### Acquisition of Uniq Detective and Security Services Private Limited along with its subsidiaries ("Uniq Group")

Effective February 01, 2019, the Company has acquired 51% shareholding in Uniq Detective and Security Services Private Limited for an aggregate consideration of ₹ 515 Million. Uniq Group provides security and facility management services across more than 4 states of India. The primary customer

segments include Automobiles, Consumer and Technology. Uniq Group has over 475 customers across south India. The acquisition would help the Company increase its market share by close to 75% in Bangalore region, one of the fastest growing markets for security services.

**Acquisition of SIS Henderson Holdings Pte. Ltd. along with its subsidiaries Henderson Security Services Pte. Ltd (“HSS”) and Henderson Technologies Pte. Ltd (“HT”) (“Henderson Group”) by SIS Group International Holdings Pty Ltd., a subsidiary of the Company**

Effective February 28, 2019, SIS Group International Holdings Pty Ltd., a subsidiary of the Company has acquired 60% of shareholding in SIS Henderson Holdings Pte. Ltd. for an aggregate consideration of ₹ 2,280 Million. Henderson Group provides manned guarding services and building mechanical and electrical services (including electronic security services). The primary customer segments include residential condominiums, government and public transport and commercial spaces. Henderson Group is a highly reputed brand in Singapore and has an impressive client portfolio. The acquisition will give the Group an entry into the Singapore market and would help to expand its presence in the Asia Pacific region.

**Acquisition of Platform 4 Group Limited (“P4G”) by SIS Australia Group Pty Limited, a subsidiary of the Company.**

Effective February 28, 2019, SIS Australia Group Pty Limited, a subsidiary of the Company has acquired 51% shareholding in P4G for an aggregate consideration of ₹ 66 Million. P4G provides guard services, patrols and monitoring services and event services. The primary customer segments include manufacturing, construction, hospitality & commercial spaces. P4G is a highly reputed brand in New Zealand and has an impressive client portfolio. The acquisition will give the Group an entry into the New Zealand market and will enable enlargement and expansion of the Australian business operations into New Zealand.

**Private placement of NCD's.**

On April 13, 2018, the Company had allotted 1,500 secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1 Million each aggregating up to ₹ 1,500 Million on a private placement basis to eligible investors.

## OPERATIONS AND BUSINESS PERFORMANCE

### Security Services

#### Security services – India

During the year, we conducted a portfolio review exercise of our security services business and as a result of which we discontinued unprofitable contracts. In spite of this exercise, the business recorded a revenue of ₹ 27,123 Million during the year under review, representing a 26.15% growth over FY18. This year saw our security services business establish a few landmarks:

- We completed our first acquisition, viz., SLV Security Services Private Limited and Uniq Detective and Security Services Private Limited.
- As a result of these acquisitions, we believe that the SIS Group is now the largest security service company in India.

- We were awarded a three-year contract from Cognizant Technologies to provide security solutions across 47 facilities in India. As a result of this, we have deployed around 5,000 security personnel in different categories across all 47 facilities.

The consolidated revenues and financial results include the financial results of SLV and Uniq for 7 months and 2 months respectively and hence the full effect of these acquisitions will occur only in the next financial year.

The number of security personnel employed in India as on March 31, 2019 was 144,257. Significant operational improvements leveraging technology-based solutions have contributed to a growth in productivity and operating profits during the year under review.

During the year under review, we also incurred significant costs on account of deployment of the three-year contract from Cognizant Technologies and provisioning on account of the receivables from certain customers who were going through an insolvency process.

The EBITDA of the security services business in India, however, still improved from ₹ 1,491.31 Million in FY18 to ₹ 1,519.83 Million in FY 19.

#### Security services – International

The Group provides security services internationally through its subsidiaries in Australia, New Zealand and Singapore. In Australia, we operate through MSS Security Pty Ltd (“MSS”) and Southern Cross Protection Pty Ltd (“SCP”). In March 2019, we completed the acquisitions of majority shareholding in Henderson Group and P4G thereby extending our international businesses to Singapore and New Zealand.

On a consolidated basis, the Security services – International segment, comprising MSS, SCP, Henderson Group and P4G recorded revenues of AUD 691.35 Million during the year under review against AUD 603.46 Million in the previous year. This represents a growth of 14.56% over the previous year. In Australia, our revenues grew by 13.64%, which is noteworthy considering that the Australian industry is a fairly developed and stable market and its economy grew at 2.9% in 2017-18. MSS also handled the prestigious Commonwealth Games security project this year.

The newly acquired Henderson Group and P4G businesses are being consolidated only from the month of March, hence, the full effect of these acquisitions will occur only from FY20.

The highlights of the year for the Security services – International segment were:

- We continue to be No.1 in Australia with over 20% market share, outpacing market growth
- New contracts representing annualised revenue of AUD 45 Million were won during the year and an overall retention rate of 96% was achieved, which is a strong indicator of the high levels of operational excellence in our Australia business.

- c. We completed two acquisitions during the year as mentioned above and extended our international businesses to Singapore and New Zealand.

The EBITDA for the segment was AUD 32.9 Million against AUD 29 Million for FY18, representing a 13.44% increase over the previous year.

### Electronic Security Solutions

**1. ManTech** – Our electronic security business recorded a revenue of ₹ 240.20 Million during the year under review compared to ₹ 149.60 Million in the previous year. The business achieved significant traction with innovative projects and solutions developed for major oil and gas companies for securing their pipeline and transportation services. We continue to explore and develop tailor made solutions for different industry segments. We will continue to invest resources in these technology solutions as we believe that our clients and businesses in general are gradually seeking innovative and customised solutions from their key service providers and our investment will support our efforts to continue to provide such niche manpower-based technology solutions to the clients which will help solidify our leading position in the security services business.

**2. Alarm Monitoring and Response** – We provide these services to individual homes and small business and commercial establishments and operate this business under the brand VProtect. VProtect is the pioneer in providing Alarm Monitoring and Response services to the Indian consumers and we are confident of using our early mover advantage to expand our presence. During the year under review, we steadily expanded our presence in Gurgaon and the number of sites secured by us increased from 371 in FY18 to 1,350 at the end of FY19. We will continue to focus on providing these services to individual homes and small business and commercial establishments and will also seek to expand our service to adjacent territories and territories which have a high concentration of individual homes.

### Facility Management

The Group's facility management business comprises:

- i. Service Master Clean Limited ("SMC"), Dusters Total Solutions Services Private Limited ("Dusters") and Rare Hospitality & Services Private Limited in the business of housekeeping and cleaning services; and
- ii. Terminix SIS India Private Limited ("Terminix SIS"), a joint venture with Terminix, in the pest control business

The year saw a significant increase in our facility management business with revenues going up from ₹ 6,744.85 Million in FY18 to ₹ 9,499.17 Million in FY19, an increase of 40.84%.

The facility management business has been focusing on the healthcare, hospitality and commercial facility segments and the acquisition of Rare Hospitality & Services Private Limited

was a step in this direction of building specialised capabilities. We also increased our B2G business with our Railways vertical expanding significantly with more services and more stations under coverage.

We also launched our Total Facility Management (TFM) programme which will target selling integrated services to our customers.

The consolidated EBITDA of this segment also went up from ₹ 332.50 Million in FY18 to ₹ 639.90 Million in FY19, an increase of 92.45%, and the EBITDA margin also went up from 4.9 % in FY18 to 6.7 % in FY19. All businesses contributed to this increase in revenues and EBITDA.

Terminix SIS continues to show strong growth, albeit on a smaller base and the Directors are pleased to report that the business has recorded another year of high growth in revenues of 31.60%.

### Cash Logistics (a joint venture with Prosegur)

On a consolidated basis, the cash logistics business' revenues declined by 7.93 % over the previous year as a result of portfolio rationalisation resulting from a critical review of each contract in the business and the discontinuance of unprofitable contracts. We now operate over 2,060 cash vans, service 13,700 ATMs and provide doorstep banking services across 10,617 pickup points and also operate 58 vaults and strong rooms across the country.

The cash in circulation in the economy steadily came back on track and reached levels similar to the levels seen before demonetisation.

During the year under review, the Reserve Bank of India has issued guidelines and advised the banks to put in place certain minimum standards in their arrangements with the service providers for cash management related activities and also specified some financial benchmarks to be met by the service providers. The Ministry of Home Affairs has also issued guidelines for standard operating procedures for providing security by the private security agencies to cash transportation activities. We believe these will strengthen the operations of the industry, improve the security measures and reduce the risk levels for the industry.

In line with the RBI circular, the joint venture has initiated steps and drawn up a detailed action plan to ensure compliance with these regulations.

### OUTLOOK

The industries we operate in are closely linked to the overall economic growth of the country. India is currently one of the fastest growing major economies in the world according to IMF/ World Bank.

Strong underlying GDP growth coupled with sound demand drivers augur well for the Indian security services industry in the near future. Frost & Sullivan has forecast the Indian security services industry to grow at a CAGR of 20% over the



period 2015-2020 as compared to a CAGR of 18% over the period 2010-2015.

We have historically grown at over 1.5 times the industry growth across geographies and we believe that we are well placed to continue to outperform the industry in the future too.

This growth comes on the back of continued urbanisation, higher threat perception, inadequate police force and shift from less-organised local players to well-organised national players. All this is supported by good growth for all the underlying sectors that we service. Recent events and changes like demonetisation, implementation of GST, and better enforcement of PSARA are all going to accelerate the formalisation of this industry.

Our Australian business has demonstrated strong growth year after year and continues to maintain its No. 1 position in the Australian market. With our strong brand name and continuous investments in people and technology, we believe that we will maintain this market leadership position.

The facility management and pest control industry in India is still largely dominated by unorganised players with localised operations. There continues to be a steady shift from the unorganised to the organised players and this market is expected to grow at around 20%. While IT/ITES have been the first users of such services, we see an increasing shift towards outsourcing of these services by hotels, hospitals, retail, airports, metros, commercial outlets and small retail or F&B outlets as well. The trend towards outsourcing non-critical operations (FMS being prime among them) continues to be strong and as the market and industry expands, the scope of service offerings will expand, bringing in more revenue for the industry. The "Swachh Bharat" initiative by Government of India is expected to provide a major boost to facility management and cleaning services.

The Government has started to wake up to the efficiencies that can be garnered through outsourcing and we expect to exploit this potential by building on the capability displayed through our award-winning services provided to the Railways and other government departments.

The cash logistics industry has seen slower growth over the past years due to slowdown in ATM expansion and the general structure of the industry. We believe that the ecosystem for cash logistics is likely to undergo a significant shift with the new RBI regulations and MHA guidelines being announced during the year under review.

The Reserve Bank of India, vide its circular reference no. RBI/2017-18/152 dated April 6, 2018, has released a set of standards for service providers / sub-contractors in cash management logistics who are engaged by the banks for this purpose.

In addition, the Ministry of Home Affairs, vide gazette notification dated August 8, 2018 has issued the Private Security Agencies (Private Security to Cash Transportation

Activities) Rules, 2018, which are the model rules regulating cash transportation activities.

We are also witnessing increasing requirements from customers expressing an intent to invest in, and deploy, electronic security systems as part of their security deployment. At the same time, there is an increasing segment of consumers who are seeking to adopt electronic security as a service ("ESAS"). This presents a huge opportunity for players such as SIS, who have the ability to curate and provide man-tech solutions which provide integrated security solution to the customers.

Our focus remains to drive strong organic growth and at the same time continuously look to expand on our service offerings by acquiring businesses in niche markets/territories and customer segments. We believe that by continuously investing in systems, processes, training and recruiting the best personnel and managers, we would be able to continue to deliver superior services to customers.

### **MATERIAL CHANGES & COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR TILL THE DATE OF THE REPORT.**

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report.

### **Other significant matters from the end of financial year**

#### **Acquisition of shareholding in SIS Prosegur Alarm Monitoring and Response Services Private Limited.**

On April 24, 2019, the Company has acquired 50% shareholding in SIS Prosegur Alarm Monitoring and Response Services Private Limited ("SPAMRS") from Singpai Alarms Private Limited, in addition to the existing 50% shareholding held by it directly and indirectly. This acquisition would result in SPAMRS becoming a 100% subsidiary of the Company effective this date. It is expected that this acquisition would result in a greater alignment with the group's strategy and would also enable the integration of the business of SPAMRS with the existing business.

### **DIVIDEND AND TRANSFER TO RESERVES**

The Board, in its meeting held on May 2, 2019, has recommended a dividend of ₹ 3.50 per equity share for the financial year ended March 31, 2019. The proposal is subject to the approval of the shareholders at the Annual General Meeting ("AGM") to be held on June 28, 2019 and if approved, would result in a cash outflow of approximately ₹ 256.59 Million.

In terms of the provisions of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations"), your Company has formulated a Dividend Distribution Policy. This Policy is available on the Company's website [www.sisindia.com](http://www.sisindia.com).

### **SHARE CAPITAL**

As on March 31, 2019, the authorised capital of the Company is ₹ 1,350.00 Million divided into 135,000,000 equity shares of ₹ 10 each.

During the year under review, 128,888 equity shares of ₹10 each were allotted upon exercise of options under the Company's Employee Stock Option Schemes.

Consequently, the paid-up equity share capital of the Company, as on March 31, 2019, stands increased to ₹733.13 Million consisting of 73,312,673 equity shares of ₹ 10 each.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Pursuant to Section 186 of the Companies Act, 2013 ("the Act"), disclosures on particulars of loans, guarantees and investments are provided as part of the financial statements.

### **PUBLIC DEPOSITS**

During the year under review, your Company has not accepted or renewed any deposit within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 and, as such, no amount of principal or interest was outstanding, as on the date of the Balance Sheet.

### **CORPORATE GOVERNANCE**

The Company's business and operations are managed by a professional team of managers led by the Managing Director under the supervision and control of the Board of Directors. The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements as stipulated by Securities and Exchange Board of India (SEBI).

In terms of Regulation 34 of SEBI Listing Regulations, a separate report on Corporate Governance along with a certificate from a Practicing Company Secretary on its compliance, forms an integral part of this Report.

### **CORPORATE SOCIAL RESPONSIBILITY**

The SIS Group, comprising Security and Intelligence Services (India) limited and its subsidiaries, associates and joint ventures ("SIS Group"), has been at the forefront of bringing social change in the lives of thousands of people in India. It employs more than 215,000 people, of which a large majority come from the less privileged sections of society with limited means for education, development and livelihood. The SIS Group has been instrumental in improving lives of these people through training, development and providing them employment opportunities.

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe that a business has to give back to society and to the environment and community in which they operate in such a manner that helps in building a secure, healthy, knowledgeable, and a sustainable society and business. Corporate Social Responsibility (CSR) has been an integral part of the way that the SIS Group conducts its business since its inception. The SIS Group set up the SEWA trust for the betterment of lives of the employees. The SIS Group has engaged in various activities in the communities that our employees live in, which has benefited thousands of people over the years. The Company has also been at the forefront in imparting and encouraging skills based training to people from backward and less developed communities across the country.

The Policy on CSR has been formalised based on the vision and principles of the SIS Group. The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable and beneficial engagement with the society and the environment in which the Group operates. It aims at enhancing welfare measures of the society based on the immediate and long term social and environment consequences of the SIS Group's activities. This Policy specifies the projects and programmes that can be undertaken, directly or indirectly, the modalities of execution and the monitoring thereof.

The scope of the Policy has been kept as wide as possible, so as to allow the SIS Group to respond to changing and immediate societal needs and maintain flexibility, but at the same time focus on a specific set of activities that bring long term benefit to society.

One of the internal objectives of the CSR Policy is to seek an active participation of employees of the Company at all the locations. Employees will be encouraged to volunteer their time and effort in respect of SIS Group sponsored programme or on their initiatives. The Company will recognise the efforts put in by employees in CSR activities. A widespread awareness of the CSR initiatives of the SIS Group will be conducted and the SIS Group seeks an active and wide participation from employees and encourages any suggestions and project ideas from them.

The Annual Report on Corporate Social Responsibility (CSR) Activities is enclosed as **Annexure- I**.

### **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The Company is committed to provide a safe and conducive work environment to its employees and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. Internal Complaints Committees have been constituted to enquire into complaints, and to recommend appropriate action, wherever required. During the year under review, no complaints were reported as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

### **NOMINATION AND REMUNERATION POLICY Directors and their Appointment**

The Nomination and Remuneration Committee of the Board has approved the criteria for determining qualifications, positive attributes and independence of Directors in terms of the Act and the rules made thereunder, both in respect of Independent Directors and other Directors as applicable. This policy, inter alia, requires that Non-Executive Directors, including Independent Directors, be drawn from amongst eminent professionals with experience in business/ finance/ law/ public administration and enterprises. It endeavours to create a broad-basing in the composition of the Board to make available the right balance of skills, experience and diversity of perspectives appropriate to the Company. The Articles of Association of the Company provide that the strength of the Board shall not be fewer than

three nor more than fifteen. Directors are generally appointed/re-appointed with the approval of the members for a period of three to five years or a shorter duration, in accordance with any arrangements and/or guidelines as determined by the Board from time to time.

The Policy relating to remuneration of Directors, Key Managerial Personnel, Senior Management and other employees is made accessible on the Company's official website at the following link [www.sisindia.com](http://www.sisindia.com).

## BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2) (f) of SEBI Listing Regulations, a separate section of Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective, forms an integral part of this Report.

## RELATED PARTY TRANSACTIONS

During the year under review, all contracts/arrangements entered into by your Company with related parties, were on an arm's length basis and in the ordinary course of business. There are no material transactions with any related party as defined in the Act. All related party transactions, entered into during the year, have been approved by the Audit Committee, where applicable.

Since all the contracts/arrangements/transactions with related parties, during the year under review, were in the ordinary course of business and at arm's length and were not considered material, disclosure in Form AOC-2 under Section 134(3)(h) of the Act, read with the Companies (Accounts of Companies) Rules, 2014, is not applicable. The details of contracts and arrangements with related parties for the financial year ended March 31, 2019, are given in the standalone financial statements forming part of this Annual Report.

The Policy on related party transactions is available on Company's website, [www.sisindia.com](http://www.sisindia.com).

## RISK MANAGEMENT

Risk management is the process of identification, assessment and prioritisation of risks followed by coordinated efforts to minimise, monitor and mitigate/control the probability and/or impact of unfortunate events to of maximise the realisation of opportunities. The Company has initiated a process of preparing a comprehensive risk assessment and minimisation procedure. These procedures are meant to ensure that executive management controls risk through means of a properly defined framework. The major risks are being identified by the Company and its mitigation process/measures being formulated in areas of operations, recruitment, financial processes and reporting, human resources and statutory compliance.

The Risk Management Committee presently comprises Mr. Amrendra Prasad Verma, Independent Director, Mr. Rituraj Kishore Sinha, Managing Director and Mr. Arvind Kumar Prasad, Director – Finance. Mr. Amrendra Prasad Verma is the Chairman of the Committee.

The Risk Management Committee monitors and reviews the strategic risk management plans of the Company as a whole and provides necessary directions on the same.

The Board of Directors have approved the risk management policy and the main objectives of the policy are (a) to ensure the key risks are identified, assessed, quantified, appropriately mitigated, minimised and managed; (b) to establish a framework for the Company's risk management process and to ensure its implementation; and (c) to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated in SEBI Listing Regulations is presented in a separate section forming part of this Annual Report.

## INTERNAL FINANCIAL CONTROLS

Our rapid growth, while a matter of great satisfaction, continues to put pressure on our internal systems and processes. It is important that we work to ensure that these continue to keep pace with the business growth and that our policies remain current and relevant in the rapidly changing business landscape. Information systems are being continuously evaluated and revamped in order to deliver timely and relevant information to various stakeholders so as to arm them with the necessary information and tools to enable them to compete in a tough market and environment. We believe that IT and information systems are critical in today's world and we have several dedicated groups of people constantly working to continuously evolve and improve these systems to keep abreast of the fast changing environment.

The Company's system of continuous internal audits ensures that laid down processes and practices are followed and complied with and that quality processes are strictly adhered to. Financial discipline is emphasised at all levels of the business and adherence to quality systems and focus on customer satisfaction are critical for the Company to retain and attract customers and business and these are followed rigorously.

An Audit Committee comprising independent members of the Board has been constituted which plans and monitors the various Internal Audit programmes and reviews the reports and action plans arising therefrom. The Managing Director, Director – Finance and the Chief Financial Officer are invitees to the meetings of the Committee.

The Internal Auditors, who are an independent function within the Group, reporting to the Audit Committee, review the adequacy and efficacy of the key internal controls. The scope of the audit activity is guided by the annual audit plan, which is approved by the Audit Committee of the Board. We also appoint professional and reputed audit firms from time to time to conduct internal audits of the larger and more critical operations of the Group.

Besides the financial audits, quality management system procedures are continuously audited by internal and external auditors to ensure that Company's business practices conform to requirements of customers.

The Directors believe that the Company has in place adequate internal financial controls with reference to financial statements. The Company's internal control systems are commensurate with the nature, size and complexity of its business and

ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information. Internal Audit team of the Company, evaluates the functioning and quality of internal controls and reports its adequacy and effectiveness through periodic reporting. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

## SUBSIDIARIES/ ASSOCIATES AND JOINT VENTURES

As on March 31, 2019, the Company has 38 subsidiaries 3 associates and 2 Joint Ventures.

During the year, the following entities have become the subsidiaries of the Company:

- a. Effective September 1, 2018, the Company acquired 51% of the outstanding equity shares of SLV Security Services Private Limited.
- b. Effective November 1, 2018, the Company acquired 80% of the outstanding equity shares of Rare Hospitality and Services Private Limited.
- c. Effective February 1, 2019, the Company acquired 51% of the outstanding equity of shares of Uniq Detective and Security Services Private Limited.
- d. Effective the close of business on February 28, 2019, the Company, through its wholly owned subsidiary, acquired 60% of the outstanding equity shares of SIS Henderson Holdings Pte. Ltd.
- e. Effective the close of business on February 28, 2019, the Company, through its wholly owned subsidiary, acquired 51% of the outstanding equity shares of Platform 4 Group Limited.

Pursuant to the provisions of Section 129 (3) of the Act, a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies is provided in **Annexure II** to this Report.

The Policy for determining material subsidiaries is available on the Company's website - [www.sisindia.com](http://www.sisindia.com).

## PEOPLE AND TRAINING

Your Company's foundation and core of its philosophy is its commitment to its Human Resources. We continue to improve and develop tools and processes to recognise and reward employees at all levels and we value their contribution to the Company's financial performance over the years. We continue to invest in the training and development of all our employees and launched a fresh round of leadership development programmes across the group during the year under review which is expected to continue well into the next financial year. Our competency-based systems have recently undergone a transformational change and we implemented a new Performance Management Process ("PMP") in the Company. We have now rolled out the new PMP to other subsidiaries, associates and joint ventures in the Group. The new PMP is designed to scientifically measure and track the performance of employees at all levels and we believe this will help us to recognise and reward performance, and also retain, reward, attract and sustain talent and to have a common platform

of performance management across the Group. The total employees in the SIS Group at the end of the year under review were more than 215,000.

## PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure III to this Report.

## EMPLOYEE STOCK OPTION PLAN (ESOP)

Disclosures with respect to stock options, as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 ("the Regulations"), are available on the Company's website, [www.sisindia.com](http://www.sisindia.com)

The Company's Auditors, Saxena and Saxena have certified that the Employee Stock Option Schemes of the Company have been implemented in accordance with the Regulations and the resolutions passed by the members in this regard.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP")

### Changes in Directors

- a. Mr. Jayanta Kumar Basu resigned from the Board effective October 9, 2018. The Board place on record their appreciation for the valuable contribution made by Mr. Basu during his tenure.
- b. It may be recalled that the members, in the extra-ordinary general meeting held on May 31, 2014, appointed Mr. Ravindra Kishore Sinha as Chairman of the Company for a period of 5 years effective May 15, 2014. The Board, in its meeting held on May 2, 2019, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the members, the re-appointment of Mr. Ravindra Kishore Sinha as Chairman for a period of 5 years effective May 15, 2019.
- c. The Board at the meeting held on May 2, 2019, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the members, the re-appointment of Mr. TCA Ranganathan as Independent Director for a period of 5 years effective July 30, 2019.
- d. The Board at the aforesaid meeting, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the members, continuation of Mr. Devdas Apte as an Independent Director till the remaining period of his current term i.e. September 24, 2022.
- e. Appropriate resolutions seeking approval of the members forms part of the Notice convening the 35th AGM of the Company.
- f. Mr. Devdas Apte, Mr. Arun Kumar Batra, Mr. Amrendra Prasad Verma, Mr. Rajan Krishnanath Medhekar, Mr. TCA Ranganathan, and Mrs. Renu Mattoo Independent Directors have confirmed that they meet the criteria of Independence as prescribed under the Act and SEBI Listing Regulations.

### Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Uday Singh and Mr. Arvind Kumar Prasad, retire by rotation at the ensuing AGM and being eligible, offer themselves for reappointment. The Board has recommended their re-appointment.

### COMMITTEES OF THE BOARD

As on March 31, 2019, the Board has constituted the audit committee, the nomination and remuneration committee, the corporate social responsibility committee and the stakeholders' relationship committee. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report. In addition, the Board constitutes other committees to perform specific roles and responsibilities as may be specified by the Board from time to time.

### MEETINGS OF THE BOARD

During the year ended March 31, 2019, four meetings were held on May 9, 2018, July 25, 2018, October 24, 2018 and January 30, 2019.

### BOARD EVALUATION

The evaluation of all the Directors and the Board as a whole was conducted and the evaluation process has been explained in the Corporate Governance Report.

### AUDITORS AND AUDIT REPORTS

The members of the Company, at the 34th AGM held on June 28, 2018, have ratified the appointment of M/s. Saxena and Saxena, Chartered Accountants (Firm Registration No. 006103N) as Statutory Auditors for their remaining period until the conclusion of 38th AGM.

The Auditors' Report does not contain any qualification, reservation or adverse remark and the auditors have issued an unmodified opinion on both the standalone and consolidated financial statements.

### SECRETARIAL AUDIT

The Company has appointed Mr. Sudhir V Hulyalkar, Company Secretary in Practice, Bangalore, to conduct secretarial audit of the Company for the financial year ended March 31, 2019.

The Report of Mr. Sudhir V Hulyalkar is provided in **Annexure IV** forming part of this Report.

### COMPLIANCE WITH THE ICSI SECRETARIAL STANDARDS

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meeting have been complied with by the Company.

### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION

Considering the nature of activities of the Company, the provisions of Section 134(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy, Research and Development, Technology Absorption are not applicable to the Company.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of the foreign exchange earnings and expenditure are as under:

	₹ Million
Particulars	2018-19
Foreign exchange earnings	98.40
Foreign exchange expenditure	66.14

### ANNUAL RETURN

The Annual Return of the Company has been placed on the website of the Company and can be accessed at [www.sisindia.com](http://www.sisindia.com).

### SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS, IF ANY

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in the future.

### VIGIL MECHANISM

The Company has established a Vigil Mechanism for reporting concerns through the Whistle Blower Policy of the Company. The Policy provides for a framework and process, for the employees and directors to report genuine concerns or grievances about illegal and unethical behavior that could adversely impact the Company's operations, business performance. During the year, no personnel has been denied access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on the website of the Company, [www.sisindia.com](http://www.sisindia.com).

### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Section 134 (5) of the Act, the Directors of your Company confirm that:

- In the preparation of the accounts for the year ended March 31, 2019 the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Annual Accounts on a going concern basis.
- The Directors have laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and operating effectively.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.



### GREEN INITIATIVES

The Company sends the Annual Report to its members in electronic form, whose email addresses are registered with the Company/Depository Participants. For members who have not registered email addresses, physical copies are sent in the permitted mode.

In case of any change in your email address, you are requested to please inform the same to your Depository (in case you hold the shares in dematerialised form) or to the Company/RTA (in case you hold the shares in physical form).

### APPRECIATION/ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Central Government, various State Governments and Company's Bankers and advisors for the valuable advice, guidance, assistance, co-operation and encouragement they have extended to the SIS Group from time to time. The Directors also take this opportunity to thank the Company's customers, suppliers and shareholders for their consistent support to the Company.

Last but not the least, the Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

### CAUTIONARY STATEMENT

*Statements in this Board's Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied.*

For and on behalf of the Board of Directors

Hyderabad  
May 2, 2019

**Ravindra Kishore Sinha**  
Chairman

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

### 1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMMES PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMMES:

#### a. Brief outline of CSR Policy:

The Corporate Social Responsibility (CSR) Policy of the Company has been formalised based on the vision and principles of the SIS Group. The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable and beneficial engagement with the society and the environment in which the Group operates. It aims at enhancing welfare measures of the society based on the immediate and long term social and environment consequences of the Group's activities. This Policy specifies the projects and programmes that can be undertaken, directly or indirectly, the modalities of execution and the monitoring thereof.

The Company's CSR Policy can be accessed on: <http://sisindia.com>

#### b. Programmes / Projects:

The CSR activities of SIS will focus on projects and activities in the following focus areas but not necessarily in that order of priority and may also include and extend to other specific projects/ programmes as permitted under the law from time to time. The Company's stakeholder representation is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below:

- i. **Education:** Institutions and full student sponsorship, Promoting and sponsoring girl education at all levels, Women education and self-employment training and other educational projects.
- ii. **Vocational Training / Education and Livelihood Enhancement:** Vocational training in security, cleaning, gardening, plumbing, electricals, and other specialties/vocations, Government Programmes under the skill development sector, Computer literacy training, Building training schools and facilities for

vocational skills, Local community camps for skill developments in various specialties, Other vocational training initiatives.

- iii. **Sanitation and drinking water:** Drinking water projects for local communities, Domestic bathroom and sanitation for rural and urban households, Community bathroom and sanitation in urban and rural areas, Women sanitation projects, and other water conservation and sanitation programmes.
- iv. **Health:** Local community health check camps, Building hospitals, clinics, diagnostic centres and associated infrastructure, Blood donation camps and other specific ailment camps, Other programmes towards betterment of health and nutrition.
- v. **Others:** Promoting local artisans, craftsmen and protecting traditional arts, Promotion of sports in athletics, swimming, archery, shooting, Protection of national heritage, Programmes for the benefit of armed forces veterans and their dependents, planting of trees and protection of indigenous flora and fauna.

### 2. COMPOSITION OF THE CSR COMMITTEE:

- a. Mr. Ravindra Kishore Sinha, Chairman
- b. Mr. Rajan Krishnanath Medhekar, Independent Director
- c. Mr. Devdas Apte, Independent Director

### 3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS:

₹ 568.91 Million

### 4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE):

₹ 11.38 Million

### 5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

(a) Total amount spent for the Financial Year:  
₹ 36.83 Million

(b) Amount unspent, if any: N.A.

**(c) Manner in which the amount spent during the Financial Year is detailed below:**

Sl. No.	CSR Project or activity Identified	Sector in which the Project is covered	Projects or Programmes (1) Local area or other (2) Specify the State or district where Projects or Programmes was undertaken	Amount outlay (budget) Project or Programme wise (in ₹)	Amount spent on the Projects or Programmes		Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency
					Direct exp. (in ₹)	Overheads		
1	Promoting education to children including primary, secondary and university education, Building schools, colleges and training institutions including provision for full time residential institutions and full student sponsorship, Promoting and sponsoring girl education at all levels, Women education and self-employment training, Other educational projects	Promoting Education	New Delhi, Bihar, Panji, Goa, Madhya Pradesh, Chhattisgarh, Jharkhand, Uttar Pradesh, Karnataka, Pune, Maharashtra, Jammu & Kashmir, Rajasthan, Haryana, Gujrat, West Bengal, Telangana, Uttarakhand.	20,282,692	20,282,692	Nil	20,282,692	Direct
2	Local community health check-up camps, building hospitals, clinics, diagnostic centres and associated infrastructure, blood donation camps and other specific ailment camps	Promoting Health	Telangana, Gujrat.	4,000,000	4,000,000	Nil	4,000,000	Through implementing agency
3	Medical relief, ambulance, first aid etc.	Promoting Health	New Delhi	53,326	53,326	Nil	53,326	Direct
			Bihar	140,000	140,000	Nil	140,000	Through implementing agency
4	Protection of National Heritage	Protection of National Heritage	Maharashtra	500,000	500,000	Nil	500,000	Through implementing agency
5	Promoting sports and athletic activities in India	Promoting Sports	New Delhi, Haryana.	2,912,300	2,912,300	Nil	2,912,300	Direct
6	Rural development, advancing living standard of backwards in rural area, education, training and skill development	Rural Development	Madhya Pradesh, New Delhi.	1,000,000	1,000,000	Nil	1,000,000	Through implementing agency
7	Measures for the benefit of armed forces veterans, war widows and their dependents	Social Welfare	New Delhi	2,300,000	2,000,000	300,000	2,300,000	Direct
			Bihar, Uttar Pradesh, West Bengal, Chandigarh.	5,638,605	5,638,605	Nil	5,638,605	Through implementing agency
				36,826,923	36,526,923	3,00,000	36,826,923	

The CSR committee confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**Ravindra Kishore Sinha**

Chairman of the Company and Chairman, CSR Committee

**Rituraj Kishore Sinha**

Managing Director

## ANNEXURE II

### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF OUR SUBSIDIARIES AND ASSOCIATES AND JOINT VENTURES

(Pursuant to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule (5) of the Companies (Accounts) Rules, 2014)

#### Part A: Subsidiaries

S. No.	Name of the Subsidiary	Reporting Currency	Closing exchange rate	Financial period ended	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (loss) before tax	Provision for tax	Profit/ (Loss) after tax	Proposed Dividend	₹ Million % of shareholding
1	Service Master Clean Limited	INR	NA	31-Mar-19	195.13	1,054.76	2,449.36	1,199.47	0.00	2,635.90	60.13	-48.71	108.84	0.00	100.00%
2	Tech SIS Limited	INR	NA	31-Mar-19	48.00	-27.77	395.92	375.68	0.00	240.20	-37.81	-11.06	-26.75	0.00	100.00%
3	Terminix SIS India Private Limited	INR	NA	31-Mar-19	225.00	-218.10	152.61	145.71	0.00	163.14	-30.95	-8.19	-22.76	0.00	50.01%
4	Dusters Total Solutions Services Private Limited	INR	NA	31-Mar-19	28.02	1,398.71	2,478.10	1,051.37	0.03	6,298.52	475.81	-4.96	480.77	0.00	93.06%
5	SIS Business Support Services Private Limited	INR	NA	31-Mar-19	0.10	0.03	0.18	0.04	0.00	0.08	0.07	0.00	0.07	0.00	100.00%
6	SISCO Security Services Private Limited	INR	NA	31-Mar-19	0.10	0.05	0.18	0.04	0.00	0.08	0.07	0.00	0.07	0.00	100.00%
7	SLV Security Services Private Limited	INR	NA	31-Mar-19	25.00	-181.55	845.99	1,002.54	32.60	1,557.61	32.10	-26.31	58.41	0.00	51.00%
8	Rare Hospitality and Services Private Limited	INR	NA	31-Mar-19	10.00	3.85	416.64	402.79	0.03	401.60	9.21	-5.47	14.68	0.00	80.00%
9	Uniq Detective and Security Services Private Limited	INR	NA	31-Mar-19	18.00	266.61	577.92	293.31	68.21	254.62	18.14	-7.34	25.48	0.00	51.00%
10	Uniq Detective and Security Services (AP) Private Limited	INR	NA	31-Mar-19	0.10	-6.78	7.72	14.40	0.00	6.83	-0.01	0.09	-0.10	0.00	51.00%
11	Uniq Detective and Security Services (Tamilnadu) Private Limited	INR	NA	31-Mar-19	0.10	-4.53	11.38	15.82	0.00	4.96	0.08	0.08	0.00	0.00	51.00%
12	Uniq Facility Services Private Limited	INR	NA	31-Mar-19	1.00	-4.61	45.48	49.09	0.00	23.85	0.75	-0.53	1.28	0.00	51.00%
13	SIS International Holdings Limited	AUD	0.020	31-Mar-19	195.60	0.02	195.75	0.13	0.00	0.00	96.34	0.00	96.34	92.85	100.00%
14	SIS Asia Pacific Holdings Limited	AUD	0.020	31-Mar-19	195.60	0.05	197.06	1.41	0.00	0.00	96.34	0.00	96.34	92.85	100.00%
15	SIS Australia Holdings Pty Ltd.	AUD	0.020	31-Mar-19	195.60	12.69	894.10	685.81	0.00	0.00	93.93	-23.78	117.71	92.85	100.00%



S. No.	Name of the Subsidiary	Reporting Currency	Closing exchange rate	Financial period ended	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (loss) before tax	Provision for tax	Profit/ (loss) after tax	Proposed Dividend	₹ Million % of shareholding
16	SIS Australia Group Pty. Ltd.	AUD	0.020	31-Mar-19	772.61	540.97	7,143.70	5,830.11	745.96	0.00	227.56	-8.93	236.48	163.94	100.00%
17	SIS Group International Holdings Pty. Ltd.	AUD	0.020	31-Mar-19	0.49	57.98	3,779.87	3,721.40	169.12	0.00	42.97	-0.11	43.09	0.00	100.00%
18	MSS Strategic Medical and Rescue Pty. Ltd.	AUD	0.020	31-Mar-19	0.49	94.99	507.21	411.73	0.00	1,477.54	14.00	5.13	8.87	0.00	100.00%
19	SIS MSS Security Holdings Pty. Ltd.	AUD	0.020	31-Mar-19	733.49	642.37	2,909.52	1,533.66	0.00	0.00	361.53	0.17	361.36	344.45	100.00%
20	MSS Security Pty. Ltd.	AUD	0.020	31-Mar-19	488.99	4,854.39	10,351.12	5,007.73	0.00	29,392.76	1,118.31	337.53	780.78	345.02	100.00%
21	Australian Security Connections Pty. Ltd.	AUD	0.020	31-Mar-19	0.49	0.00	0.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00%
22	SX Protective Holdings Pty Ltd (Formerly known as Andwills Pty. Ltd.)	AUD	0.020	31-Mar-19	0.00	0.12	27.14	27.02	0.00	0.00	0.03	0.02	0.01	0.00	42.36%
23	SX Protective Services Pty. Ltd.	AUD	0.020	31-Mar-19	12.23	6.16	50.17	31.78	0.00	0.00	0.02	0.01	0.01	0.00	45.56%
24	Southern Cross Protection Pty. Ltd.	AUD	0.020	31-Mar-19	19.18	377.92	1,110.84	713.74	0.00	5,042.94	256.91	94.04	162.87	0.00	51.01%
25	Southern Cross FLM Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	-4.50	-4.46	0.04	0.00	0.00	0.00	0.00	0.00	0.00	51.01%
26	Southern Cross Loss Prevention Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	18.60	18.62	0.02	0.00	0.00	0.00	0.00	0.00	0.00	51.01%
27	Cage Security Alarms Pty. Ltd.	AUD	0.020	31-Mar-19	0.05	149.52	173.54	23.98	0.00	-1.12	-2.39	-0.72	-1.67	0.00	51.01%
28	Cage Security Guard Services Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	45.39	45.66	0.27	0.00	0.00	-0.27	-0.08	-0.19	0.00	51.01%
29	Eymet Security Consultants Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	2.50	5.80	3.30	0.00	0.00	-0.65	-0.19	-0.45	0.00	51.01%
30	Askara Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	4.38	23.17	18.79	0.00	169.07	0.68	0.29	0.38	0.00	51.01%
31	Charter Customer Services Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	96.79	95.62	-1.17	0.00	0.00	0.03	0.01	0.02	0.00	51.01%
32	Charter Security Protective Services Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	167.26	258.85	91.58	0.00	342.65	5.98	-6.35	12.33	0.00	51.01%
33	Charter Security (NZ) Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	47.27	59.68	12.40	0.00	76.46	8.91	2.55	6.35	0.00	51.01%
34	MSS AJG Pty. Ltd.	AUD	0.020	31-Mar-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00%
35	Platform 4 Group Limited	NZD	0.020	31-Mar-19	20.71	-32.32	57.81	69.42	0.00	41.52	3.23	0.00	3.23	0.00	51.00%
36	SIS Henderson Holdings Pte Ltd	SGD	0.021	31-Mar-19	859.11	-0.41	949.61	90.92	0.00	0.00	-0.51	-0.09	-0.43	0.00	60.00%
37	Henderson Security Services Pte Ltd	SGD	0.021	31-Mar-19	76.30	655.06	1,043.62	312.26	0.00	202.98	14.16	13.48	0.68	890.19	60.00%
38	Henderson Technologies Pte Ltd	SGD	0.021	31-Mar-19	0.51	123.18	167.91	44.22	0.00	35.30	3.86	1.29	2.58	5.09	60.00%

**Notes:**

- Investments in subsidiaries, associates, and joint ventures has been excluded.

**Part B: Associates and Joint Ventures**

S. No.	Name of the associate/joint venture	Latest audited Balance Sheet Date	Shares of Associates /Joint Ventures held by the company on the year end		Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit/(Loss) for the year		
			Number	Amount of Investment in Associates/ Joint Ventures				Extend of Holding %	Considered in Consolidation	Not Considered in Consolidation
1	SIS Cash Services Private Limited	31-Mar-19	97,08,696	498.35	49.00%	More than 20% holding	NA	679.75	-50.70	-52.77
2	SIS Prosegur Holdings Private Limited	31-Mar-19	51,86,230	51.86	49.00%	More than 20% holding	NA	701.07	-36.31	-37.79
3	SIS Prosegur Cash Logistics Private Limited	31-Mar-19	20,33,500	20.34	49.00%	More than 20% holding	NA	338.14	1.01	1.05
4	SIS Prosegur Alarm Monitoring and Response Services Private Limited	31-Mar-19	2,00,00,000	200.00	50.00%	More than 20% holding	NA	78.31	-57.79	-57.79
5	Habitat Security Pty Ltd	31-Mar-19	49	0.00	49.00%	More than 20% holding	NA	4.28	4.75	4.95

₹ Million

**ANNEXURE III****A. INFORMATION PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary during FY19, ratio of remuneration of each Director to the median remuneration of the employees of the Company for FY19:

<b>Name of Director/Key Managerial Personnel and Designation</b>	<b>Remuneration drawn in FY19 (in ₹) #</b>	<b>Ratio of the remuneration of each Director to the Median Remuneration of Employees for the FY19</b>	<b>% Increase in Remuneration in FY19</b>
Mr. Ravindra Kishore Sinha Chairman	21,321,258	137:1	8.00
Mr. Rituraj Kishore Sinha Managing Director	8,955,392	58:1	15.58
Mr. Arvind Kumar Prasad Director – Finance	4,963,220	32:1	10.68
Mr. Devesh Desai Chief Financial Officer	10,872,896	70:1	19.91
Mr. Brajesh Kumar Chief Financial Officer (Security Services and Facility Management)	6,127,749	39:1	33.47
Ms. Pushpalatha K Company Secretary	3,355,202	22:1	^

# Remuneration includes salary, allowances, performance linked incentive and bonus.

^ Remuneration received in FY19 is not comparable with the remuneration received in FY18 and hence, not stated

2. The percentage increase in the median remuneration of employees in FY19 is 2.32%.
3. There were 124,995 permanent employees on the rolls of Company as on March 31, 2019.
4. Average percentage increase made in the salaries of employees, other than the managerial personnel in FY19, was 6.70% over the previous financial year, which is in line with the industry benchmark and cost of living index and the average remuneration of the managerial personnel for the same financial year increased by 10.12%.
5. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

## B. INFORMATION PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name and Designation	Age	Gross Remuneration (in ₹)	Qualification	Experience (In Years)	Date of Commencement of employment	Previous employment/ Position held
Top ten employees in terms of remuneration drawn.						
Mr. Dhiraj Singh, Chief Executive Officer (FM & EB)	50	40,456,787	B Tech & MBA	25	21-Oct-2013	Telamon Investment Advisors and Consultants Pvt. Ltd./ Director
Mr. Ravindra Kishore Sinha, Chairman	67	21,321,258	B.A.	33	02-Jan-1985	Security & Intelligence Services proprietorship/ Proprietor
Mr. Vamshidhar Guthikonda, President (M & A)	44	15,079,735	B.Com (Hons.), ICWA and PGDM	18	04-Apr-2016	SeedX, Founder and CEO
Mr. Devesh Desai, Chief Financial Officer	50	10,872,896	B. Com. & C.A.	21	01-Sep-2008	Deccan Aviation Limited/VP Finance & Controller
Mr. Tapash Chaudhuri, Chief Operating Officer – India Security	59	9,292,559	B.E.	38	08-July-2013	G4S Secure Solutions India Pvt. Ltd. - CEO
Mr. Rituraj Kishore Sinha, Managing Director	38	8,955,392	B.A. from Leeds University	16	08-July-2002	Halifax Bank UK/
Mr. R S Murali Krishna, Executive Vice President	39	6,721,944	CA and PGDM from ISB Hyderabad	17	07-Sep-2017	Ernst & Young LLP/Manager – Transactional Advisory Group
Mr. Brajesh Kumar, Chief Financial Officer (SS & FM)	50	6,127,749	B. Com., C.A. & DISA	23	05-Nov-2004	P.B. & Co., Chartered Accountants/Partner
Mr. Vinod K Advani, Executive Vice President	49	5,536,494	B.E. M.M.S.	24	04-Oct-2010	Accor Services Pvt Ltd/ Head Sales, Affiliations & Business Operations
Mr. Vinaya Kumar Srivastawa, President (Security Solutions)	56	5,336,288	B.Com	33	01-May-1986	Nil
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum. Nil						
Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month. Nil						

### Notes:

1. Remuneration includes salary, allowances, performance linked incentive and perquisite value of stock options exercised during the period.
2. None of the above employees is a relative of any Director of the Company except Mr. Ravindra Kishore Sinha and Mr. Rituraj Kishore Sinha who are related to each other.



## ANNEXURE IV

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the Financial year ended on March 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Security and Intelligence Services (India) Limited**  
Regd. Office: Annapoorna Bhawan,  
Telephone Exchange Road, Kurji,  
Patna - 800010

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SECURITY AND INTELLIGENCE SERVICES (INDIA) LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Security and Intelligence Services (India) Limited ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI'):
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - e. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2018;
  - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
  - h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (No instances for compliance requirements during the year); and
  - j. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (No instances for compliance requirements during the year); and
- vi. The Private Security Agencies (Regulation) Act, 2005 and applicable States Rules made thereunder;
- vii. All other Labour, Employee and Industrial Laws to the extent applicable to the Company;

I have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above wherever applicable.

### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

However, it may be noted in this regard that, upon verification of DIN status at MCA website, it has been observed that director's identification number (DIN) of one director of the Company has been marked as disqualified u/s 164 (2) of the Act. I find that no such company associated with his DIN is in default of any of the conditions as mentioned in this Section. As informed to me, the Company has approached the office of the Registrar of Companies, Mumbai, for removal of such disqualification. During this process, the officers of the Company found that, Registrar of Companies, Mumbai, has marked his DIN as disqualified pursuant to Section 165(1) read with Section 164(1)(i) for exceeding the maximum number of directorships. The said director has made representation with the authorities that he never exceeded the maximum number of permissible directorships at any point of time and has also filed a writ petition before the Honorable Bombay High Court challenging the legality of disqualification and the matter is pending.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through while there were no dissenting views required to be recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the following events / actions took place having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

1. The Company has issued and allotted in total 1,28,888 equity shares (including bonus shares marked for those employees in terms of earlier bonus issue), on various dates during the year to the eligible employees of the Company pursuant to Company's Employees Stock Option Plan, 2016 and listed the same at the stock exchanges.
2. Pursuant to private placement offer approved by the shareholders during the previous year, the Company has issued and allotted 1500 Secured Redeemable Non-Convertible Debentures (NCDs) of face value of ₹ 10,00,000/- (Rupees Ten Lakh) each totaling to ₹ 150,00,00,000 to ICICI Prudential Asset Management Company on private placement basis. These NCDs are listed in National Stock Exchange.

Place: Bangalore  
Date: 02/05/2019

**Sudhir Vishnupant Hulyalkar**  
Company Secretary in Practice  
FCS No.: 6040  
CP No. : 6137

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	: L75230BR1985PLC002083
2. Name of the Company	: Security and Intelligence Services (India) Limited
3. Registered address	: Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna, Bihar - 800010
4. Website	: www.sisindia.com
5. E-mail id	: investorrelations@sisindia.com
6. Financial Year reported	: April 1, 2018 to March 31, 2019
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	: Security services
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	: Security services
(a) Number of International Locations (Provide details of major 5)	: Nil
(b) Number of National Locations	: Training centres – 19, Branches - 312 Registered and corporate offices: The registered office is situated at Patna (Bihar) and the Corporate office is situated at New Delhi
9. Markets served by the Company (Local/State/National/International)	: India

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital : ₹ 733.13 Million
- Total Turnover : ₹ 25,035.17 Million
- Total profit after taxes : ₹ 1,192.61 Million
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 3.09%
- List of activities in which expenditure in 4 above has been incurred:-
  - Promoting education and other educational projects
  - Programmes towards betterment of health
  - Measures for the benefit of armed forces veterans, war widows and their dependents
  - Promotion of Sports and Cultural & Research Activities
  - Protection of national heritage
  - Rural Development Programmes

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company / Companies? Yes
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).  
No
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].  
No

## SECTION D: BR INFORMATION

- Details of Director/Directors responsible for BR
  - Details of the Director/Director responsible for implementation of the BR policy/policies
    - DIN: 00945635
    - Name: Mr. Ravindra Kishore Sinha
    - Designation: Chairman
  - Details of the BR head

No.	Particulars	Details
1	DIN (if applicable)	Mr. Ravindra Kishore Sinha, Chairman of the Board and Chairman of the CSR committee, oversees the BR implementation.
2	Name	The Company does not have a BR head as of now.
3	Designation	
4	Telephone number	
5	e-mail id	

## 2. Principle-wise (as per NVGs) BR Policy/policies

<b>P1</b> <b>Business should conduct and govern themselves with Ethics, Transparency and Accountability. (Business Ethics)</b>	<b>P2</b> <b>Business should provide goods and services that are safe and contribute to sustainability throughout their life circle. (Product Responsibility)</b>	<b>P3</b> <b>Business should promote the well-being of all employees. (Wellbeing of Employees)</b>
<b>P4</b> <b>Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. (Stakeholder Engagement and CSR)</b>	<b>P5</b> <b>Business should respect and promote human rights. (Human Rights)</b>	<b>P6</b> <b>Business should respect, protect and make efforts to restore the environment. (Environment)</b>
<b>P7</b> <b>Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner. (Public Policy)</b>	<b>P8</b> <b>Business should support inclusive growth and equitable development. (CSR)</b>	<b>P9</b> <b>Business should engage with and provide value to their customers and consumers in a responsible manner. (Customer Relations)</b>

## (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	N	Y	Y	N	N	N	Y	N
2	Has the policy being formulated in consultation with the relevant stakeholders?	All the policies have been formulated in consultation with the Management of the Company and are approved by the Board.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the policies are in compliance with respective applicable regulations								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board of Director?	All the policies have been approved by the Board and have been signed by the Chairman.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The members of the respective Committees will oversee policy implementation.								
6	Indicate the link for the policy to be viewed online?	<a href="http://sisindia.com/investors/corporate-governance/">http://sisindia.com/investors/corporate-governance/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been formally communicated to internal and external stakeholders, wherever applicable and required and are also available on the company's website at <a href="http://sisindia.com/investors/corporate-governance/">http://sisindia.com/investors/corporate-governance/</a>								
8	Does the company have in-house structure to implement the policy/ policies.	Y	NA	Y	Y	NA	NA	NA	Y	NA
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	NA	Y	Y	NA	NA	NA	Y	NA
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Board reviews the working, implementation and effectiveness of the policies from time to time.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)	Considering the business activities of the Company and the nature of its business, the Board has not felt the need to formulate certain policies. However, the Board reviews the requirements from time to time and will formulate relevant policies as and when the need is felt by the Board.								

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year - Annually
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The BR report for FY19 forms part of the Annual Report.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	The Company's governance structure is guided by its core values of Integrity, Commitment, Passion, Speed and Ownership. The Corporate Principles and the Code of Conduct cover the Company and all its subsidiaries, joint ventures and associates and are applicable to all the employees of the Company and its subsidiaries, joint ventures and associates
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	SIS stakeholders includes our investors, clients, employees, partners, government and local communities.  For details of investor complaints, please refer Corporate Governance Report in the Annual Report.



**Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is primarily engaged in the business of security services.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): Not applicable	The Company's business does not involve the sale or purchase of goods or products and so this is not applicable to the Company.
a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	
b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	
3. Does the company have procedures in place for sustainable sourcing (including transportation)?	The Company's business does not involve the sale or purchase of goods or products and so this is not applicable to the Company.
a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Though the Company's business does not involve the sale or purchase of goods wherever possible, an effort is made to source goods and products used in the Company's business from local suppliers and encouraging them to register themselves under the relevant regulations.
a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Company's business does not involve the sale or purchase of goods or products and so this is not applicable to the Company

**Principle 3 Businesses should promote the well-being of all employees**

1. Please indicate total number of employees	124,995 as at March 31, 2019
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis	84
3. Please indicate the Number of permanent women employees.	7,856
4. Number of permanent employees with disabilities	Nil
5. Do you have an employee association that is recognised by management	There is no employee association.
6. What percentage of your permanent employees is members of this recognised employee association	Not applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Information required under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 was provided in the Annual Report. No complaints were received in the matters relating to child labour, forced labour, involuntary labour.
8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?	Safety is of paramount importance to the Company. All employees of the Company are provided with safety training as part of their initial training and induction programme.
a. Permanent Employees	
b. Permanent Women Employees	
c. Casual/Temporary/Contractual Employees	The Company believes in continual learning of its employees and has institutionalised a continual learning model for skill upgradation by a combination of onsite, mobile based and offsite training.
d. Employees with Disabilities	

**Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. Has the company mapped its internal and external stakeholders?	Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.	Yes. More than 95% of the employees of the Company belong to the disadvantaged, vulnerable & marginalised sections of society and the business of the Company provides them the opportunity to earn a reasonable livelihood and enter the organised workforce.  Additionally, the Company also regularly engages in activities to improve the society and environment in which it operates.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.	Details of CSR programmes undertaken by the Company are provided in the Annual Report

**Principle 5 Businesses should respect and promote human rights.**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?	Not applicable
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	We are committed to and are compliant with all statutory laws and regulations, and have put in place grievance redressal and whistleblower mechanisms for issues faced by the employees and for any complaints they have. In the reporting year, there were no complaints against the Company.

**Principle 6 Business should respect, protect, and make efforts to restore the environment.**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/others.	Not applicable
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Not applicable
3. Does the company identify and assess potential environmental risks? Y/N	Not applicable
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?	Not applicable
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Not applicable
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Not applicable
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Not applicable

**Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of Federation of Indian Chambers of Commerce and Industry (FICCI), Central Association of Private Security Industry (CAPSI), and Overseas Security Advisory Council (OSAC).
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The chambers/associations mentioned above engage with regulatory bodies from time to time for matters concerning its members.

**Principle 8 Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	<p>More than 95% of the employees of the Company belong to the disadvantaged, vulnerable &amp; marginalised sections of society and the business of the Company provides them the opportunity to earn a reasonable livelihood and enter the organised workforce.</p> <p>Additionally, the Company also regularly engages in activities to improve the society and environment in which it operates.</p> <p>Our community development programmes are intended to contribute towards a better quality of life for the people and uplift the marginalised sections of the society. We are guided by our comprehensive Corporate Social Responsibility (CSR) Policy which has also been posted on our website.</p> <p>Health, education, water, infrastructure and livelihood are some of our important CSR focus areas.</p>
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	In-house. Please refer CSR activities in the Directors Report section of the Annual Report.
3. Have you done any impact assessment of your initiative?	Yes
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	Please refer CSR activities in the Directors Report section of the Annual Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes, we do regular monitoring of our projects to ensure that they are adopted and sustainable within the communities.

**Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	Nil. The business of the company involves the provision of services to other businesses and does not involve the provision of services to individual consumers.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks(additional information)	The Company's business does not involve the sale of goods or products and so this is not applicable to the Company.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	Nil
4. Did your company carry out any consumer survey/customer satisfaction trend	We interact with our clients on a regular basis and across multiple platforms in order to gain feedback on the quality of our services.

# Management Discussion and Analysis

The SIS Group is a market leader in security, cash logistics and facility management services and operates in India, Australia, Singapore and New Zealand.

The SIS Group, through its subsidiaries, associates and joint ventures is engaged in rendering security and related services consisting of manned guarding, training, physical security, paramedic and emergency response services; loss prevention, asset protection and mobile patrols; facility management services consisting of cleaning, house-keeping and pest control management services; cash logistics services consisting of cash-in- transit, door step banking, ATM cash replenishment activities and secure transportation of precious items and bullion; and alarm monitoring and response services consisting of trading and installation of electronic security devices and systems.

The financial year 2018-19 ("FY19") was a significant year in the evolution of SIS. We crossed revenues of USD \$1 Billion during the year, in the process becoming one of the largest security and facility management companies in APAC. We ended FY19 with consolidated revenues of over ₹ 70,933 Million, an increase of 21.6% over the previous year. In FY19, the consolidated EBITDA increased to ₹ 3,652 Million, an increase of almost 17%. The consolidated EBITDA margin marginally declined from 5.35% in FY18 to 5.15% in FY19 as a result of certain one-off charges and a portfolio rationalisation across our key businesses.

The SIS Group is continuously investing in technology both for our internal productivity and as a part of solution design for our customers. The Group has developed an ability to curate and provide man-tech solutions which provide integrated security solution to the customers and also rapidly develop and deploy customised solutions to improve the management of the business operations. We believe that these investments would lead to the development of a unique value proposition for our clients and lead to a greater and longer term engagement with them.

All our segments have shown strong growth during the year: -

- **Security Services – India** – we ended the year at ₹ 27,123 Million revenues which is a 26.2% increase over FY18. The EBITDA margin declined from 6.9% in FY18 to 5.6% in FY19 primarily due to significant costs incurred by us on account of deployment of the three-year contract from Cognizant Technologies and provisioning on account of the receivables from certain customers who were going through

an insolvency process. Our security vertical in India saw its first ever acquisitions through the acquisition of a majority shareholding in SLV Security Services Private Limited and Uniq Detective and Security Services Private Limited which will significantly boost our market share and presence in the key micro markets of Delhi – NCR and Bangalore respectively. As a result of these acquisitions in the Indian market, we believe that the SIS Group in Q4 of 2019 has become the leader in the Indian security industry which is a milestone considering the significant advantage held by the leader a decade back.

- **Security Services – International** – Our International business displayed another year of strong financial performance with MSS (along with SXP) continuing to outpace the general market growth. We ended the year at revenues of ₹ 34,581 Million which is a 14.6% increase over FY18. The EBITDA margin also increased from 4.2% in FY18 to 4.5% in FY19. During the year under review, we further expanded our APAC reach by establishing a footprint in Singapore through Henderson Security and in New Zealand through Platform 4 Group.
- **Facility Management** - Our Facility Management Business had another good year ending with revenues of ₹ 9,499 Million, up from ₹ 6,745 Million in FY18, which is a 41% growth over the previous year. The EBITDA margin also increased significantly from 4.9% in FY18 to 6.7% in FY19 as a result of focus on cost management and operating leverage across our business entities. In FY19 we further widened our bouquet of offerings by the acquisition of Rare Hospitality which is a specialist in the field of facility management in the healthcare and hospitality segments.

For a detailed summary of the segment wise performance, please refer to the other sections in this report from pages 24-39.

The SIS Group has always delivered high return ratios despite an increasing capital base and this year also we displayed our commitment to fiscal prudence by delivering a Return on Capital Employed (ROCE) of 18.6% and Return on Net Worth (RONW) of 18.8%. The RONW declined marginally from 20.1% in FY18. FY19 saw the first full year impact of the equity raise on the average capital employed. The higher average capital employed in FY19 thus led to a marginally lower RONW. The Debt Equity ratio increased from 0.52 to 0.76. The higher borrowings were on account of continued working capital requirements to fund the strong growth, coupled with investment need for acquisitions.

A summary of our financial performance during the year is indicated in the tables below:

## INCOME STATEMENT

	₹ Million		
Financial Statements (₹ Million)	FY19	FY18	Y-o-Y (%)
<b>Revenue from operations</b>	<b>70,932.70</b>	<b>58,333.70</b>	<b>21.60</b>
<b>EBITDA</b>	<b>3,651.60</b>	<b>3,124.50</b>	<b>16.90</b>
<b>EBITDA %</b>	5.10	5.40	
Share of net profit/(loss) of associates	(135.40)	(117.90)	14.90
Other Income	175.6	350.0	-49.80
Effect of entries resulting from biz combination acc	1.3	(224.40)	-100.60
Finance costs	938.3	750.4	25.00
Depreciation and amortisation expense	659.5	494.4	33.40
Others	0.1	(13.20)	
<b>Profit before tax</b>	<b>2,095.40</b>	<b>1,874.20</b>	<b>11.80</b>
<b>Profit before tax %</b>	<b>3.00</b>	<b>3.20</b>	
Tax expense	(51.50)	244.0	-121.10
<b>Profit after taxes</b>	<b>2,146.90</b>	<b>1,630.20</b>	<b>31.70</b>
<b>Profit after tax %</b>	<b>3.00</b>	<b>2.80</b>	
<b>EPS</b>	<b>29.5</b>	<b>22.8</b>	<b>29.50</b>
<b>Diluted EPS</b>	<b>29.0</b>	<b>22.4</b>	<b>29.70</b>

### (a) Economic scenario

The Indian economy however had multiple challenges primarily arising out of the banking and NBFC sector. The year saw many NBFC's undergo serious credit crises while banks continue to be buffeted by the twin balance sheet problem. The fallout of the credit crisis was felt across a broad spectrum of industries like automobiles, housing, consumer durables etc. Oil price increases during the year further contributed to a weakness in fiscal and consumer consumption. Real GDP growth for FY19 is estimated at 6.75% representing a slowdown over the 7.1% growth seen in FY18. On the positive side, the teething troubles associated with GST settled down. The Economic Survey predicts the Indian GDP to register a 7 – 7.5% growth in 2018-19, thereby re-instating India as the world's fastest growing major economy.

### (b) Opportunities and Threats

Each of our business units is dynamic in nature with a host of economic, regulatory and technological changes that need to be constantly monitored.

Our security services business is expected to see an increasing role of technology in the way we deliver our services and also run our operations. We have been making significant investments in offering security solutions through technology – both through Tech SIS, where we provide Man-Tech solutions to B2B clients and through VProtect through which we provide alarm monitoring and response services to individual homes and small business and commercial establishments. We believe that customers will increasingly seek to obtain more deployment of technology solutions from their service providers and we are ahead of the both the competition and the market here and by proactively evangelising these services. We believe that technology is an opportunity and not a threat. With our financial resources and capabilities, we believe that we are well placed to maximise the opportunities from technology.

Similarly our international presence was boosted by the acquisitions in Singapore and Platform 4 Group. We are well on our way to becoming a market leader in APAC with our multi-country market leadership position.

The biggest opportunity in Facility Management is in offering more technical services, more vertical specialisation and integrated services. Newer models of facility management are evolving which are more output oriented and we are working actively to develop and make changes to our business and contractings model and internal systems to adapt to this changing requirement from the customers. Government outsourcing can be a big opportunity for facility management in India and we have won significant business from the Railways who have now commenced outsourcing certain facility services in railway stations.

The Cash Logistics industry has been seeing muted growth over the past 2-3 years because of various reasons – the structure of the industry, the slowdown in ATM penetration, short term shocks of demonetisation etc. Cash in circulation has come back to pre-demonetisation levels. During the year under review, the Reserve Bank of India has issued a set of guidelines and advised the banks to put in place certain minimum standards in their arrangements with the service providers for cash management related activities and also specified some financial benchmarks to be met by the service providers. The Ministry of Home Affairs has also issued guidelines for standard operating procedures for providing security by the private security agencies to cash transportation activities. We believe these will strengthen the operations of the industry, improve the security measures and reduce the risk levels for the industry.



**(c) Industry Outlook**

**Security Services**

The private security services market is estimated to be around ₹ 650,000 Million in size with nearly 65-70% of this controlled by smaller, non-compliant players. Some of the key growth drivers of the organised industry include the following:

- Strict enforcement of regulations such as minimum wages, provident fund norms, gratuity, insurance, etc.
- Greater economic activity – industries, commercial buildings, retail, education, infrastructure etc.
- Increased threat perception and security risk awareness
- B2C security is the next frontier for security industry with current offerings being outdated in their comprehensiveness

The security services market in India is estimated to grow at the rate of 20.00% per annum to reach ₹ 970,000 Million by 2020.

**Facility Management**

Facility Management industry is a sunrise industry that has not yet seen the full impact of outsourcing.

Some of the key growth drivers of the facility management industry include:

- Greater awareness of cleanliness and Hygiene
- Government playing a pro-active role in outsourcing
- More outsourcing by corporates who were hitherto insourcing
- Increasing penetration of modern commercial real estate and comfort of developers with outsourcing to established players
- Emerging sectors like healthcare, pharmaceuticals, food and beverage, restaurants etc demanding high levels of cleanliness that can't be provided by inhouse personnel

**(d) Risks and concerns.**

**Operating risks:**

The revenue streams in the security or facility management industry are recurring in nature, which gives a high degree of predictability to the revenue and cash flows. However, with a widespread operational network covering close to 17,000 sites, we need to ensure that each of these sites operates to the same exacting quality standards across the length and breadth of the country.

Over the past 4 decades we have developed a lot of learnings in foreseeing risks and the mitigation measures needed. These run across the gamut – in hiring, training, evaluation and in control systems to ensure that risks of slippage are minimised.

We also continually invest in technology to simplify the process of managing operations across all these sites. A high degree of standardisation is needed – so that measurement and reporting becomes simplified.

**Workplace risks:**

We have a robust health and safety policy aimed at ensuring the safety of our employees and the people working at our customer sites. Our HR policies comply with health and safety regulations in our operations. Through a systematic analysis and control of risks, we believe that accidents and occupational health hazards can be significantly reduced. Hence, we conduct proper training for the management as well as employees. We have implemented work safety measures to ensure a safe working environment at our customer sites.

**Financial risk**

The Group's operations expose it to market risk, credit risk and liquidity risk. The Group's focus is to reduce volatility in financial statements while maintaining balance between providing predictability in the Group's business plan along with reasonable participation in market movement. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. For more details on the Group's financial risk management, please refer to note 40 in the standalone financial statements and note 41 in the consolidated financial statements

**(e) Internal control systems and their adequacy.**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial statements.

Our rapid growth, while a matter of great satisfaction, continues to put pressure on our internal systems and processes. It is important that we work to ensure that these continue to keep pace with the business growth and that our policies remain current and relevant in the rapidly changing business landscape. The SIS Group's information systems are continuously evaluated and revamped in order to deliver timely and relevant information to various stakeholders so as to arm them with the necessary information and tools to enable them to compete in a tough market and environment. We believe that IT and information systems are critical in today's world and we have several dedicated groups of people constantly working to continuously evolve and improve these systems to keep abreast of the fast changing environment.

The Company's system of continuous internal audits ensures that established processes and practices are followed and complied with and that quality processes are strictly adhered to. Financial discipline is emphasised at all levels of the business and adherence to quality systems and focus on customer satisfaction are critical for the Company to retain and attract customers and business and these are followed rigorously.

**(f) Material developments in Human Resources/Industrial Relations front, including number of people employed.**

SIS is one of the largest private sector employers in India and we continue to create massive number of jobs in all our businesses. We impact thousands of families by providing them a steady livelihood which is further backed by our strong compliance regime. We also go beyond the mandated wages and benefits by providing them health and medical benefits, ESOPs that are very forward looking. During the year, the total no. of people employed by the SIS Group went up from 170,159 in March 2018 to over 210,000 in March 2019. More than the sheer numbers, our care for our employees extends to making them the cornerstone of our Vision 2020.

The business is people-intensive and the proper management of this resource is key to success, profitability and sustainability. At the SIS Group, we possess the largest trained manpower supply chain in India with integrated capabilities to source, train and deploy a large manpower base. We have 19 training centres across 14 states possessing state-of-the-art infrastructure and

providing up-to-date courses, with capacity to churn out more than 25,000 trained guards every year. Besides, SIS also possesses robust pan-India recruitment capabilities, providing a perpetual source of manpower.

To ensure that our employees get continuously upskilled we have launched Management Development Programmes this year that have been very well received. These Programmes have been structured to create the next level of senior management at SIS. We have also changed our training content for security personnel to make them more relevant to the changing requirements of technology and the industrial climate. All of our training content has been digitised and with the recent launch of our new mobile training initiative – M- Trainer, we can now do continuous on job training.

We feel proud that our people management skills have led to low attrition at the middle and senior management level. They form the backbone of SIS and by providing them a visible career path and the required skills, SIS is well placed to maximise the opportunities before us.

# Report on Corporate Governance

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is based on the principles of equity, fairness, integrity, transparency, accountability and commitment to values. The Company has adopted fair, transparent and ethical governance practices and is committed to follow and practice the highest level of corporate governance across all its business segments.

The Company has adopted a Code of Conduct for its employees including the Directors which includes Code of Conduct for Independent Directors suitably incorporating the duties of independent directors as laid down in the Companies Act, 2013 ("the Act").

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as applicable, with regard to corporate governance.

## II. BOARD OF DIRECTORS

### a) Composition of the Board

As on March 31, 2019, the Company's Board comprised of 11 Directors, of which 6 are Independent Directors (including 1 woman director), 2 are Non-Executive Directors (including 1 woman director), and 3 are Executive Directors. The Board is well diversified and its composition is in conformity with the provisions of the Act and SEBI Listing Regulations.

Further, none of the Directors of the Company serves as an Independent Director in more than seven listed companies.

The below table gives the names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting ("AGM") and also the number of Directorships and Board-level committee positions held by them.

Name of the Director	Category	Number of board meetings during the year 2018-19		Whether attended last AGM held on June 28, 2018	Number of Directorships in other Companies (including the Company)*		Number of the Committee positions held in other Companies (including the Company)#	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Ravindra Kishore Sinha	Promoter, Chairman	4	4	Yes	1	9	-	-
Mr. Rituraj Kishore Sinha	Promoter, Managing Director	4	4	Yes	-	10	-	-
Mr. Uday Singh	Non-Executive Director	4	4	Yes	-	9	-	-
Mr. Arvind Kumar Prasad	Director – Finance	4	4	Yes	-	4	-	-
Mrs. Rita Kishore Sinha	Non-Executive Director	4	1	No	-	8	-	-
Mr. Devdas Apte	Independent Director	4	4	No	-	3	-	2
Mr. Arun Kumar Batra	Independent Director	4	2	No	-	1	-	-
Mr. Amrendra Prasad Verma	Independent Director	4	4	Yes	-	5 [refer Note 1 below]	2	3
Mr. Tirumalai Cunnavakam Anandanpillai Ranganathan	Independent Director	4	4	Yes	1	3 [refer Note 2 below]	-	2
Mr. Rajan Krishnanath Medhekar	Independent Director	4	4	Yes	-	1	-	2
Mrs. Renu Mattoo	Independent Director	4	3	No	-	2	1	1
Mr. Jayanta Kumar Basu\$	Nominee Director	4	2	No	-	Not Applicable	-	-

\* Excludes Private Limited Companies (which are not subsidiaries of public companies), Foreign Companies and Companies registered under Section 8 of the Act (i.e. companies with charitable objects).

# Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee in other Public Companies only has been considered.

\$ Mr. Jayanta Kumar Basu resigned from the Board effective October 9, 2018.

In terms of Regulation 25(8) of SEBI Listing Regulations, Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

Except for Mr. Ravindra Kishore Sinha, Mrs. Rita Kishore Sinha and Mr. Rituraj Kishore Sinha who are related inter se, the other Directors of the Company are not related to each other.

### b) Number of Board meetings

During the year under review, the Board of Directors met 4 times on May 9, 2018, July 25, 2018, October 24, 2018 and January 30, 2019. The necessary quorum was present for all the meetings. The maximum time gap between any two consecutive meetings did not exceed 120 days.

### c) Directors' attendance record and details of Directorships/Committee Positions held

As mandated by SEBI Listing Regulations, none of the Directors on the Board is a member of more than ten Board-level committees and Chairman of more than five such committees, across all such companies in which he/she is a Director.

**Notes:****1. Names of listed entities where Mr. Amrendra Prasad Verma is a director other than the Company.**

- Electro Steel Castings Limited - Independent Director
- Solar Industries India Limited - Independent Director

**2. Names of listed entities where Mr. Tirumalai Cunnavakam Anandanpillai Ranganathan is a director other than the Company**

- Orient Electric Limited - Independent Director
- Indian Overseas Bank - Non- Executive Chairman

**d) Directors with pecuniary relationship or business transaction with the Company**

The Executive Directors receive salary, perquisites and allowances, while the Non-Executive Directors receive sitting fees for attending meetings of the Board and Committees.

**e) Remuneration of Directors**

- Details of remuneration paid to Executive Directors during the year under review are as under:

					(in ₹)
Name of the Director	Salary	Perquisites, allowances and benefits	Performance linked incentive	Stock Option details, if any,	Total
Mr. Ravindra Kishore Sinha, Chairman	11,864,000	9,457,258	-	-	21,321,258
Mr. Rituraj Kishore Sinha, Managing Director	4,120,000	4,835,392	-	-	8,955,392
Mr. Arvind Kumar Prasad, Director – Finance	2,250,000	2,713,220	-	-	4,963,220
Mr. Uday Singh, Non-Executive Director ^	254,500	262,458	-	-	516,958

^ Effective April 24, 2018, Mr. Uday Singh stepped down as CEO and Whole-Time Director and continues to be Non-Executive Director.

Note: No severance fees has been paid to the Directors of the Company

- Details of remuneration paid to Non-Executive Directors for the year under review are as under:

Name of the Director	Commission	Sitting Fees*
Mrs. Rita Kishore Sinha	-	75,000
Mr. Uday Singh	-	375,000
Mr. Devdas Apte	-	825,000
Mr. Amrendra Prasad Verma	-	1,050,000
Mr. Tirumalai Cunnavakam Anandanpillai Ranganathan	-	900,000
Mr. Rajan Krishnanath Medhekar	-	1,125,000

\*Sitting fees comprises payment made to Non-Executive Directors for attending meetings of the Board and Committees.

There has been no pecuniary relationship or transaction between the Company and its Non-Executive Directors for the financial year under review.

**f) Details of equity shares and convertible instruments held by Non-Executive Directors**

There were no outstanding convertible instruments held by Non- Executive Directors. The details of equity shares held by Non-Executive Directors as on March 31, 2019 are provided below:

Name of the Director	Number of equity shares held
Mrs. Rita Kishore Sinha	12,111,055
Mr. Uday Singh	362,297

**g) Skills/ Expertise/ Competence of Board of Directors**

The Board has identified the following skills/ expertise/ competencies for the effective functioning of the Company which are currently available with the Board.

Strategy and Planning	Experience in reviewing and guiding corporate strategy, annual budgets and business plans and overseeing major capital expenditures and acquisitions.
Governance	Experience in developing governance practices, protecting the interests of stakeholders and building long-term effective stakeholder engagements.

Financial	Ability to understand the (i) financial statements; (ii) accounting principles used for preparation of the financial statements; (iii) internal controls; and (iv) procedures for financial reporting
Leadership	Experience in understanding the organisational processes, strategic planning and risk management. Ability to effectively represent the vision, mission and values of the Company with the key stakeholders.

**h) Meeting of Independent Directors**

A separate meeting of the Independent Directors of the Company was held on October 24, 2018, without the presence of Non-Independent Directors and members of the Management, to discuss the matters as required under the Act and SEBI Listing Regulations.

**i) Code of conduct**

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management Personnel which is available on the Company's website – <https://sisindia.com/investors/corporate-governance/>

All Board members and Senior Management Personnel have confirmed compliance with the Code of Conduct. A declaration to that effect signed by the Managing Director forms part of this Report.

**j) Familiarisation Programme for Independent Directors**

The Familiarisation programme aims to provide insight to the Independent Directors to understand the business of the Company. Upon induction, the Independent Directors are familiarised with their roles, rights and responsibilities.

In addition to the above, the familiarisation programme for Independent Directors forms part of the Board process. At the Board/Committee meetings of the Company held during FY19, the Directors are familiarised with the Company's business, its operations, strategy, functions and policies. Changes in regulatory framework and its impact on the operations of the Company are also presented at the Board/Committee meetings.

The details of the familiarisation programme for Independent Directors are available on the Company's website - <https://sisindia.com/investors/corporate-governance/>

**k) Nomination and Remuneration Policy**

The Non-Executive Directors (NEDs) are paid sitting fees for attending the meetings of the Board and Committees which is within the limits laid down by the Act read with relevant rules made thereunder. The Company pays a sitting fee of ₹ 75,000 to each NED for attending the meetings of the Board and Committees.

The detailed Remuneration Policy of the Company has been provided in the Board's Report which forms part of the Annual Report.

**l) Performance Evaluation**

A formal evaluation framework for evaluation of the Board's performance, performance of its Committees and individual Directors of the Company, including the Chairman of the Board, in terms of the requirement of the Act and the SEBI Listing Regulations, is in place. In terms of the evaluation framework, the Board has carried out the annual performance evaluation of its own performance and the Directors individually. Criteria for evaluation inter alia includes, providing strategic perspective, Chairmanship of the Board and its Committees, attendance and preparedness for the meetings, contribution at the meetings.

**m) Prevention of Insider Trading**

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, and to prevent misuse of unpublished price sensitive information, your Company has formulated and adopted a Code of Conduct

for Directors, designated employees and connected persons to prevent insider trading in the equity shares of the Company.

**n) Performance evaluation criteria for Independent Directors**

The Independent Directors were evaluated on various pointers like integrity, commitment, participation, knowledge, decision making capacity, strategic perspective, Chairmanship of Committees, attendance and preparedness for the meetings and inter-personal relationships with other directors and management.

**III. COMMITTEES OF THE BOARD**

The Board of Directors has constituted five committees viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Risk Management Committee in line with the requirements of Act and SEBI Listing Regulations.

Details of the role and composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below.

**A. Audit Committee**

As on March 31, 2019, the Audit Committee comprised four Independent Directors viz. Mr. Amrendra Prasad Verma, Mr. Devdas Apte, Mr. TCA Ranganathan and Mr. Rajan Krishnanath Medhekar. All Members of the Audit Committee possess accounting and financial management knowledge.

The Managing Director, Director-Finance and Chief Financial Officers are invited for the meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

The Chairman of the Audit Committee was present at the last AGM of the Company held on June 28, 2018.

Quarterly Reports are placed before the Committee on matters relating to the Insider Trading Code.

During the year under review, 4 Audit Committee meetings were held, on May 9, 2018, July 25, 2018, October 24, 2018 and January 30, 2019. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days.

The composition of the Audit Committee and the details of meetings attended by the Members are provided below.

Name	Category	Position	No. of meetings held	No. of meetings attended
Mr. Amrendra Prasad Verma	Independent Director	Chairman	4	4
Mr. Devdas Apte	Independent Director	Member	4	4
Mr. TCA Ranganathan	Independent Director	Member	4	4
Mr. Rajan Krishnanath Medhekar	Independent Director	Member	4	4

The terms of reference of the Audit Committee include the following:

- (a) oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;



- (b) make recommendations for appointment, remuneration and terms of appointment of auditors of the Company;
- (c) approve payment to statutory auditors for any other services rendered by them;
- (d) review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (i) matters required to be included in the Director's Responsibility Statement to be included in the board of directors report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - (ii) changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
  - (iv) significant adjustments made in the financial statements arising out of audit findings;
  - (v) compliance with listing and other legal requirements relating to financial statements;
  - (vi) disclosure of any related party transactions; and
  - (vii) modified opinion(s) in the draft audit report.
- (e) review, with the management, the quarterly financial statements before submission to the board of directors for their approval;
- (f) review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to our board of directors to take up steps in this matter;
- (g) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (h) approve or subsequently modify transactions of the Company with related parties;
- (i) scrutinise inter-corporate loans and investments;
- (j) conduct valuation of undertakings or assets of the Company, wherever it is necessary;
- (k) evaluate internal financial controls and risk management systems;
- (l) review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (m) review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (n) discuss with internal auditors of any significant findings and follow up there on;
- (o) review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (p) discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (q) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (r) to review the functioning of the whistle blower mechanism;
- (s) approve the appointment of the Chief Financial Officer of the Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (t) carry out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the board of directors of the Company or specified/provided under the Companies Act, 2013 or by the SEBI Listing Regulations or by any other regulatory authority.
- (u) Review of information by Audit Committee:
  - (a) management discussion and analysis of financial condition and results of operations;
  - (b) statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;
  - (c) management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;
  - (d) internal audit reports relating to internal control weaknesses;
  - (e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and
  - (f) statement of deviations in terms of the SEBI Listing Regulations:
    - (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and

- (ii) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice.
- (v) review the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

## B. Nomination and Remuneration Committee

As on March 31, 2019, the Nomination and Remuneration Committee ("NRC") comprised three Independent Directors viz. Mr. TCA Ranganathan, Mr. Arun Kumar Batra and Mr. Amrendra Prasad Verma. The Company Secretary is the Secretary to the Committee.

During the year under review, 3 NRC meetings were held on May 9, 2018, July 25, 2018 and January 30, 2019. The Chairman of the NRC was present at the last AGM held on June 28, 2018.

The composition of the NRC and the details of meetings attended by Members are given below:

Name	Category	Position	No. of meetings held	No. of meetings attended
Mr. TCA Ranganathan	Independent Director	Chairman	3	3
Mr. Arun Kumar Batra	Independent Director	Member	3	2
Mr. Amrendra Prasad Verma	Independent Director	Member	3	3

The terms of reference of the Nomination and Remuneration Committee are as under:

- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the board of directors their appointment and removal and carry out evaluation of every director's performance (including that of independent directors);
- formulate the criteria for determining qualifications, positive attributes and independence of a director;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- devise a policy on diversity of the Board;
- consider whether to extend or continue the term of appointment of the independent director, on the

basis of the report of performance evaluation of independent directors;

- perform such functions as are required to be performed by the Compensation Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014; and
- perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or by any other regulatory authority.

## C. Stakeholders' Relationship Committee

As on March 31, 2019, the Stakeholders' Relationship Committee comprised three Independent Directors. The Committee is headed by Mr. Amrendra Prasad Verma, Non-Executive Independent Director. Ms. Pushpalatha K, Company Secretary, is the Compliance Officer of the Company:

During the year under review, 1 Stakeholders Relationship Committee meeting was held on May 9, 2018.

The composition of the Stakeholders Relationship Committee and the details of meeting attended by Members are given below:

Name	Category	Position	No. of meetings held	No. of meetings attended
Mr. Amrendra Prasad Verma	Independent Director	Chairman	1	1
Mr. Rajan Krishnanath Medhekar	Independent Director	Member	1	1
Mrs. Renu Mattoo	Independent Director	Member	1	1

The Chairman of the Stakeholders' Relationship Committee was present at the last AGM held on June 28, 2018.

The terms of reference of the stakeholders' relationship committee are as under:

- redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission

of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;

- giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;

- (c) overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and
- (d) carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Act or SEBI Listing Regulations, or by any other regulatory authority.

The details of the shareholder's complaints received and redressed during the financial year ended March 31, 2019 are provided below:

Opening balance	Received during the year	Resolved during the year	Closing balance
-	5	5	-

#### D. Corporate Social Responsibility Committee

As on March 31, 2019, the Corporate Social Responsibility Committee comprised three directors viz. Mr. Ravindra Kishore Sinha, Mr. Devdas Apte and Mr. Rajan Krishnanath Medhekar and the role of the Committee is as under:

- formulate and recommend to our Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a) of sub-section (3) of Section 135 of the Companies Act, 2013; and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

During the year, one meeting of the CSR Committee was held on May 9, 2018.

The Composition of the CSR Committee and the details of meetings attended by the Members are given below:

Name	Category	Position	No. of meetings held	No. of meetings attended
Mr. Ravindra Kishore Sinha	Chairman	Chairman	1	1
Mr. Devdas Apte	Independent Director	Member	1	1
Mr. Rajan Krishnanath Medhekar	Independent Director	Member	1	1

#### E Risk Management Committee

Risk Management Committee is constituted on May 2, 2019 comprising three directors viz. Mr. Rituraj Kishore Sinha, Managing Director, Mr. Amrendra Prasad Verma, Independent Director and Mr. Arvind Kumar Prasad – Director Finance. The extracts of the terms of reference of the Committee are as under:

- To identify and prioritise strategic and operational risks, develop appropriate mitigation strategies and

conduct periodic reviews of the progress on the management of identified risks;

- To implement and maintain a risk management framework which identifies, assesses, manages and monitors the Company's business risks; and
- To put in place the appropriate systems and procedures to proactively monitor and manage the inherent risks in businesses with relatively high risk profiles.

#### IV. GENERAL BODY MEETINGS

- Details of the General Meetings of the Company held in the last three years along with details of special resolutions as passed by the Members, are as follows:

Financial Year	Date, Time and Venue	Particulars of special resolution
2015-16 Annual General Meeting	August 30, 2016 at 11:00 a.m. at Annapoorna Bhawan, Telephone Exchange Road, Kurji, Patna-800010	Issue of 40,565 (Forty thousand five hundred and sixty-five) equity shares to Mr. Uday Singh, on preferential basis.
2016-17 Annual General Meeting	September 25, 2017 at 12:30 p.m. at Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001	<ol style="list-style-type: none"> <li>Re-appointment of Mr. Ashok Kumar Mattoo, Independent Director of the Company, to hold office for a period of 5 years.</li> <li>Re-appointment of Mr. Amrendra Prasad Verma, Independent Director of the Company, to hold office for a period of 5 years.</li> <li>Re-appointment of Mr. Arun Kumar Batra, Independent Director of the Company, to hold office for a period of 5 years.</li> <li>Modification of terms of appointment of Mr. Arvind Kumar Prasad, Director-Finance of the Company.</li> <li>Alteration of Articles of Association.</li> <li>Ratification of Employee Stock Option Plan – 2016.</li> <li>Approval of right to appoint a Nominee Director.</li> </ol>

Financial Year	Date, Time and Venue	Particulars of special resolution
2017-18 Extra-Ordinary General Meeting	May 31, 2017 at 5:30 p.m. at A-28 & 29, Okhla Industrial Area, Phase-1, New Delhi-110020	<ol style="list-style-type: none"> <li>1. Increase in the remuneration of Mr. Ravindra Kishore Sinha, Chairman of the Company.</li> <li>2. Appointment of Mr. Rituraj Kishore Sinha as Managing Director of the Company.</li> <li>3. Re-appointment and remuneration of Mr. Uday Singh, as Chief Executive Officer and Whole-time Director of the Company.</li> <li>4. Appointment of Mr. Arvind Kumar Prasad as Whole-Time Director of the Company.</li> </ol>
2017-18 Extra-Ordinary General Meeting	July 10, 2017 at 10:00 a.m. at A-28 & 29, Okhla Industrial Area, Phase-1, New Delhi-110020	Amendment of Articles of Association
2017-18 Annual General Meeting	June 28, 2018 at 12:30 p.m. at Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001	<ol style="list-style-type: none"> <li>1. Appointment of Mr. Rajan Krishnanath Medhekar as an Independent Director of the Company.</li> <li>2. Appointment of Mrs. Renu Mattoo as an Independent Director of the Company.</li> <li>3. Revision in the remuneration of Mr. Ravindra Kishore Sinha, Chairman of the Company.</li> <li>4. Revision in the remuneration of Mr. Rituraj Kishore Sinha, Managing Director of the Company.</li> <li>5. Revision in the remuneration of Mr. Arvind Kumar Prasad, Director Finance of the Company</li> </ol>

- b. Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern.

During the year, no special resolutions passed through postal ballot.

- c. Details of special resolution proposed to be conducted through postal ballot

No special resolution is proposed to be conducted through postal ballot.

to the stock exchanges where the shares of the Company are listed.

**iii. Details of material related party transactions that may have potential conflict with the interests of the Company**

During the year under review, no material related party transactions, that may have a potential conflict with the interest of the Company at large, have been entered into.

All contracts/arrangements/transactions entered into by the Company with its related parties were on an arm's length basis and in the ordinary course of business.

A policy on related party transactions has been uploaded on the website of the Company - <https://sisindia.com/investors/corporate-governance/>

## V. OTHER DISCLOSURES

### i. Disclosures regarding Board of Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations. A detailed profile of the Directors who are seeking appointment / re-appointment at the ensuing AGM of the Company is given under the explanatory statement to the Notice convening the AGM of the Company.

### ii. Means of Communication

- Quarterly/half-yearly/annual results of the Company are normally published in Mint (all editions) and Business Standard, Hindi (Patna edition). The results are displayed on the Company's website [www.sisindia.com](http://www.sisindia.com) and the stock exchanges on which the equity shares/debentures of the Company are listed.
- All official news releases and presentations made to Institutional Investors/Analysts are also displayed on the Company's website.
- Disclosures pursuant to various provisions of SEBI Listing Regulations, as applicable, are promptly communicated

### iv. Whistle Blower Policy

The Company has established a Vigil Mechanism for reporting concerns through the Whistle Blower Policy of the Company. The Policy provides for a framework and process, for the employees and directors to report genuine concerns or grievances about illegal and unethical behavior. During the year, no personnel has been denied access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on the website of the Company - <https://sisindia.com/investors/corporate-governance/>.

### v. Details of non-compliance by the listed entity, penalties, and strictures imposed on the listed entity by the stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.

There have been no instances of non-compliances by the Company on any matters related to capital markets from the listing date and no penalty or strictures have

been imposed by SEBI or the Stock Exchange or any statutory authority.

#### vi. Compliance with mandatory requirements

The Company has complied with all the mandatory requirements under the SEBI Listing Regulations.

#### vii. Status of Compliance of non-mandatory requirement

##### a. Modified Opinion(s) in Audit Report

The Auditors have issued an unmodified opinion on the standalone and consolidated financial statements of the Company.

##### b. Separate Posts of Chairman and Managing Director

The position of the Chairman of the Board of Directors and the Managing Director is separate.

- vi. A certificate has been received from Mr. Sudhir V Hulyalkar, Company Secretary in Practice confirming that none of the Director, subject to the note mentioned in the report on secretarial audit, on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI, MCA or any such statutory authority.

### VII. SUBSIDIARY COMPANIES

As on March 31, 2019, Mr. Devdas Apte, Independent Director of the Company is on the Board of Service Master Clean Limited, which is reckoned as a material non-listed Indian subsidiary company.

The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and necessary management resources.

The Audit Committee reviews the financial statements and, in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings of the unlisted subsidiary companies are placed before the Board of Directors of the Company for its review.

The Company has formulated a policy for determining 'material subsidiaries' and the same is available on the Company's website - <https://sisindia.com/investors/corporate-governance/>

### VIII. GENERAL SHAREHOLDER INFORMATION

#### i. Annual General Meeting for FY19

Date : June 28, 2019

Day : Friday

Time : 12:30 p.m.

Place : Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001.

#### ii. Financial Calendar:

Financial Year of the Company	: 1st April to 31st March
For the quarter ending June 30, 2019	: July, 2019
For the quarter/half-year ending September 30, 2019	: October, 2019
For the quarter/nine-months ending December 31, 2019	: January, 2020
For the quarter/year ending March 31, 2020	: April, 2020
36th Annual General Meeting for the year ending March 31, 2020	: June, 2020
iii. Dividend payment date	: July 12, 2019
iv. Date of Book Closure/Record date	: June 21, 2019
v. Listing on stock exchanges	: The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
	The Non-convertible debentures are listed on the debt segment of National Stock Exchange of India Limited

Name and address of the stock exchanges:

BSE Limited (BSE)	National Stock Exchange of India Limited (NSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Tel: 022-22721233/34 Fax: 022-22721919 Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	Exchange Plaza, Plot No. C-1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 Tel: 022 26598100 - 8114 Fax: 022-26598120 Website: <a href="http://www.nseindia.com">www.nseindia.com</a>

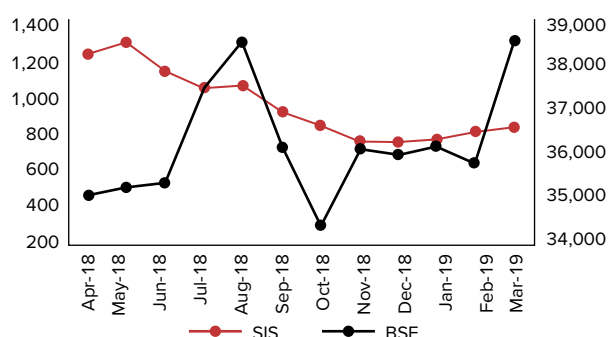
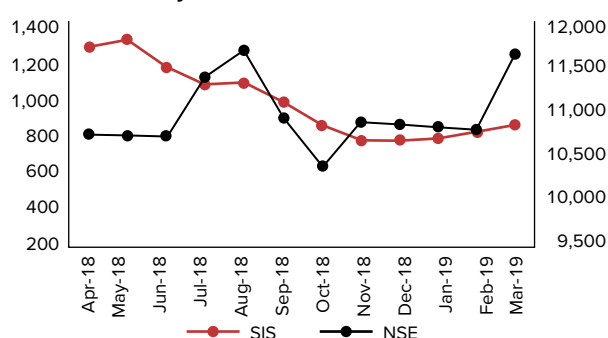
Annual listing fee for FY20 has been paid to BSE and NSE.

vi. Stock Codes/Symbol : BSE: 540673  
NSE: SIS



**vii. Market price data- high, low during each month in last financial year:**

Month	BSE				NSE			
	High	Low	Closing Price	Volume	High	Low	Closing Price	Volume
Apr-18	1,300.00	1,066.00	1,255.00	47,578	1,299.00	1,065.00	1,261.75	5,60,474
May-18	1,404.80	1,195.00	1,314.15	3,21,969	1,398.00	1,185.15	1,315.45	3,67,207
Jun-18	1,330.00	1,040.00	1,155.65	332,540	1,345.20	1,056.05	1,150.50	2,78,754
Jul-18	1,200.00	1,045.05	1,065.20	569,643	1,220.00	1,045.00	1,063.50	10,23,312
Aug-18	1,153.50	1,020.00	1,079.50	12,087	1,160.50	1,024.00	1,070.60	4,24,919
Sep-18	1,154.50	820.00	928.00	10,077	1,159.00	904.95	969.85	4,07,961
Oct-18	1,088.00	790.85	853.00	32,537	980.00	789.70	842.40	1,71,501
Nov-18	925.00	727.00	765.10	360,502	915.00	706.90	765.75	5,49,774
Dec-18	802.35	740.00	769.15	1,044,003	810.00	742.60	769.55	5,39,193
Jan-19	794.80	737.80	773.90	5,627	805.95	737.15	772.35	4,46,419
Feb-19	829.90	745.00	818.30	7,109	824.80	743.55	815.35	5,14,973
Mar-19	890.00	774.90	845.85	17,605	883.15	771.00	848.50	10,02,470

**viii. Performance in comparison to broad-based indices such as BSE Sensex, Nifty****SIS Vs BSE Sensex****SIS Vs NSE Nifty****ix. Dividend Policy:**

The declaration and payment of dividend will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Act. The dividend, if any, will depend on a number of factors, including but not limited to growth plans, capital requirements and the available distributable surplus.

**x. Registrars and Transfer Agents**

Name and Address : Link Intime India Private Limited  
C 101, 247 Park, L.B.S.  
Marg, Vikhroli West,  
Mumbai 400 083  
Telephone: +91 22 4918 6200  
Fax: +91-22 4918 6195  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**xi. Share Transfer System:**

99.85% of the equity shares of the Company are in electronic form. Transfer of these shares are done through the depositories with no involvement of the Company.

The Registrars and Share Transfer Agent have put in place an appropriate Share Transfer system to ensure timely share transfers. Share transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt, if the documents are clear in all respects. Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within 21 days.

SEBI, vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018, amended Regulation 40 of SEBI (Listing Obligations and Disclosure) Regulations, 2015 Regulations pursuant to which after December 5, 2018 transfer of securities could not be processed unless the securities are held in the dematerialised form with a depository. The said deadline has been extended by SEBI to March 31, 2019.

Members holding shares in physical form are requested to dematerialise their holdings at the earliest as it will not be possible to transfer shares held in physical mode as per extension of the deadline announced by SEBI.

**xii. Address for members' correspondence**

Members are requested to correspond with the Registrars and Share Transfer Agents at the below given address on all matters relating to transfer/ dematerialisation of shares, payment of dividend and any other query relating to equity shares of the Company.

**Registrar and Share Transfer Agents:**

Contact Officer: Mr. Subhash Jadhav- (Team Leader- Processing)

**Link Intime India Private Limited**

C 101, 247 Park, L.B.S. Marg,  
Vikhroli West, Mumbai 400 083  
Telephone: +91 22 4918 6270  
Fax : +91-22 4918 6060  
E-mail : [dematremat@linkintime.co.in](mailto:dematremat@linkintime.co.in)

Members are requested to note that, in respect of shares held in dematerialised form, they will have to correspond with their respective Depository Participants (DPs) for related matters.

Members may contact the Compliance Officer at the following address:

Ms. Pushpalatha Katkuri  
Company Secretary and Compliance Officer  
106, 1st Floor, Ramanashree Arcade,  
18, M.G. Road, Bangalore, Karnataka – 560 001, India,  
Ph.: 080-2559 0801, E-mail: [shareholders@sisindia.com](mailto:shareholders@sisindia.com)

### xiii. Shareholding as on March 31, 2019:

#### a. Distribution of equity shareholding as on March 31, 2019:

No. of equity shares held	No. of shares held	% Shareholding	Number of shareholders	% of Shareholders
1 to 500	354,573	0.48	10,229	96.26
501-1000	89,825	0.12	123	1.16
1001-2000	134,797	0.18	96	0.90
2001-3000	74,654	0.10	30	0.28
3001-4000	68,009	0.09	19	0.18
4001-5000	46,480	0.06	10	0.09
5001-10000	291,599	0.40	42	0.40
10001 and above	72,252,736	98.55	77	0.72
<b>Grand Total</b>	<b>73,312,673</b>	<b>100.00</b>	<b>10,626</b>	<b>100.00</b>

#### b. Categories of shareholding as on March 31, 2019:

Category	No. of shareholders	Number of equity shares held	% of holding
<b>Promoters and Promoter Group- A</b>	<b>10</b>	<b>54,501,273</b>	<b>74.34</b>
<b>Public – B</b>			
<b>Domestic - B-1</b>			
Bodies Corporate	169	581,651	0.79
Mutual Funds	19	4,817,763	6.57
Alternate Investment Funds	1	217,490	0.30
Financial Institutions/ Banks	2	2,783	0.00
Hindu Undivided Family	500	52,116	0.07
Other Individuals	9,669	1,534,562	2.09
Clearing Members	65	21,973	0.03
Trust	1	42,420	0.06
Directors	2	527,297	0.72
NBFC Registered with RBI	3	12,851	0.02
<b>Total B-1</b>	<b>10,431</b>	<b>7,810,906</b>	<b>10.65</b>
<b>Foreign- B-2</b>			
Foreign Nationals	3	3,003,000	4.10
Foreign Corporate Bodies	1	2,066,613	2.82
Non-resident Indians	155	46,416	0.06
Foreign Portfolio Investors	26	5,884,465	8.03
<b>Total B-2</b>	<b>185</b>	<b>11,000,494</b>	<b>15.01</b>
<b>TOTAL B</b>	<b>10,616</b>	<b>18,811,400</b>	<b>25.66</b>
<b>Grand Total</b>	<b>10,626</b>	<b>73,312,673</b>	<b>100.00</b>

#### c. Top ten equity shareholders of the Company as on March 31, 2019:

S. No.	Name of the shareholder	Number of equity shares held	% of holding
1	Ravindra Kishore Sinha	29,633,656	40.42
2	Rita Kishore Sinha	12,111,055	16.52
3	Rituraj Kishore Sinha	8,347,690	11.39
4	Rivoli Sinha	2,408,780	3.29
5	Theano Private Limited	2,066,613	2.82
6	Vocational Skills Council India Private Limited	1,800,626	2.46
7	Thomas Fredrik Berglund	1,446,500	1.97
8	Haakan Gustaf Oscar Winberg	1,446,500	1.97
9	Reliance Capital Trustee Co. Ltd-A/C Reliance small Cap Fund	1,281,400	1.75
10	Malabar India Fund Limited	1,197,471	1.63
	<b>Total</b>	<b>61,740,291</b>	<b>84.22</b>

**xiv. Dematerialisation of shares and liquidity:**

As on March 31, 2019, 73,203,627 equity shares representing 99.85% of the total equity share capital of the Company were held in dematerialised form.

The Promoters hold their entire equity shareholding in the Company in dematerialised form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE285J01010.

**xv. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:**

There are no outstanding convertible instruments as on March 31, 2019 except employee stock options.

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2019, the Company does not have any outstanding GDRs / ADRs / Warrants.

**xvi. Unclaimed dividends**

Pursuant to Section 124 and 125 of the Act, all unpaid and unclaimed dividends, remaining unpaid and unclaimed for a period of 7 (seven) years from the date of transfer to unpaid dividend account, will be transferred to the Investor Education and Protection Fund (IEPF), established by the Central Government. Members, who have so far not encashed the dividend warrant(s) for the year ended March 31, 2013, or any subsequent years, are requested to make their claim in the prescribed form to the Company's RTA.

The details of unpaid/unclaimed dividends from the year 2012-13 onwards, are as under:

Date of declaration	Due Date for Transfer of Unpaid/Unclaimed to IEPF
12-03-2013	17-04-2020
17-07-2013	22-08-2020
24-03-2014	29-04-2021
13-12-2014	18-01-2022
21-03-2016	26-04-2023
29-01-2018	06-03-2025
28-06-2018	03-08-2025

**xvii. Commodity price risk or foreign exchange risk and hedging activities.**

Information with respect to 'Foreign Currency Risk' is provided in the relevant notes to the financial statements.

**xviii. Credit Ratings**

ICRA Limited has assigned 'A+' rating to the Non- Convertible Debentures of the Company.

**xix. Statutory Auditors**

Saxena & Saxena, Chartered Accountants (Firm Registration No. 006103N) have been appointed as the Statutory Auditors of the Company. The particulars of payment of fees to the Statutory Auditors, on consolidated basis are provided below:

Particulars	Amount in ₹ Million
Services as statutory auditors	1.52
Services for other matters	0.09
<b>Total</b>	<b>1.61</b>

**xx. Sexual Harassment**

The Company is committed to provide a safe and conducive work environment to its employees and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. During the year under review, no complaints were reported as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and no complaints were pending as on March 31, 2019.

**IX. COMPLIANCE**

The Certificate issued by Mr. Sudhir V Hulyalkar, Company Secretary in Practice, confirming that the Company has complied with the conditions of Corporate Governance is annexed to and forms part of this report.

## DECLARATION ON CODE OF CONDUCT

I, Rituraj Kishore Sinha, Managing Director of the Company, to the best of my knowledge and belief, confirm that all the members of the Board and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2019.

Place: Hyderabad  
Date: May 2, 2019

**Rituraj Kishore Sinha**  
Managing Director

## CERTIFICATION BY CEO AND CFO UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

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

We, Rituraj Kishore Sinha, Managing Director and Devesh Desai, Chief Financial Officer hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2019 are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - (i) There has not been any significant change in internal control over financial reporting during the year under review;
  - (ii) Any significant changes to the accounting policies during the year have been disclosed in the notes to the financial statements; and
  - (iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad  
Date: May 2, 2019

**Rituraj Kishore Sinha**  
Managing Director

**Devesh Desai**  
Chief Financial Officer

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
Security and Intelligence Services (India) Limited

I have examined the compliance of conditions of corporate governance, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Security and Intelligence Services (India) Limited (the Company) for the year ended on March 31, 2019.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with all the applicable mandatory conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bangalore  
Date: May 2, 2019

**Sudhir Vishnupant Hulyalkar**  
Company Secretary in Practice  
FCS No: 6040, CP No. 6137

# Independent Auditors' Report

To the Members of  
**Security & Intelligence Services (India) Limited**

## Report on the Audit of the Standalone Financial Statements

### OPINION

We have audited the accompanying standalone financial statements of Security & Intelligence Services India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

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#### Key Audit Matter

##### **Accuracy of recognition, measurement, presentation & disclosures of revenue**

Auditing standards require us to make a rebuttable presumption that the fraud risk from revenue is a significant risk. A significant proportion of the Company's revenue is derived from contracts with customer and consist of rendering of services. Revenue is measured at the fair value of consideration received or receivable. Revenue is recognized when the control is transferred to the customer and when the Company has completed its performance obligations under the contracts. Revenue is recognized in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Further, the contractual terms also underpin the measurement and recognition of revenue and profit. The Company is therefore required to make operational and financial assumptions.

#### **Judgements include:**

- Interpretation of complex contract terms;
- Allocation of revenue to performance conditions; and
- Combining of obligations where the services are related.

The nature of the Services provided by the Company also gives rise to significant amount of variable work which is recorded as accrued unbilled income with corresponding profit recognition. Accrued unbilled income as on March 31, 2019 aggregated to ₹ 1,867.31 million.

### BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements 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 statements 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 statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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#### Auditor's Response

##### **How our audit addressed the Key audit matter**

Our audit is based on the evaluation of internal control environment and on the other analytical procedures, including system-based analysis of certain balance sheet and statement of profit and loss items of the Company.

We have also tested the operating effectiveness of the key controls over the contract process including contract monitoring, billings and approvals and IT controls over certain systems used to generate the information. The basis for the evaluation of internal control has been Company's internal control framework for financial reporting. The testing of controls and amounts has been performed on a sample basis.

#### **We have completed the following audit procedures:**

- Obtained a sample of contracts to confirm that revenue had been appropriately recognized.
- Tested a sample of accrued unbilled income balance with supporting documentation which includes attendance records, customer acceptance, reviewing customer correspondence where necessary and ensuring cut-off had been appropriately applied.
- Effect of adoption of Ind AS 115 effective from April 01, 2018.

Based on our audit, no significant observations have been noted which have resulted in reporting to the audit committee. Our overall conclusion is that there are, in all material respects, proper processes in place to recognize the correct billed and unbilled revenue in the financial statement.



**Key Audit Matter****Uncertain tax positions and deferred tax assets**

The Company operates in a complex tax environment and is subject to a range of tax risks during the normal course of business. Where the amount of tax payable is uncertain, the Company establishes provisions based on management's judgment of the probable amount of the future liability. The company has material certain tax positions including matters under disputes which involves significant judgement to determine the possible outcome of these disputes.

In addition, the Company has recognized ₹ 1,216.61 million of deferred tax assets at March 31, 2019. The recognition of deferred tax assets involves judgment by management regarding the likelihood of the realization of these assets. The expectation that these assets will be realized is dependent on a number of factors, including whether there will be sufficient taxable profits in future periods to support utilization of these assets.

### INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profits, total comprehensive income, changes in equity and cash flows of the Company in accordance with the 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 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring

**Auditor's Response****How our audit addressed the Key audit matter**

Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We have checked the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.

In respect of creation of deferred tax assets, we have evaluated management's assessment of certain tax benefits under the Income Tax Act, 1961, which constitute major part of deferred tax assets. In respect of the recoverability of deferred tax assets, we evaluated management's assessment of how these assets will be realized and whether there will be sufficient taxable profits in future periods to support their recognition. We evaluated the Company's future profitability forecast and the process by which they were prepared. Based on our procedures, future profitability forecasts supported the recoverability of the deferred tax assets recognized.

the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements 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 statements.

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 statements, 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 statements 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 statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with relevant rules issued thereunder.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – refer note 34;
  - The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - There were not amount to be transferred by the Company to the Investor Education and Protection Fund.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

# Annexure “A” To The Independent Auditors’ Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED** as of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

## OPINION

We have audited the internal financial controls over financial reporting of **SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

## LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

# Annexure 'B' To The Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED of even date)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management at reasonable intervals. As informed, the discrepancies noticed on physical verification of fixed assets as compared to book records were not material and have been properly dealt with in the books of account.
- c) With respect to immovable properties of land and buildings, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court orders approving schemes of arrangements/amalgamations provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.
2. a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- b) The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. a) The Company has given unsecured loans to companies listed in the Register maintained under Section 189 of the Companies Act, 2013.
- b) In our opinion, the rate of interest and other terms and conditions of the grant of such loans are not, prima facie, prejudicial to the Company's interest.
- c) Details of dues of Income-tax and Service Tax, which have not been deposited as on March 31, 2019 on account of disputes are given below:
- c) In our opinion, and according to the information and explanations given to us, the schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- d) There are no overdue amounts in respect of such loans.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, in respect of grant of loans, making investments and providing guarantees and securities, where applicable.
5. The Company has not accepted any deposits and so the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under do not apply to the Company.
6. The Central Government has not prescribed maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013 in respect of the products dealt with by the Company.
7. a) Statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, professional tax, custom duty, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been some delays in deposit of dues relating to goods and service tax and Income Tax.
- b) There were no outstanding statutory dues as at March 31, 2019 for a period of more than six months from the date they became payable.

Name of statute	Nature of dues	Amount (in ₹ million)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	5.93	2009-2012	Appellate Authority – Tribunal level
Finance Act, 1994	Service tax	0.86	2006-2013	Appellate Authority – upto Comm. appeal level
Finance Act, 1994	Service tax	21.33	2006-2013	Appellate Authority – upto Commissioners level
Income tax Act 1961	Income tax	4.22	2012-2013	Appellate Authority – upto Comm. appeal level

8. In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to financial institutions, banks, Government or debenture holders.
9. a) The Company has raised term loans during the year and the same have been applied for the purposes for which they were raised.
- b) During the current year the company has not raised moneys by way of initial public offer or further public offer.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In our opinion and according to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company and, therefore, paragraph 3 (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanation given to us, and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and, therefore, paragraph (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year and, therefore, paragraph 3 (xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India (RBI) Act, 1934.

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

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019



# Balance sheet

as at March 31, 2019

All amounts in ₹ million except share data

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>A ASSETS</b>			
<b>Non – Current Assets</b>			
Property, Plant and Equipment	4	1,022.01	714.89
Capital work-in-progress	4	9.46	8.32
Other Intangible Assets	5	16.15	21.10
Intangible assets under development	5	20.77	-
Financial Assets			
(i) Investments	6	3,848.76	2,063.96
(ii) Other Non-Current financial assets	7	712.00	472.29
Deferred tax assets (net)	8	1,216.61	712.76
Income tax Assets (net)	8	944.77	705.82
Other Non – Current Assets	9	16.38	5.16
<b>Total Non – Current Assets</b>		<b>7,806.91</b>	<b>4,704.30</b>
<b>Current Assets</b>			
Inventories	10	162.13	91.43
Financial Assets			
(i) Trade Receivables	11	3,473.77	2,290.61
(ii) Cash and Cash Equivalents	12	573.31	708.00
(iii) Bank Balances other than above	12	736.50	508.57
(iv) Other current financial assets	7	2,079.31	2,026.46
Other Current Assets	9	655.89	696.53
<b>Total Current Assets</b>		<b>7,680.91</b>	<b>6,321.59</b>
<b>Total Assets</b>		<b>15,487.82</b>	<b>11,025.89</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	733.13	731.84
Other Equity	15	6,550.97	5,332.67
<b>Equity attributable to owners</b>		<b>7,284.10</b>	<b>6,064.51</b>
<b>Total Equity</b>		<b>7,284.10</b>	<b>6,064.51</b>
<b>LIABILITIES</b>			
<b>Non – Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	16	2,645.41	986.03
(ii) Other Non – Current financial liabilities	18	26.59	22.52
Provisions	20	390.72	374.71
<b>Total Non- Current liabilities</b>		<b>3,062.72</b>	<b>1,383.26</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	16	2,082.85	1,110.74
(ii) Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises	17	0.18	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	17	155.15	170.16
(iii) Other current financial liabilities	18	2,110.24	1,638.49
Other Current Liabilities	21	742.95	618.89
Provisions	20	49.63	39.84
<b>Total Current Liabilities</b>		<b>5,141.00</b>	<b>3,578.12</b>
<b>Total Liabilities</b>		<b>8,203.72</b>	<b>4,961.38</b>
<b>Total Equity and Liabilities</b>		<b>15,487.82</b>	<b>11,025.89</b>

The accompanying notes form an integral part of these financial statements.

As per our report on even date

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

For and on behalf of the Board

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Devesh Desai**  
Chief Financial Officer

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Brarajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

**Pushpalatha Katkuri**  
Company Secretary

# Statement of Profit and Loss

for the year ended March 31, 2019

All amounts in ₹ million except share data

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
<b>1 Income</b>			
a) Revenue from Operations	23	25,035.17	21,350.52
b) Other Income	24	209.44	72.26
c) Other Gain/(loss)	25	5.44	3.70
<b>Total Income (a + b + c)</b>		<b>25,250.05</b>	<b>21,426.48</b>
<b>2 Expenses</b>			
a) Purchases of stock-in-trade		402.63	195.29
b) Changes in inventory of stock-in-trade	26	(70.71)	(91.43)
c) Employee benefits expense	27	22,007.91	18,820.41
d) Finance costs	29	475.43	465.54
e) Depreciation and amortization expenses	30	295.10	305.27
f) Other expenses	31	1,262.19	950.30
<b>Total expenses (a + b + c + d + e + f)</b>		<b>24,372.55</b>	<b>20,645.38</b>
<b>3 Profit before tax and exceptional items (1-2)</b>		<b>877.50</b>	<b>781.10</b>
<b>4 Exceptional items</b>	27	-	8.32
<b>5 Profit before tax (3-4)</b>		<b>877.50</b>	<b>772.78</b>
<b>6 Tax Expense / (credit)</b>	8		
Current tax		223.09	173.02
Deferred tax		(538.20)	(130.35)
<b>Total</b>		<b>(315.11)</b>	<b>42.67</b>
<b>7 Profit for the year (5-6)</b>		<b>1,192.61</b>	<b>730.11</b>
<b>8 Other Comprehensive income</b>			
Items that will not be reclassified to profit or loss			
a) Re-measurement of Defined benefits plan		98.31	(2.66)
b) Income tax relating to these items	8	(34.35)	0.93
<b>Other Comprehensive income / (loss) for the year (net of taxes)</b>		<b>63.96</b>	<b>(1.73)</b>
<b>9 Total Comprehensive income for the year (7 + 8)</b>		<b>1,256.57</b>	<b>728.38</b>
<b>10 Earnings Per Share (EPS) of face value (₹) 10 per share</b>	32		
(a) Basic (₹)		16.28	10.20
(b) Diluted (₹)		16.02	10.01
<b>11 Weighted average equity shares used in computing earnings per equity share</b>			
(a) Basic (Nos.)		73,251,134	71,598,073
(b) Diluted (Nos.)		74,448,661	72,911,682

The accompanying notes form an integral part of these financial statements.

As per our report on even date

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

For and on behalf of the Board

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Devesh Desai**  
Chief Financial Officer

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Brajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

**Pushpalatha Katkuri**  
Company Secretary

# Statement of Changes in Equity

All amounts in ₹ million, unless stated otherwise

## A. Equity Share Capital

	Amounts
<b>As at April 1, 2017</b>	<b>687.03</b>
Changes in equity share capital	44.81
<b>As at March 31, 2018</b>	<b>731.84</b>
Changes in equity share capital	1.29
<b>As at March 31, 2019</b>	<b>733.13</b>

## B. Other Equity

	Equity Component of Compounded financial Instrument	Securities premium	Reserves and Surplus Share options outstanding account	Retained earnings	General reserve	Debt redemption reserve	Total Other Equity
<b>As at April 1, 2017</b>	<b>209.25</b>	<b>487.29</b>	<b>70.78</b>	<b>554.72</b>	<b>190.43</b>	<b>-</b>	<b>1,512.46</b>
Profit for the year	-	-	-	730.11	-	-	730.11
Other comprehensive income	-	-	-	(1.73)	-	-	(1.73)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>728.38</b>	<b>-</b>	<b>-</b>	<b>728.38</b>
Employee stock option expense (refer note 28)	-	-	81.53	-	-	-	81.53
Issue of Equity shares	-	3,578.05	-	-	-	-	3,578.05
Conversion of Compulsorily Convertible Debentures into equity shares	(209.25)	209.25	-	-	-	-	-
Exercise of Employee Stock options	-	4.44	(4.44)	-	-	-	-
Utilised for Demerger of certain businesses (refer note 13)	-	(179.22)	-	-	-	-	(179.22)
Utilised for share issue expenses	-	(212.03)	-	-	-	-	(212.03)
Issue of bonus shares (refer note 14)	-	-	-	-	(0.33)	-	(0.33)
Interim Dividends	-	-	-	(146.37)	-	-	(146.37)
Dividend distribution tax	-	-	-	(29.80)	-	-	(29.80)
<b>As at March 31, 2018</b>	<b>-</b>	<b>3,887.78</b>	<b>147.87</b>	<b>1,106.93</b>	<b>190.10</b>	<b>-</b>	<b>5,332.67</b>

	Equity Component of Compounded financial Instrument	Securities premium	Reserves and Surplus Share options outstanding account	Retained earnings	General reserve	Debt redemption reserve	Total Other Equity
<b>As at April 1, 2018</b>	<b>-</b>	<b>3,887.78</b>	<b>147.87</b>	<b>1,106.93</b>	<b>190.10</b>	<b>-</b>	<b>5,332.67</b>
Profit for the year	-	-	-	1,192.61	-	-	1,192.61
Other comprehensive income	-	-	-	63.96	-	-	63.96
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,256.57</b>	<b>-</b>	<b>-</b>	<b>1,256.57</b>
Employee stock option expense (refer note 28)	-	-	74.90	-	-	-	74.90
Exercise of Employee Stock options	-	9.54	(9.54)	-	-	-	-
Issue of bonus shares (refer note 14)	-	-	-	-	(1.06)	-	(1.06)
Final Dividends	-	-	-	(109.78)	-	-	(109.78)
Dividend distribution tax	-	-	-	(2.34)	-	-	(2.34)
Creation of Debt redemption reserve	-	-	-	(125.00)	-	125.00	-
<b>As at March 31, 2019</b>	<b>-</b>	<b>3,897.32</b>	<b>213.23</b>	<b>2,126.38</b>	<b>189.04</b>	<b>125.00</b>	<b>6,550.97</b>

The accompanying notes form an integral part of these financial statements.

As per our report on even date

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

For and on behalf of the Board

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Devesh Desai**  
Chief Financial Officer

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

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Chief Financial Officer  
(Security solutions & FM)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

**Pushpalatha Katkuri**  
Company Secretary

# Statement of Cash Flows

for the year ended March 31, 2019

All amounts in ₹ million, unless stated otherwise

Particulars	Year ended	
	March 31, 2019	March 31, 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	877.50	772.78
<b>Adjusted for:</b>		
Depreciation and Amortization expenses	295.10	305.27
Unrealised Foreign exchange (gain) / loss	(2.99)	1.11
Net (gain) /loss on sale of property, plant and equipment	1.44	(0.03)
Finance Costs	461.83	443.08
Interest income classified as investing cash flows	(107.15)	(70.12)
Provision for doubtful debts	65.72	-
Dividend income classified as investing cash flows	(101.88)	(2.15)
Employee stock option compensation expense	60.70	70.98
<b>Operating profit/(loss) before changes in working capital</b>	<b>1,550.27</b>	<b>1,520.92</b>
<b>Changes in working capital:</b>		
Decrease / (increase) in Trade receivables	(1,248.88)	(795.48)
Decrease / (increase) in Inventories	(70.71)	(91.43)
Decrease / (increase) in other current assets	12.18	(166.10)
Decrease / (increase) in other current financial assets	(41.18)	(254.84)
(Decrease) / increase in Trade payables	(14.84)	44.93
(Decrease) / increase in provisions	124.11	89.62
(Decrease) / increase in other current liabilities	148.92	341.71
(Decrease) / increase in other current financial liabilities	305.11	74.30
	<b>764.98</b>	<b>763.63</b>
Decrease / (increase) in other non-current assets	0.05	-
Decrease / (increase) in other non-current financial assets	(217.24)	(205.13)
(Decrease) / increase in other non-current financial liabilities	(6.61)	7.35
<b>Cash (used in)/generated from operations</b>	<b>541.18</b>	<b>565.85</b>
Direct tax paid including fringe benefit tax (net of refunds)	(462.05)	(397.93)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>79.13</b>	<b>167.92</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and changes in capital work in progress	(644.78)	(256.56)
Proceeds from sale/disposal of property, plant and equipment	12.90	2.85
Investment in Subsidiary	(1,602.65)	(116.63)
Purchase of other non-current investments	(168.87)	(146.24)
(Investment) in / matured fixed deposits	30.83	441.23
Restricted balances	(245.00)	-
Interest received	83.28	69.10
Dividend received	103.91	1.29
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(2,430.38)</b>	<b>(4.95)</b>

# Statement of Cash Flows

for the year ended March 31, 2019

All amounts in ₹ million, unless stated otherwise

Particulars	Year ended	
	March 31, 2019	March 31, 2018
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital (net of share issue expenses)	0.23	3,410.51
Foreign exchange gain/(loss) realized	-	(1.11)
Proceeds from term loans	374.68	352.31
Repayment of term loans	(188.82)	(1,203.43)
Change in loans repayable on demand	491.20	(264.33)
Bonds/debentures issued	1,500.00	(789.75)
Interest paid	(329.91)	(439.91)
Dividends paid to Company's shareholders	(109.39)	(146.37)
Tax on dividends paid	(2.34)	(29.80)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>1,735.65</b>	<b>888.12</b>
<b>D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	(615.60)	1,051.09
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>708.00</b>	<b>92.88</b>
<b>F. Opening cash credit</b>	<b>(660.74)</b>	<b>(1,080.75)</b>
<b>G. Opening bank overdrafts</b>	<b>-</b>	<b>(15.96)</b>
<b>H. Cash and cash equivalents at the end of the year (D+E+F+G)</b>	<b>(568.34)</b>	<b>47.25</b>
<b>Reconciliation of cash and cash equivalents as per the statement of Cash flows</b>		
Cash and cash equivalents as per above comprise of the followings		
Cash and cash equivalents	573.31	708.00
Closing cash credit	(1,141.65)	(660.74)
Closing bank overdrafts	-	-
<b>Balance as per statement of cash flows</b>	<b>(568.34)</b>	<b>47.25</b>

The accompanying notes form an integral part of these financial statements.

As per our report on even date

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

For and on behalf of the Board

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

Place: Hyderabad  
Date: May 02, 2019

**Devesh Desai**  
Chief Financial Officer

**Brajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Pushpalatha Katkuri**  
Company Secretary



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 1. COMPANY OVERVIEW

Security and Intelligence Services (India) Limited ("the Company") is a company limited by shares, incorporated and domiciled in India. The Company is listed on the BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"). Its registered office is situated at Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna, Bihar – 800010, India, and its principal place of business is situated at A-28 & 29, Okhla Industrial Area, Phase I, New Delhi – 110020

The Company is directly and indirectly engaged in rendering security and related services consisting of manned guarding, consulting and investigation (up to January 18, 2018), training, and indirectly engaged in paramedic and emergency response services; loss prevention, asset protection and mobile patrols; facility management services consisting of cleaning, house-keeping and pest control management services in the areas of facility management; cash logistics services consisting of cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion; and alarm monitoring and response services consisting of trading and installation of electronic security devices and systems through its subsidiaries, joint ventures and associates.

These financial statements were authorized for issue by the directors on May 02, 2019.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these financial statements.

### 2.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind-AS) and comply in all material respects with the Ind-AS and other applicable provisions of the Companies Act, 2013 ("the Companies Act"). The Ind-AS are notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements are presented in Indian Rupees (₹) and are rounded off to the nearest millions ('Mn') except per share data and unless stated otherwise. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). Effective April 1, 2017, the Company has adopted Ind AS and the transition has been carried out in accordance

with Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2016 being the transition date.

### 2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following material items which have been measured at fair value as required by relevant Ind-AS:

- certain financial assets and financial liabilities (including derivative financial instruments) and contingent consideration that are measured at fair value;
- assets held for distribution to owners upon demerger that are held at lower of carrying cost and fair value less cost to distribute;
- share based payments; and
- The defined benefit asset/(liability) which is recognised as the present value of defined benefit obligation less fair value of plan assets.

Accounting policies have been applied consistently to all periods presented in these financial statements (refer note 2.3 (p)). Further, previous year figures have been regrouped/re-arranged, wherever necessary.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act 2013. For the purpose of clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable or required.

### Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

### Fair value hierarchy

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, bonds and debentures and mutual funds that have quoted price. The fair value of all financial instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

In accordance with Ind-AS 113, 'Fair value measurement', assets and liabilities are to be measured based on the following valuation techniques:

- (i) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- (ii) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
- (iii) Cost approach – Replacement cost method.

## 2.3 Summary of significant accounting policies

### a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is classified as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments, do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### b) Property, plant and equipment Recognition and measurement

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Items of property, plant and equipment ('PPE') are initially recognized at cost. Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, asset retirement obligation and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Subsequent expenditure related to an item of property, plant and equipment is added to its carrying value only when it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year during which such expenses are incurred.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work-in-progress ('CWIP').

### Depreciation

The Company depreciates property, plant and equipment over the estimated useful lives using the written down value method from the date, the assets are available for use. Assets acquired under finance lease are depreciated over the asset's useful life or over the shorter of the estimated useful life of the asset and the related lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The estimated useful lives of assets are as follows:

Category	Useful life
Buildings	60 years
Plant and machinery	8 to 15 years
Leasehold improvement	Shorter of useful life or lease period
Computer equipment	3 years
Furniture and fixtures	10 years
Office Equipment	5 years
Vehicles	8 years

Based on technical assessment, the useful lives as given above best represent the period over which the management expects to use these assets. The estimated

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

useful lives for these assets may therefore be different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values are generally not more than 5% of the original cost of the asset. The asset's residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Additions are depreciated on a pro-rata basis from the date, the asset is available for use till the date the assets are derecognised.

An item of property, plant and equipment and any significant part, initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss when the asset is derecognised.

## c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of such expenditure can be measured reliably. All other repair and maintenance costs are recognised in profit or loss as incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using written down value method over their estimated useful lives of 60 years. The useful life has been determined based on a technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

## d) Intangible assets

### Recognition and measurement

Intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised software development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life on a written down value method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted accordingly. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss. The estimated useful lives of intangible assets are as follows:

Category	Useful life
Computer software	5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials, services, and direct payroll and related costs of employees' time spent on the project.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## e) Investment in subsidiaries, associates and joint ventures

A subsidiary is an entity over which the Company has control. The Company controls an investee entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. This is generally the case where the Company holds between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control exist are similar to those necessary to determine control over the subsidiaries.

Investments in subsidiaries, associates and joint ventures is accounted for at cost less impairment loss, if any. The said investments are tested for impairment whenever circumstances indicate that their carrying value may exceed the recoverable amount.

## f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Debt instruments at amortised cost
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI)

- (iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### Financial instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions call and similar options) but does not consider the expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income based on EIR is included as interest income as a part of other income in the statement of profit and loss. The losses arising from impairment are recognised in profit or loss. A gain or loss on such financial asset which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised. This category generally applies to trade and other receivables. For more information on receivables, refer to note 7 and note 11.

#### Financial instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income calculated using the EIR method, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

## **Financial instruments at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is made only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss in respect of such assets that are not part of a hedging relationship. The gain /loss on assets measured at FVTPL are presented in the statement of profit and loss within other gains/losses in the period in which it arises. Interest income from these financial assets is included in other income.

## **Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with gain/loss presented in the statement of profit and loss within other gains/losses in the period in which it arises.

## **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- (i) The rights to receive cash flows from the asset have expired, or

- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized. Similarly, where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **Impairment of financial assets**

The Company recognizes loss allowances on a forward-looking basis using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. Note 40 details how the Company determines whether there has been a significant increase in the credit risk. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below.

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

## ***Borrowings***

After initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares which are mandatorily redeemable are classified as liabilities. The dividends on these preference shares, to the extent such dividends are mandatorily payable, are recognised in profit or loss as finance costs.

The fair value of the liability portion of an optionally convertible debenture/ bond/ preference share or a zero-coupon debenture/ bond/ preference share or compulsorily convertible debenture/preference shares where the price of conversion of the debenture/preference shares into equity share is not fixed, is determined using a market rate of interest for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

When the terms of a financial liability are renegotiated and the entity issues equity instrument to a creditor to extinguish all or part of a liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the

difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## ***Financial guarantee contracts***

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee, with corresponding increase in investment in subsidiary. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

## ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss as other gains/losses.

## ***Derivatives***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends upon whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

Derivatives which are not designated as hedges are accounted for at fair value through profit or loss and are included in other gains/ losses.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

## **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines changes in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to

realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company of the counterparty.

## **g) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## **h) Current and deferred tax**

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and unused tax credits.

### **Current tax**

The current income tax charge is calculated on the basis of tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- (i) When the deferred tax asset relating to the deductible temporary difference arises from the initial

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

recognition of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

## i) Inventories

Inventories are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated

costs of completion and estimated costs necessary to make the sale. Cost includes custom duty, freight and other charges as applicable. The Company periodically reviews inventories to provide for diminution in the value of, and/or any unserviceable or obsolete, inventories.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

**Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

## j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit facilities) as they are considered an integral part of the Company's cash management. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## k) Non-current assets held for sale/distribution to owners and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use and where a sale is considered highly probable. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn and Management must be committed to the sale/distribution being completed within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/distribute except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. Assets and liabilities classified as held for sale/distribution are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell/distribute. A gain is recognised for any subsequent increases in fair value less costs to sell/distribute an asset (or a disposal group), but not in excess

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale/ distribution of the non-current asset (or disposal group) is recognised on the date of derecognition.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- (i) Represents a separate major line of business or geographical area of operations,
- (ii) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- (iii) Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

## l) Equity share capital

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## n) Provisions and contingent liabilities

### Provisions

A provision is recognized when the Company has a present legal or a constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised for legal claims and service warranties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is

determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as an interest expense.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. In respect of losses that are covered by insurance, such losses are recognised as an expense when there is clear evidence or determination or probability that any portion of the loss is not expected to be settled through insurance or other forms of recovery.

### Asset Retirement Obligations (ARO)

ARO are recognised for those operating lease arrangements where the Company has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset and amortised or depreciated in the same manner as the asset to which it pertains. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

### Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of the amount cannot be made.

### Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

## o) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Government grants relating to income or expenditure /expenses are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and recognised on a straight-line basis over the expected lives of related assets and presented within other income.

## p) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts recognised as revenue are net of returns, trade allowances, discounts, rebates, deductions by customers, service tax, value added tax, goods and services tax and amounts collected on behalf of third parties.

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 not material on the financial statements.

Revenue is recognized when the control is transferred to the customer and when the Company has completed its performance obligations under the contracts. Revenue is recognized in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Revenue is recognized as follows:

- (i) Revenue from services represents the amounts receivable for services rendered.
- (ii) For non-contract-based business, revenue represents the value of goods delivered or services performed.
- (iii) For contract-based business, revenue represents the sales value of work carried out for customers during the period. Such revenues are recognized in the period in which the service is rendered.
- (iv) Unbilled revenue (contract assets) net of expected deductions is recognised at the end of each period. Such unbilled revenue is reversed in the subsequent period when actual invoice is raised.
- (v) Unearned revenue (contract liabilities) represents revenue billed but for which services have not yet been performed and is included under Advances from customers. The same is released to the statement of profit and loss as and when the services are rendered.
- (vi) Revenue from the use of assets such as rent for using property, plant and equipment is recognized on a

straight-line basis over the terms of the related leases unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

## Sale of goods

Revenue from the sale of goods is recognised when the control of goods has been transferred, being when the products are delivered to the buyer, the buyer having the full discretion over the use of the goods and there is no unfulfilled obligation that could affect the buyer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Discounts and rebates are estimated based on accumulated experience. The Company provide normal warranty provisions for general repairs for one year on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. Revenue is deferred and recognised on a straight line basis over the extended warranty period in case warranty is provided to customer for a period beyond one year.

## Rendering of services

In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

## Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, material and maintenance, revenue for each element is determined based on each element's fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

## Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

## Dividends

Dividend income from investments is recognised in profit or loss as other income when the Company's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and amount of the dividend can be measured reliably.

## Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increase and is included in revenue in the statement of profit or loss due to its operating nature.

## q) Foreign currency translation

The financial statements of the Company are presented in Indian Rupees (₹) which is also the Company's functional currency, i.e., the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates prevailing at the date, the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates prevailing as at the reporting date.

Subsequently, differences arising on restatement or settlement of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and translation differences are recognized in OCI with the accumulation in other equity as foreign currency translation reserve. Non-monetary items measured at fair value in a

foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The equity items denominated in foreign currencies are translated at historical cost.

## r) Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, compensated absences, defined contribution to plans, defined benefit plans and share-based payments. The employee benefits are recognized in the year in which the associated services are rendered by the employees of the Company.

## Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and compensated absences expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for compensated absences is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as employee benefits payable under other financial liabilities, current.

## Bonus

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually or legally obliged or where there is a past practice that has created a constructive obligation.

## Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to a specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Re-measurements arising out of actuarial gains / losses are immediately taken into the statement of profit and loss and are not deferred.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

In respect of those employees who are entitled to an encashment of the leave at the end of every calendar year, a provision is created to account for the liability.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

## Post-employment obligations

The Company operates the following post-employment schemes:

- i) Defined contribution plans such as provident fund and employees' state insurance; and
- ii) Defined benefit plans such as gratuity.

## Defined contribution plan

The Company's policy to contribute on a defined contribution basis for eligible employees, to Employees' Provident Fund, Employees' Pension Scheme and Employees' State Insurance Scheme towards post-employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution which is expected in the year in which it pertains. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## Defined benefit plan

The Company has a defined benefit plan, viz., Gratuity, for all its employees, the liability for which is accrued and provided for as determined by an independent actuarial valuation. A portion of this liability for gratuity is contributed to a fund administered and operated by a reputed insurance company. The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit is actually determined (using the projected unit credit method) at the end of each year.

Present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields on government bonds at the end of the reporting periods, that have approximately similar terms to the related obligation.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- (ii) Net interest expense or income

Past service costs are recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Company recognises related restructuring costs.

The net interest is calculated by applying the above mentioned discount rate to the net balance of the defined benefit obligations and the fair value of plan assets. This cost is included in the employee benefits expense in the statement of profit and loss.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

## Equity settled stock-based compensation

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of options granted under various Employee Share option plans is recognised as an employee benefits expense with a corresponding increase in equity (share option outstanding account).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates in the period of change, if any, in the profit or loss, with corresponding adjustment to equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

ultimately vest. Market performance conditions, if any, are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## s) Borrowing costs

Borrowing costs include interest calculated on the effective interest rate method and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of the assets that necessarily take a substantial period of time to get ready for their intended use or sale ('qualifying assets'), are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the statement of profit and loss within finance costs in the period in which they are incurred.

## t) Exceptional items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

## u) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor transfers substantially all the risks and rewards incidental to ownership to the Company are classified as a finance lease and other leases are classified as operating leases.

## Company as a lessee

### (i) Operating leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

### (ii) Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities as appropriate. The outstanding liability is included in other current/non-current borrowings.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## Company as a lessor

### (i) Operating leases

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless payments are structured to increase in line with the expected general inflation to compensate for the expected inflationary cost increase. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The respective leased assets are included in the balance sheet based on their nature.

### (ii) Finance leases

Amounts due from lessee under finance leases are recorded as receivables at an amount equal to the Company's net investment in the leased assets. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease term.

## v) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets, other than inventories and deferred tax assets, are tested for impairment whenever events or changes in circumstances indicate that the

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of its fair value less cost of disposal and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the asset. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units or CGU). Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's CGUs expected to benefit from the synergies arising from the business combination. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

## w) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (refer note 32).

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

Diluted Earnings per share amounts are computed by dividing the net profit attributable to the equity holders of the Company (after deducting preference dividends and attributable taxes but after adjusting the after income tax effect of interest and other financing cost associated with dilutive potential equity shares) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless

issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

## x) Cash dividend and non-cash distribution to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the carrying value of the assets to be distributed in case of distributions in which all owners of the same class of equity instruments are treated equally or the distributed asset is ultimately controlled by the same party or parties both before and after the distribution, and at fair value of the assets to be distributed in other cases, with such value recognised directly in equity. For this purpose, a group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities, and that ultimate collective power is not transitory. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss or directly in the equity as approved by the National Company Law Tribunal / applicable regulatory or other authority.

## y) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## 2.4 Standards issued but not yet effective

**Ind AS 116, Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified the Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with the only exceptions as short-term and low-value leases. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019.

The Company will adopt the standard on April 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The Company is in process of initial assessment of the potential impact on the Balance sheet, statement of profit and loss and cash flows.

**Ind AS 12, Income Taxes:** On March 30, 2019, Ministry of Corporate Affairs has notified IndAS12 Appendix C, Uncertainty over Income Tax Treatments. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives (Cumulative catch - up approach).

The effective date for adoption of Ind AS 12 Appendix C is financial periods beginning on or after April 1, 2019.

The Company will adopt the standard on April 1, 2019 by using the Cumulative catch - up transition method and accordingly comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The effect on adoption of Ind AS 12 Appendix C is not expected to be material.

There are no other standards that are issued but not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

### Use of estimates and judgment

The preparation of the financial statements in conformity with Ind-AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### Judgements

In the process of applying the Company's accounting policies, management has made various judgements, which have the most significant effect on the amounts recognised in the financial statements.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable – Note 8
- Estimated useful life of intangible assets – Note 2.3.d
- Estimation of defined benefit obligation – Note 20
- Recognition of deferred tax assets for carried forward of tax losses – Note 8
- Impairment of trade receivables – Note 40
- Classification of leases as operating leases or finance leases – Note 2.3.u
- Whether assets held for distribution to owners meet the definition of discontinued operations – Note 2.3.k

### Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There are no reasonable foreseeable changes in these key estimates which would have caused an impairment of these assets.

## Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 28.

## Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 8

## Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in

the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates.

## Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## Intangible asset under development

The Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 4. PROPERTY, PLANT AND EQUIPMENT

### Year ended March 31, 2018

Description of Assets	Gross Block			Accumulated depreciation				Net Carrying Value as at March 31, 2018	
	As at April 1, 2017	Additions during the year	Sale and adjustments	As at March 31, 2018	As at April 1, 2017	Charge for the year	Sale and adjustments	As at March 31, 2018	
Buildings	66.93	28.25	-	95.18	8.76	3.17	-	11.93	83.25
Leasehold improvement	-	-	-	-	-	-	-	-	-
Plant & Machinery	25.57	0.50	-	26.07	8.28	4.85	-	13.13	12.94
Furniture & Fixture	325.68	77.81	-	403.49	73.48	76.99	-	150.47	253.02
Vehicles	223.84	70.33	22.20	271.97	40.72	67.69	19.38	89.03	182.94
Office Equipment	290.74	48.78	-	339.52	70.25	104.00	-	174.25	165.27
Computer Equipment	29.99	11.85	-	41.84	10.37	14.00	-	24.37	17.47
	<b>962.75</b>	<b>237.52</b>	<b>22.20</b>	<b>1,178.07</b>	<b>211.86</b>	<b>270.70</b>	<b>19.38</b>	<b>463.18</b>	<b>714.89</b>
Capital work in progress	3.05	8.32	3.05	8.32	-	-	-	-	8.32
<b>Grand Total</b>	<b>965.80</b>	<b>245.84</b>	<b>25.25</b>	<b>1,186.39</b>	<b>211.86</b>	<b>270.70</b>	<b>19.38</b>	<b>463.18</b>	<b>723.21</b>

### Year ended March 31, 2019

Description of Assets	Gross Block			Accumulated depreciation				Net Carrying Value as at March 31, 2019	
	As at April 1, 2018	Additions during the year	Sale and adjustments	As at March 31, 2019	As at April 1, 2018	Charge for the year	Sale and adjustments	As at March 31, 2019	
Buildings	95.18	-	-	95.18	11.93	4.05	-	15.98	79.20
Leasehold improvement	-	103.78	-	103.78	-	12.71	-	12.71	91.07
Plant & Machinery	26.07	119.43	-	145.50	13.13	3.45	-	16.58	128.92
Furniture & Fixture	403.49	44.77	-	448.26	150.47	69.76	-	220.23	228.03
Vehicles	271.97	152.14	50.94	373.17	89.03	80.25	42.67	126.61	246.56
Office Equipment	339.52	135.94	67.67	407.79	174.25	90.67	61.63	203.29	204.50
Computer Equipment	41.84	41.29	0.04	83.09	24.37	15.00	0.01	39.36	43.73
	<b>1,178.07</b>	<b>597.35</b>	<b>118.65</b>	<b>1,656.77</b>	<b>463.18</b>	<b>275.89</b>	<b>104.31</b>	<b>634.76</b>	<b>1,022.01</b>
Capital work in progress	8.32	9.46	8.32	9.46	-	-	-	-	9.46
<b>Grand Total</b>	<b>1,186.39</b>	<b>606.81</b>	<b>126.97</b>	<b>1,666.23</b>	<b>463.18</b>	<b>275.89</b>	<b>104.31</b>	<b>634.76</b>	<b>1,031.47</b>

#### (i) Assets under construction

Capital work in progress (CWIP) as at March 31, 2019 and March 31, 2018 comprises expenditure for building in the course of construction.

#### (iii) Contractual obligations

Refer note 34 for disclosure on contractual commitments for the acquisition of Property, Plant and Equipment.

#### (ii) Property, Plant and Equipment pledged as security

Refer note 16 for information on Property, Plant and Equipment pledged as security by the Company.

## 5. OTHER INTANGIBLE ASSETS

### Year ended March 31, 2018

Description of Assets	Gross Block			Accumulated depreciation				Net Carrying Value	
	As at April 1, 2017	Additions	Sale and adjustments	As at March 31, 2018	As at April 1, 2017	Charge for the year	Sale and adjustments	As at March 31, 2018	As at March 31, 2018
Computer Software *	45.63	15.43	-	61.06	5.39	34.57	-	39.96	21.10
<b>Grand Total</b>	<b>45.63</b>	<b>15.43</b>	<b>-</b>	<b>61.06</b>	<b>5.39</b>	<b>34.57</b>	<b>-</b>	<b>39.96</b>	<b>21.10</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Year ended March 31, 2019

Description of Assets	Gross Block			Accumulated depreciation				Net Carrying Value	
	As at April 1, 2018	Additions	Sale and adjustments	As at March 31, 2019	As at April 1, 2018	Charge for the year	Sale and adjustments	As at March 31, 2019	As at March 31, 2019
Computer Software *	61.06	14.26	-	75.32	39.96	19.21	-	59.17	16.15
Intangible Assets under development **	-	20.77	-	20.77	-	-	-	-	20.77
<b>Grand Total</b>	<b>61.06</b>	<b>35.03</b>	<b>-</b>	<b>96.09</b>	<b>39.96</b>	<b>19.21</b>	<b>-</b>	<b>59.17</b>	<b>36.92</b>

\* Computer software consists of purchased software licenses and development costs of existing Enterprise Resource Planning (ERP) software.

\*\* Intangible assets under development consist of expenditure on development of a new Enterprise Resource Planning (ERP) software.

## 6. INVESTMENTS

Particulars	March 31, 2019	March 31, 2018
<b>Non-current investments</b>		
<b>Investments in Equity Instruments</b>		
<b>Investment in Subsidiaries</b>		
<b>Unquoted equity shares (fully paid)</b>		
4,000,000 (March 31, 2018: 4,000,000) equity shares in SIS International Holdings Ltd. of AUD 1/- each fully paid up	249.07	249.07
11,512,800 (March 31, 2018: 11,512,800) equity shares in Service Master Clean Limited of ₹ 10/- each fully paid up *	95.16	94.05
11,252,250 (March 31, 2018: 11,252,250) equity shares in Terminix SIS India Private Limited of ₹ 10/- each fully paid up	114.26	112.52
4,800,000 (March 31, 2018: 4,800,000) equity shares in Tech SIS Limited of ₹ 10/- each fully paid up	51.27	51.01
800,000 (March 31, 2018: 800,000) equity shares in SIS Australia Group Pty Ltd. of AUD 1/- each fully paid up	46.73	46.09
2,607,232 (March 31, 2018: 2,407,263) equity shares in Dusters Total Solutions Services Private Limited of ₹ 10/- each fully paid up **	1,438.25	1,293.12
10,000 (March 31, 2018: 10,000) equity shares in SISCO Security Services Private Limited of ₹ 10/- each fully paid up	0.10	0.10
10,000 (March 31, 2018: 10,000) equity shares in SIS Business Support Services and Solutions Private Limited of ₹ 10/- each fully paid up	0.10	0.10
127,500 (March 31, 2018: Nil) equity shares in SLV Security Services Private Limited of ₹ 100/- each fully paid up **	511.70	-
800,000 (March 31, 2018: Nil) equity shares in RARE Hospitality and Services Private Limited of ₹ 10/- each fully paid up **	426.24	-
918,000 (March 31, 2018: Nil) equity shares in Uniq Detective & Security Services Private Limited of ₹ 10/- each fully paid up **	519.57	-
<b>Total Investment in Subsidiaries</b>	<b>3,452.45</b>	<b>1,846.07</b>
<b>Investment in associates</b>		
<b>Unquoted equity shares (fully paid)</b>		
7,788,892 (March 31, 2018: 7,788,892) equity shares in SIS Cash Services Private Limited of ₹ 10/- each fully paid up	77.89	77.89
<b>Total Investment in Associates</b>	<b>77.89</b>	<b>77.89</b>
<b>Investment in joint ventures</b>		
<b>Unquoted equity shares (fully paid)</b>		
9,000,000 (March 31, 2018: 9,000,000) equity shares in SIS Prosecur Alarm Monitoring and Response Services Private Limited of ₹ 10/- each fully paid up	90.00	90.00
<b>Total Investment in Joint Ventures</b>	<b>90.00</b>	<b>90.00</b>
<b>Total investment in equity instruments</b>	<b>3,620.34</b>	<b>2,013.96</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Particulars	March 31, 2019	March 31, 2018
<b>Investments in debentures or bonds</b>		
100 Non-convertible debentures (March 31, 2018: 50) in SIS Cash Services Private Limited of ₹ 1,000,000/- each fully paid up	100.00	50.00
100 Non-convertible debentures (March 31, 2018: Nil) in SIS Prosecur Alarm Monitoring and Response Services Private Limited of ₹ 1,000,000/- each fully paid up	100.00	-
300,000 Optionally-convertible debentures (March 31, 2018: Nil) in Terminix SIS India Private Limited of ₹ 100/- each fully paid up	28.42	-
<b>Investments in debentures or bonds</b>	<b>228.42</b>	<b>50.00</b>
<b>Total non-current investments</b>	<b>3,848.76</b>	<b>2,063.96</b>
<b>Current investments</b>	-	-
<b>Total investments</b>	<b>3,848.76</b>	<b>2,063.96</b>
Aggregate book value of quoted investments and market value thereof	-	-
Aggregate book value of unquoted investments	3,848.76	2,063.96
Aggregate amount of impairment in value of investments	-	-

\*Refer note 13 regarding demerger of certain business and consequential impact on the cost of investment in Service Master Clean Limited.

\*\*Refer note 37 regarding the investments made during the year in respective subsidiaries.

## 7. OTHER FINANCIAL ASSETS

Particulars	March 31, 2019	March 31, 2018
<b>Other non-current financial assets</b>		
Security Deposits	269.89	233.77
Loans to related parties (unsecured, considered good)	329.96	112.72
Margin money in the form of fixed deposits*	6.69	125.80
Fixed deposits having maturity of more than 12 months	105.46	-
<b>Total other non-current financial assets</b>	<b>712.00</b>	<b>472.29</b>
<b>Other current financial assets</b>		
Unbilled revenue	1,867.31	1,845.88
Security Deposits (unsecured, considered good)	191.51	171.76
Interest accrued on deposits	20.49	6.66
Dividend receivable on investments	-	2.15
<b>Total other current financial assets</b>	<b>2,079.31</b>	<b>2,026.46</b>
<b>Total other financial assets</b>	<b>2,791.31</b>	<b>2,498.75</b>

\* Fixed deposits have been pledged as margin money against bank guarantees.

No loans or other advances are due from directors or other officers of the Company either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member except as disclosed in note 39.

## 8. INCOME TAX

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

### Statement of profit and loss:

#### Profit or loss section:

Particulars	March 31, 2019	March 31, 2018
<b>Current income tax:</b>		
Current income tax charge	223.09	165.69
Adjustments in respect of current income tax expense / (reversal) of previous years	-	7.33
<b>Deferred tax:</b>		
Decrease/(increase) in deferred tax assets	(538.20)	(130.35)
<b>Income tax expense/(credit) reported in the statement of profit and loss</b>	<b>(315.11)</b>	<b>42.67</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## OCI section:

### Tax related to items recognised in OCI during the year:

Particulars	March 31, 2019	March 31, 2018
Tax expense/(credit) on re-measurements of defined benefit plans	34.35	(0.93)
<b>Income tax charged to OCI</b>	<b>34.35</b>	<b>(0.93)</b>

### Reconciliation of tax expense and the accounting profit multiplied by the tax rate for March 31, 2019 and March 31, 2018:

Particulars	March 31, 2019	March 31, 2018
Accounting profit before tax from continuing operations	877.50	772.78
<b>Accounting profit before income tax</b>	<b>877.50</b>	<b>772.78</b>
At the statutory income tax rate of 34.944% (March 31, 2018: 34.608%)	306.63	267.44
Adjustments in respect of current income tax of previous years	-	7.33
Change in applicable tax rate for deferred tax assets and liabilities	-	(1.39)
Additional temporary tax deductible in respect of benefits under the Income Tax Act, 1961	(617.53)	(239.47)
Benefit of Indexation on investments	(2.44)	(5.86)
<b>Non-deductible expenses for tax purposes:</b>		
Corporate social responsibility expenditure	9.32	9.13
Donations	2.99	6.41
Other non-deductible expenses	0.58	(0.54)
<b>Income not part of Taxable Income</b>		
Profit on sale of property, plant and equipment	-	(0.01)
<b>Income taxed at differential rates</b>		
Dividend from foreign subsidiaries	(14.66)	(0.37)
<b>Income tax expense/(credit) reported in the statement of profit and loss</b>	<b>(315.11)</b>	<b>42.67</b>

The applicable statutory tax rate of the Company for financial year ended March 31, 2019 is 34.944% (March 31, 2018: 34.608%). The effective tax rate applicable to the Company for the financial year 2019-20 would be 34.944%.

### The balance in deferred tax assets/ (liabilities) comprises temporary differences attributable to:

Particulars	March 31, 2019	March 31, 2018
Property, plant and equipment and Investment properties	240.50	163.38
Other intangible assets	2.35	1.59
Deductions in respect of certain benefits under the Income Tax Act, 1961	492.28	276.06
Defined benefit obligations	175.10	165.35
Accruals and other	60.53	88.79
Doubtful debts	22.96	-
Loss on sale of investment	1.41	1.41
Minimum Alternative Tax (MAT) credit entitlement	221.48	16.18
<b>Total deferred tax assets /(liabilities)</b>	<b>1,216.61</b>	<b>712.76</b>

### Reflected in the balance sheet as follows:

Particulars	March 31, 2019	March 31, 2018
Deferred tax assets	1,216.61	712.76
Deferred tax liabilities:	-	-
<b>Deferred tax assets /(liabilities), net</b>	<b>1,216.61</b>	<b>712.76</b>



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Reconciliation of deferred tax assets (liabilities), net:

Particulars	Property, plant and equipment	Other intangible assets	Deductions in respect of certain benefits under the Income Tax Act, 1961	Defined benefit obligations	Accruals and others	Doubtful debts	Loss on sale of investment	Minimum Alternative Tax (MAT) credit Entitlement	Total
<b>As at April 1, 2017</b>	<b>139.88</b>	<b>(4.91)</b>	<b>227.52</b>	<b>125.42</b>	<b>75.21</b>	<b>-</b>	<b>1.40</b>	<b>16.96</b>	<b>581.48</b>
Tax income/(expense) during the period recognised in profit or loss	23.50	6.50	48.54	39.00	13.58	-	0.01	(0.78)	130.35
Tax income/(expense) during the period recognised in OCI	-	-	-	0.93	-	-	-	-	0.93
<b>As at March 31, 2018</b>	<b>163.38</b>	<b>1.59</b>	<b>276.06</b>	<b>165.35</b>	<b>88.79</b>	<b>-</b>	<b>1.41</b>	<b>16.18</b>	<b>712.76</b>
Tax income/(expense) during the period recognised in profit or loss	77.12	0.76	216.22	44.10	(28.26)	22.96	-	205.30	538.20
Tax income/(expense) during the period recognised in OCI	-	-	-	(34.35)	-	-	-	-	(34.35)
<b>As at March 31, 2019</b>	<b>240.50</b>	<b>2.35</b>	<b>492.28</b>	<b>175.10</b>	<b>60.53</b>	<b>22.96</b>	<b>1.41</b>	<b>221.48</b>	<b>1,216.61</b>

## Income tax assets:

Particulars	March 31, 2019	March 31, 2018
Opening balance	705.82	476.15
Add: Taxes paid during the year	473.25	434.78
Less: Tax refund	(11.21)	(32.09)
Less: Current tax payable for the year	(223.09)	(173.02)
<b>Current tax assets</b>	<b>944.77</b>	<b>705.82</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## 9. OTHER ASSETS

Particulars	March 31, 2019	March 31, 2018
<b>Other non-current assets</b>		
Capital advances	13.65	2.38
Prepaid expenses	2.73	2.78
<b>Total Other non-current assets</b>	<b>16.38</b>	<b>5.16</b>
<b>Other current assets</b>		
Prepaid expenses	47.42	30.98
Other advances	435.29	413.12
Other current assets	173.18	252.43
<b>Total other current assets</b>	<b>655.89</b>	<b>696.53</b>
<b>Total Other Assets</b>	<b>672.27</b>	<b>701.69</b>

## 10. INVENTORIES

Particulars	March 31, 2019	March 31, 2018
Uniforms	162.13	91.43
<b>Total inventories at the lower of cost and net realisable value</b>	<b>162.13</b>	<b>91.43</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 11. TRADE RECEIVABLES

Particulars	March 31, 2019	March 31, 2018
Trade Receivables	3,539.49	2,290.61
Less: Allowance for doubtful debts	(65.72)	-
<b>Total trade receivables</b>	<b>3,473.77</b>	<b>2,290.61</b>

### Break-up of security details:

Particulars	March 31, 2019	March 31, 2018
Secured, considered good	-	-
Unsecured, considered good	3,473.77	2,290.61
Considered doubtful	65.72	-
<b>Total</b>	<b>3,539.49</b>	<b>2,290.61</b>
Impairment Allowance (allowance for bad and doubtful debts)	(65.72)	-
<b>Total Trade receivables</b>	<b>3,473.77</b>	<b>2,290.61</b>

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member except as disclosed in note 39.

Refer note 40 for the Company's policy regarding impairment allowance on trade receivables and Company's credit risk management processes.

For outstanding balances, terms and conditions relating to related party receivables, refer note 39.

## 12. CASH AND BANK BALANCES

### Cash and cash equivalents

Particulars	March 31, 2019	March 31, 2018
<b>Balances with banks:</b>		
– On current accounts	571.14	707.65
– Bank deposits with original maturity of three months	1.37	-
Cash on hand	0.80	0.35
<b>Total</b>	<b>573.31</b>	<b>708.00</b>

Cash on hand and bank balances lying in various current accounts bear no interest.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

### Other bank balances

Particulars	March 31, 2019	March 31, 2018
Unclaimed dividend accounts	0.73	0.34
Deposits with remaining maturity greater than three months but up to twelve months from reporting date	136.97	291.55
Restricted balances	245.00	-
Margin money *	353.80	216.68
<b>Total</b>	<b>736.50</b>	<b>508.57</b>

\* Pledged as Security/Margin Money against guarantees issued by banks on behalf of the Company

## 13. DEMERGER OF CERTAIN BUSINESS AND NON-CASH ASSETS

### Demerging Business:

The Honourable National Company Law Tribunal, Kolkata has vide its order dated December 22, 2017 approved a composite scheme of arrangement under sections 391 to 394 of the Companies Act, 1956 between the Company, Service Master Clean Limited ("SMC"), SIS Asset Management Private

Limited (formerly known as Tech SIS Access Management System Private Limited) and their respective shareholders and creditors ("Demerger Scheme"). The Demerger Scheme provides for the demerger, transfer and vesting of:

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

- (a) the consultancy and investigation business of the Company, including all related assets, properties, identified investments (direct, or through nominees), liabilities and provisions, employees, business contracts and movable and immovable properties, as well as certain compulsorily convertible preference shares allotted or deemed to be allotted pursuant to the Demerger Scheme ("SIS Demerging Business"), and
- (b) the payroll outsourcing business of SMC, including all related assets, properties, identified investments (direct, or through nominees), liabilities and provisions, employees, business contracts and movable and immovable properties ("SMC Demerging Business") to SIS Asset Management Private Limited, on a going concern basis (such transaction, the "Proposed Demerger").

Revenues from the SIS Demerging Business (the "Demerging Businesses") accounted for Nil (March 31, 2018: ₹ 2.03 million).

Some of the key terms of the Demerger Scheme are as follows:

- (i) The Demerger Scheme provides for the transfer of the Demerging Businesses to SIS Asset Management Private Limited, for Consideration (defined hereinafter) and in accordance with section 2(19AA) of the Income Tax Act. The Demerger Scheme has been drawn up to comply with the conditions relating to a demerger under section 2(19AA) of the Income Tax Act, and if found inconsistent with this section, shall stand modified to the extent required for compliance.
- (ii) The "Appointed Date" for the Demerger Scheme is July 01, 2016.
- (iii) The Demerger Scheme, inter alia, provides for, in consideration for the transfer of the Demerging

Businesses, the issuance by SIS Asset Management Private Limited of (a) 43,070,000 fully paid-up compulsorily convertible preference shares of ₹ 10 each ("CCPS") proportionately for every 19,512,800 equity shares of ₹ 10 each of SMC held by shareholders of SMC on the Appointed Date, and (b) 16,520,000 equity shares of ₹ 10 each of SIS Asset Management Private Limited for every 6,202,659 Equity Shares held by shareholders of our Company on the Appointed Date ("Consideration"). Any CCPS allotted, or deemed to be allotted to the Company (on account of the Company being a shareholder of SMC) as consideration for transfer of the SMC Demerging Business would stand cancelled;

- (iv) The difference between the carrying values of the assets and liabilities transferred and vested in SIS Asset Management Company Private Limited shall be adjusted against the share premium account of the respective demerging companies;

Upon the Demerger Scheme becoming effective on January 18, 2018 (being the date of filing of the order of the honourable National Company Law Tribunal, Kolkata with the Registrar of Companies, Patna), sixteen immovable properties owned by the Company and three investments owned by SMC ("Demerged Properties") stand transferred to, and vested with, SIS Asset Management Private Limited. The Demerged Properties of the Company consist primarily of land and buildings, including the Company's administrative office, training centres at Garwha, Jharkhand (including academic blocks and hostels), Dehradun and Cuttack, and investments by SMC in Lotus Learning Private Limited, Vardan Overseas Private Limited and Sunrays Overseas Private Limited, which own the Company's corporate office.

The net financial impact of the Demerger Scheme on the Company as of March 31, 2018 is as follows:

Particulars	Amounts transferred pursuant to the demerger
Assets	
Land	50.10
Building	106.50
<b>Total Assets</b>	<b>156.60</b>
<b>Net Assets transferred</b>	<b>156.60</b>

## 14. EQUITY SHARE CAPITAL

### Authorised share capital

Particulars	(Nos. in million)	(₹ million)
<b>Equity shares of ₹ 10 each</b>		
<b>At April 1, 2017</b>	135.00	1,350
Increase/(decrease) during the year	-	-
<b>At March 31, 2018</b>	<b>135.00</b>	<b>1,350</b>
Increase/(decrease) during the year	-	-
<b>At March 31, 2019</b>	<b>135.00</b>	<b>1,350</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Issued, Subscribed and paid up equity capital

Particulars	(Nos. in million)	(₹ million)
<b>Equity shares of ₹ 10 each subscribed and fully paid</b>		
<b>Issued, subscribed and paid up share capital as at April 1, 2017</b>	<b>68.70</b>	<b>687.03</b>
Exercise of options – proceeds received	0.04	0.36
Public Issue of Shares	4.44	44.45
Conversion of Compulsorily Convertible debentures*	0.00	0.00
<b>At March 31, 2018</b>	<b>73.18</b>	<b>731.84</b>
Exercise of options – proceeds received	0.13	1.29
<b>At March 31, 2019</b>	<b>73.31</b>	<b>733.13</b>

\* The Compulsorily Convertible Debentures were converted into 22 equity shares of ₹ 10 each fully paid up

### Notes:

- Of the above, 2,210,500 and 62,457,240 equity shares were allotted as fully paid Bonus Shares by capitalization of general reserve during the year ended March 31, 2006 and March 31, 2017 respectively.
- Mr. Uday Singh was the holder of 79,000 unpaid shares in SIS International Holdings Ltd., a wholly owned subsidiary. In terms of a letter dated December 1, 2009, Mr. Singh had the option to exchange these shares for shares of the Company in a manner reflecting the fair value of these shares, reduced by the amounts unpaid on them. Subsequently, in lieu of these shares and suitably adjusted for amounts unpaid thereon, Mr. Singh was allotted 40,565 Equity Shares during the year ended March 31, 2017, at a ratio as determined in accordance with a valuation report prepared by a SEBI registered merchant banker.
- 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 ₹ 10 each at a premium of ₹ 805 per share and an offer for sale of 5,120,619 equity shares of ₹ 10 each by the selling shareholders. The proceeds of the fresh offer component from the IPO amounted to ₹ 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	3,622.50
Less: Estimated offer related expenses in relation to the Issue	233.82
<b>Net Proceeds</b>	<b>3,388.68</b>
Add: Saving in offer related expenses	21.79
<b>Total</b>	<b>3,410.47</b>

Particulars	Projected utilization of funds as per prospectus	Utilised up to March 31, 2019	Unutilised amount as on March 31, 2019
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	788.70	Nil
Add: Saving in offer related expenses	21.79	21.79	Nil
	810.47	810.47	Nil
<b>Total</b>	<b>3,410.47</b>	<b>3,410.47</b>	<b>Nil</b>

Expenses incurred by the Company, amounting to ₹ 212.03 million (net of recovery from shareholders), in connection with the IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.

### Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and to participate in dividends in proportion to the number of and amounts paid on the shares held. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	March 31, 2019		March 31, 2018	
	No. in million	% holding in the class	No. in million	% holding in the class
Ravindra Kishore Sinha	29.63	40.42%	29.63	40.49%
Rita Kishore Sinha	12.11	16.52%	12.11	16.55%
Rituraj Kishore Sinha	8.35	11.39%	8.35	11.41%

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
	No.	No.	No.	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of general reserve	105,980	32,740	6,24,57,240	-	-
Equity shares allotted as fully paid up without payment being received in cash	-	-	40,565	-	-
Equity shares bought back	-	-	-	-	-

During the year ended March 31, 2019, 10,598 (March 31, 2018: 3,274) options issued to employees were exercised by them and equity shares allotted. Further, in terms of the ESOP 2008, the equity shares allotted on the exercise of the options shall be adjusted for the bonus issue of 10 shares for every 1 equity share announced by the Company on July 27,

2016. Accordingly, a total number of 116,578 (March 31, 2018: 36,014) equity shares were allotted by the Company on exercise of 10,598 (March 31, 2018: 3,274) options by the employees, which included a total number of 105,980 (March 31, 2018 : 32,740) equity shares allotted by the company as bonus shares pursuant to the said terms of ESOP 2008.

## Shares reserved for issue under options

### Employees share options

Refer note 28 for details regarding employee share options issued by the Company.

## 15. OTHER EQUITY

Particulars	March 31, 2019	March 31, 2018
<b>Reserves and Surplus</b>		
Securities premium	3,897.32	3,887.78
General reserve	189.04	190.10
Share options outstanding account	213.23	147.87
Retained earnings	2,126.38	1,106.93
<b>Total reserves and surplus</b>	<b>6,425.97</b>	<b>5,332.67</b>
<b>Other Reserves</b>		
Debenture redemption reserve	125.00	-
<b>Total other reserves</b>	<b>125.00</b>	<b>-</b>
<b>Total Other Equity</b>	<b>6,550.97</b>	<b>5,332.67</b>

## Securities Premium

Particulars	
<b>As at April 1, 2017</b>	<b>487.29</b>
Add: Receipts on issue of equity shares	3,578.05
Add: Receipts on exercise of share options	4.44
Add: Receipts on conversion of Compulsorily Convertible Debentures	209.25
Less: Transaction costs arising on share issue	212.03
Less: Deficit arising on demerger of business (refer note 13)	179.22
<b>As at March 31, 2018</b>	<b>3,887.78</b>
Add: Receipts on exercise of share options	9.54
<b>As at March 31, 2019</b>	<b>3,897.32</b>



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## General Reserve

Particulars	
<b>As at April 1, 2017</b>	<b>190.43</b>
Less: Capitalisation on issue of bonus shares	0.33
<b>As at March 31, 2018</b>	<b>190.10</b>
Less: Capitalisation on issue of bonus shares	1.06
<b>As at March 31, 2019</b>	<b>189.04</b>

## Share Options Outstanding Account

The Company has two share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees.

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 28 for further details of these plans.

Particulars	
<b>As at April 1, 2017</b>	<b>70.78</b>
Add: Compensation in respect of options granted	81.53
Less: Transferred to Securities premium on exercise of share options	4.44
<b>At March 31, 2018</b>	<b>147.87</b>
Add: Compensation in respect of options granted	74.90
Less: Transferred to Securities premium on exercise of share options	9.54
<b>At March 31, 2019</b>	<b>213.23</b>

## Retained earnings

Particulars	
<b>As at April 1, 2017</b>	<b>554.72</b>
Add: Net Profit /(Loss) for the year	730.11
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Re-measurements of post-employment benefit plans directly in retained earnings	(1.73)
Less: Appropriations	
Interim Dividend	146.37
Dividend Distribution Tax	29.80
<b>As at March 31, 2018</b>	<b>1,106.93</b>
Add: Net Profit /(Loss) for the year	1,192.61
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Re-measurements of post-employment benefit plans directly in retained earnings	63.96
Less: Appropriations	
- Final Dividend for FY 17-18	109.78
- Dividend Distribution Tax	2.34
- Transfer to Debenture redemption reserve	125.00
<b>As at March 31, 2019</b>	<b>2,126.38</b>

## Debenture redemption reserve

Particulars	
<b>As at April 01, 2017</b>	-
Increase/ (decrease) during the year	-
<b>As at March 31, 2018</b>	-
Increase/ (decrease) during the year	125.00
<b>As at March 31, 2019</b>	<b>125.00</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Equity component of compound financial instruments

Particulars	
<b>As at April 1, 2017</b>	<b>209.25</b>
Less: transfer to Equity Capital / Securities Premium on conversion of compulsorily convertible debentures into equity shares	209.25
<b>As at March 31, 2018</b>	<b>-</b>
Less: transfer to Equity Capital / Securities Premium on conversion of compulsorily convertible debentures into equity shares	-
<b>As at March 31, 2019</b>	<b>-</b>

## Nature and purpose of Reserves

### Securities Premium

Security premium is used to record the premium on issue of shares or other securities such as debentures or bonds. The reserve is utilised in accordance with the Companies Act, 2013.

### General Reserve

The general reserve is the result of a company's transferring a certain amount of profit from the account of retained earnings to the general reserve account. The purpose of setting up a general reserve account is to meet potential future unknown liabilities. In other words, the general reserve is a free reserve which can be utilized for any purpose after fulfilling certain conditions.

## Share Options outstanding Account

The share options outstanding account is used to recognize the grant date fair value of options issued to employees under the company's' employee share option plans. Refer note 28 for details.

## Retained earnings

Retained earnings represents the amount of accumulated earnings of the Company and re-measurement differences on defined benefit plans.

## Debenture redemption reserve

Pursuant to the provisions of the Act, the Company is required to create debenture redemption reserve out of the profits which is to be utilised for the purpose of redemption of debentures. On redemption of the debentures, the related amount of this reserve will be transferred to retained earnings.

## 16. BORROWINGS

Particulars	Refer note below	March 31, 2019	March 31, 2018
<b>Non-current Borrowings</b>			
<b>Secured</b>			
<b>Bonds/ Debentures</b>			
- Non-Convertible Debentures issued to ICICI prudential Asset Management Company Limited	a	1,490.75	-
<b>Term Loans</b>			
<b>From Banks</b>			
- HDFC Bank Limited	b	95.29	133.40
- IDBI Bank Limited	c	-	28.14
- Kotak Mahindra Bank Limited	d	252.73	-
- Vehicle Loan from Banks	e	109.14	93.77
<b>From other parties</b>			
- Vehicle Loan from Others	g	83.62	57.66
<b>Total secured borrowings</b>		2,031.53	312.97
<b>Unsecured</b>			
<b>Bonds/ Debentures</b>			
Rupee Denominated Bonds issued to SIS Australia Group Pty Ltd, a subsidiary company	h	745.99	745.53
<b>Term Loans</b>			
Yes Bank Limited	i	56.08	93.30
<b>Total unsecured borrowings</b>		802.07	838.83
<b>Total non-current borrowings</b>		2,833.60	1,151.80
Less: Current maturity of long-term borrowings		188.19	165.77
<b>Non-current borrowings (as per balance sheet)</b>		2,645.41	986.03

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Particulars	Refer note below	March 31, 2019	March 31, 2018
<b>Current borrowings</b>			
<b>Secured</b>			
<b>Loans repayable on demand</b>			
From Banks			
- Kotak Mahindra Bank Limited	j	541.20	450.00
- State Bank of India	k	267.79	-
- ICICI Bank Limited	l	282.31	259.07
- Yes Bank Limited	m	591.55	401.67
- Standard Chartered Bank	n	400.00	-
<b>Total secured borrowings</b>		<b>2,082.85</b>	<b>1,110.74</b>
<b>Unsecured</b>		-	-
<b>Total unsecured borrowings</b>		-	-
<b>Net current borrowings</b>		<b>2,082.85</b>	<b>1,110.74</b>
Aggregate Secured borrowings		<b>4,114.38</b>	<b>1,423.71</b>
Aggregate Unsecured borrowings		<b>802.07</b>	<b>838.83</b>

## Notes:

### Long Term Borrowings - Secured:

#### Bonds/debentures:

- a) ICICI Prudential Assets Management Company Limited has subscribed to 1,500 non-convertible debentures (NCDs) of ₹ 1,000,000/- each. The NCDs carry interest @ 9.50 % per annum, payable annually. The NCDs are secured against 85.92% shareholding in Dusters total solutions services private limited, a subsidiary of the Company. The debentures are redeemable after 3 years from the date of issue. i.e April 13, 2021.

#### Term loans:

- b) Secured by way of first charge on the movable fixed assets of the Company purchased out of the term loan proceeds and second pari passu charge on stock and book debts of the Company both present and future. The loan is repayable in 16 equal quarterly instalments of ₹ 9.53 million each, with repayment to commenced from November 2017 and is scheduled to be repaid during FY 2021 – 22.
- c) Secured by an exclusive charge on the specified assets acquired out of the loan and second pari-passu charge on the current assets of the Company. The loan was repayable in 15 equal quarterly instalments of ₹ 6.67 million each, prepayment of outstanding amount has been made during FY 2018 -19.
- d) Secured by way of first charge on the movable fixed assets of the Company purchased out of the term loan proceeds and second pari passu charge on receivables/ current assets of the Company both present and future. The loan is repayable in 18 equal quarterly instalments beginning from the end of the 1st quarter after the end of moratorium Period of six months. Repayment will start from September 29, 2019.
- e) Vehicle Loan from Banks are secured by hypothecation of vehicles purchased against the loan taken from that

Bank. The loans have various repayment schedules and are scheduled to be repaid by November, 2023.

- f) The terms loans mentioned above except vehicle loans, carry interest at MCLR plus spread margin ranging from 75 bps to 145 bps (March 31, 2018: 75 bps to 285 bps). The vehicle loans carry interest from 8.25% to 10.50% per annum.

#### Other loans and advances:

- g) Vehicle Loan from Other Financiers are secured by hypothecation of the respective vehicle(s) purchased against the loan taken from that financier(s). The loans carry interest from 8.25% to 10.50% per annum and have various repayment schedules and are scheduled to be repaid by August, 2022.

### Long term borrowings – Unsecured:

#### Bonds/debentures:

- h) SIS Australia Group Pty Limited, a subsidiary, has subscribed to 750 Rupee Denominated Bonds (RDBs) of face value of ₹ 1,000,000/- each. The RDBs will constitute direct, unconditional and unsecured obligations of the Company to repay the issue price plus interest @ 8% per annum. These RDB's shall be redeemed within 9 years from the date of issue with a lock-in-period of 3 years from the date of issue.

#### Term loans - unsecured:

- i) The loan carries interest MCLR plus 50 bps and is repayable in 16 equal quarterly instalments of ₹ 9.37 million each, with repayment to commenced from November 2016 and is scheduled to be completed in August 2020.

### Short term borrowings - Secured loans repayable on demand:

- j) Secured by first pari passu charge over current assets and second pari passu charge over the movable fixed assets of the Company.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

- k) Secured by first pari passu charges over the current assets and immovable fixed assets and second charge over movable assets.
- l) Secured by first pari passu charges over the current assets and immovable fixed assets and second charge over movable assets (both present and future) of the Company.
- m) Secured by pari passu charge over the current assets of the Company.
- n) Secured by first pari passu charges over the current assets and second pari passu charges over the movable fixed assets.
- o) The loans repayable on demand mentioned above, carry interest at MCLR plus spread margin ranging from 20 bps to 95 bps (March 31, 2018: 90 bps to 135 bps).

## 17. TRADE PAYABLES

Particulars	March 31, 2019	March 31, 2018
<b>Non-current</b>	-	-
<b>Current</b>		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	0.18	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	155.15	170.16
<b>Total current trade payables</b>	<b>155.33</b>	<b>170.16</b>
<b>Total trade payables</b>	<b>155.33</b>	<b>170.16</b>

The terms and conditions of the above financial liabilities are as follows:

- a. Trade payables are non-interest bearing and are normally settled on credit terms ranging from 30-60 days which vary by vendor and type of service. Based on the information available with the Company, the amount payable to creditors who have been identified as "suppliers" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006" is as below:
- b. For outstanding balances, terms and conditions with related parties, refer to note 39

Particulars	March 31, 2019	March 31, 2018
Principal amount and the interest due thereon [₹ Nil (March 31, 2018 – Nil)]	0.18	-
Amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

## 18. OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2019	March 31, 2018
<b>Non-current</b>		
Lease rent equalization	19.74	12.85
Financial guarantees	6.85	9.67
<b>Total other non-current financial liabilities</b>	<b>26.59</b>	<b>22.52</b>
<b>Current</b>		
Interest accrued but not due on borrowings	153.01	17.01
Current maturity of long-term borrowings (refer note 16)	188.19	165.77
Financial guarantees	0.20	0.27
Unclaimed /Unpaid dividends	0.73	0.34
Employee benefits payable	1,568.61	1,321.45
Other payables and accruals	199.50	133.65
<b>Total other current financial liabilities</b>	<b>2,110.24</b>	<b>1,638.49</b>
<b>Total other financial liabilities</b>	<b>2,136.83</b>	<b>1,661.01</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

**Note:** The Company/ other shareholders hold options to sell all or part of their shareholding or buy part of the shareholding in certain subsidiaries and Associates in terms of the respective shareholder agreements at a price and/or formula as mentioned

in the respective agreements. The fair values of such options are not material on the balance sheet date and hence have not been recognised in the financial statements.

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial Assets:</b>						
Investments						
-Bonds and debentures	-	-	228.42	-	-	50.00
Trade receivables	-	-	3,473.77	-	-	2,290.61
Loans	-	-	329.96	-	-	112.72
Cash and cash equivalents	-	-	573.31	-	-	708.00
Other bank balances	-	-	736.50	-	-	508.57
Security deposits	-	-	461.40	-	-	405.53
Other financial assets	-	-	1,999.95	-	-	1,980.50
<b>Total Financial Assets</b>	-	-	<b>7,803.31</b>	-	-	<b>6,055.93</b>
<b>Financial Liabilities:</b>						
Trade and other payables	-	-	155.33	-	-	170.16
Borrowings	-	-	4,916.45	-	-	2,262.54
Other financial liabilities	-	-	1,948.64	-	-	1,495.24
<b>Total Financial Liabilities</b>	-	-	<b>7,020.42</b>	-	-	<b>3,927.94</b>

Fair Values of assets and liabilities carried at amortised costs are as follows:

Particulars	March 31, 2019		March 31, 2018	
	Carrying Value	Fair Value Level 2 inputs	Carrying Value	Fair Value Level 2 inputs
<b>Financial Assets:</b>				
Investments in debentures or bonds	228.42	199.40	50.00	47.40
Loans	329.96	291.48	112.72	81.73
Others financial assets	1,999.95	1,999.95	1,980.50	1,980.50
Trade receivables	3,473.77	3,473.77	2,290.61	2,290.61
Cash and cash equivalents	573.31	573.31	708.00	708.00
Other bank balances	736.50	736.50	508.57	508.57
Security deposits	461.40	461.65	405.53	403.17
<b>Total financial assets</b>	<b>7,803.31</b>	<b>7,736.06</b>	<b>6,054.93</b>	<b>6,019.98</b>
<b>Financial Liabilities:</b>				
Borrowings	4,916.45	4,916.45	2,262.54	2,262.54
Other financial liabilities	1,948.64	1,948.64	1,495.24	1,495.24
Trade payables	155.33	155.33	170.16	170.16
<b>Total financial liabilities</b>	<b>7,020.42</b>	<b>7,020.42</b>	<b>3,927.94</b>	<b>3,927.94</b>

The Company has assessed that the fair value of cash and short-term deposits, trade receivables, capital creditors, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Company does not have any financial assets/liabilities in Level 3 items for the years ended March 31, 2019 and March 31, 2018:

### Valuation processes

The finance department of the Company includes the team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The team reports directly to the chief financial officer

(CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every 3 months, in line with the Company's quarterly reporting period. External valuer's assistance is also taken for valuation purposes where required.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discounts rate are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counter parties (including assumptions about credit default rates) are derived from



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

- credit risk grading determined by the Company's internal credit management group.
- Volatility used for option pricing model is based on historical volatility of comparable companies.
- Contingent consideration – estimated based on expected cash outflows arising from the forecasted sales and the entities; knowledge of the business and how the current economic environment is likely to impact it.

## 20. PROVISIONS

Particulars	Gratuity	Leave liabilities	Total
<b>At March 31, 2018</b>			
Current	-	39.84	39.84
Non-current	<b>374.71</b>	-	<b>374.71</b>
<b>Total</b>	374.71	39.84	414.55
<b>At March 31, 2019</b>			
Current	-	49.63	49.63
Non-current	390.72	-	390.72
<b>Total</b>	<b>390.72</b>	<b>49.63</b>	<b>440.35</b>

Refer note 27 for details of employee benefits.

## 21. OTHER LIABILITIES

Particulars	March 31, 2019	March 31, 2018
<b>Other non-current liabilities</b>		
<b>Other current liabilities</b>		
Statutory dues payable	742.95	618.89
<b>Total other current liabilities</b>	<b>742.95</b>	<b>618.89</b>
<b>Total other liabilities</b>	<b>742.95</b>	<b>618.89</b>

## 22. GOVERNMENT GRANTS

Particulars	March 31, 2019	March 31, 2018
As at beginning of the year	-	-
Received during the year	345.70	88.87
Released to the statement of profit and loss	345.70	88.87
<b>As at end of the year</b>	-	-
Current	-	-
Non-current	-	-

The Company is availing of benefits under a government scheme - Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) wherein the Central Government is paying the employer's contribution towards Employee Pension Scheme / Provident Fund in respect of new employees meeting specified criteria.

The grant is paid by the Government on a monthly basis on fulfilment of certain conditions. Accordingly, such Government Grant is taken to profit or loss when the conditions are met and the grants are received.

## 23. REVENUE FROM OPERATIONS

Particulars	March 31, 2019	March 31, 2018
<b>Sale of product</b>		
<b>Sale of products (traded goods)</b>		
Revenue from sale of electronic security devices	3.44	-
<b>Total(A)</b>	<b>3.44</b>	-
<b>Rendering of services</b>		
<b>Security Services</b>		
From guarding and other security services	24,539.81	21,050.28
From Investigation Services	-	2.04

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Particulars	March 31, 2019	March 31, 2018
<b>Other Services</b>		
From Training Fees	72.32	66.28
<b>Total rendering of services</b>	<b>24,612.13</b>	<b>21,118.60</b>
Other operating revenues	419.60	231.92
<b>Total(B)</b>	<b>25,031.73</b>	<b>21,350.52</b>
<b>Revenue from operations (A+B)</b>	<b>25,035.17</b>	<b>21,350.52</b>

## Disaggregate revenue information

The following table presents the disaggregated revenue from contracts with customers.

Particulars	March 31, 2019	March 31, 2018
<b>Revenue by time of recognition</b>		
At a point in time (Sale of equipment)	3.44	-
Over the period of time	25,031.73	21,350.52
<b>Total</b>	<b>25,035.17</b>	<b>21,350.52</b>

## 24. OTHER INCOME

Particulars	March 31, 2019	March 31, 2018
Interest income from financial assets at amortized cost	107.15	70.12
Dividend income from Subsidiaries	101.88	2.15
Miscellaneous income	0.41	-
	<b>209.44</b>	<b>72.26</b>

## 25. OTHER GAINS/LOSSES

Particulars	March 31, 2019	March 31, 2018
Net gain/(loss) on sale of property, plant and equipment	(1.44)	0.03
Foreign exchange gain/(loss)	2.99	(1.11)
Other items	3.89	4.78
	<b>5.44</b>	<b>3.70</b>

## 26. CHANGES IN INVENTORY OF STOCK-IN-TRADE

Particulars	March 31, 2019	March 31, 2018
Inventory at the beginning of the year	91.43	-
Inventory at the end of the year	162.13	91.43
Stock in transit at the end of the year		
Changes in inventory of Stock-in-Trade - increase/(decrease)	<b>70.71</b>	<b>91.43</b>

## 27. EMPLOYEE BENEFITS EXPENSE

### (a) Employee benefits expense include:

Particulars	March 31, 2019	March 31, 2018
Salaries, wages and bonus	19,622.58	16,609.51
Contribution to provident and other funds	2,445.28	2,053.31
Less: Government grants (refer note 22)	345.70	88.87
Employee share-based payment expense	60.70	70.98
Gratuity expense	146.22	106.48
Leave compensation	11.24	(4.32)
Staff welfare expenses	67.59	73.32
<b>Total employee benefit expense</b>	<b>22,007.91</b>	<b>18,820.41</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## (b) Unfunded Scheme – Leave obligations

Leave obligations cover the Company's liability for sick and earned leave.

The amount of the provision of ₹ 49.63 million (March 31, 2018: ₹ 39.84 million) included in note 20 is presented as

current, since the Company does not have an unconditional right to defer settlement of any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months:

Particulars	March 31, 2019	March 31, 2018
Current leave obligation not expected to be settled within next 12 months	37.48	29.44

## Unfunded Schemes:

Particulars	March 31, 2019	March 31, 2018
Present Value of unfunded obligations	49.63	39.84
Expenses recognized in the statement of Profit and Loss	11.24	(4.32)
Discount Rate (Per Annum)	6.70%	7.20%
Salary Escalation rate (Per Annum)	8.00%	8.00%

The liability for earned and sick leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

## (c) Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund for employees at the rate of 12% of the salary (subject to a limit of ₹ 15,000 salary per month) as per regulations. The contributions are made to a statutory provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligations in this regard.

Further, contributions are made in respect of Employees' State Insurance Scheme, for specified employees, at the rate of 4.75% of the gross pay as per regulations. The contributions are towards medical benefits provided by the Government to the employees. The contributions are made to employees' state insurance authorities administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligations in this regard.

Contributions to provident fund and employees' state insurance scheme are recognized as an expense as they become payable which coincides with the period during which relevant employee services are received. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The expense recognised during the period towards defined contribution plans is ₹ 2,445.28 million (March 31, 2018: ₹ 2,053.31 million).

## (d) Defined benefits plans

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of completed years of service, subject to completion of five years of service and other conditions. The payment of gratuity Act, 1972 has been amended during the previous year to enhance the gratuity ceiling from ₹ 1.00 million to ₹ 2.00 million. The gratuity plan is a partly funded plan and the Company makes contributions to a fund administered and operated by a reputed insurance company. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The Company has invested the plan assets in the insurer managed funds.

The following tables summarises the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Expenditure to be recognized during the year:

Particulars	March 31, 2019	March 31, 2018
Current Service Cost	121.40	90.23
Past Service Cost	-	8.32
Interest Cost	24.82	16.25
<b>Total amount recognised in profit or loss</b>	<b>146.22</b>	<b>114.80</b>
<b>Remeasurements</b>		
Return on plan assets, excluding amounts included in interest income	8.74	2.96
Loss/(gain) from changes in financial assumptions	10.86	(16.46)
Loss/(gain) from changes in demographic assumptions	(14.44)	19.16
Experience loss/(gain)	(103.47)	(3.00)
<b>Total loss/(gain) recognised in other comprehensive income</b>	<b>(98.31)</b>	<b>2.66</b>

**Note:** Past service cost of ₹ Nil (March 31, 2018: ₹ 8.32 million) has been shown as an exceptional item in the statement of profit and loss.

## Change in present value of defined benefit obligation is summarized below:

Particulars	March 31, 2019	March 31, 2018
<b>Reconciliation of opening and closing balances of Defined Benefit Obligation</b>		
Benefit obligation at the beginning of the year	518.66	408.59
Current Service Cost	121.40	90.23
Past Service Cost	-	8.32
Interest Cost	33.87	23.87
Remeasurements loss/(gain)	(107.05)	(0.29)
Benefits paid	(21.39)	(12.06)
<b>Defined Benefit obligation at year end</b>	<b>545.49</b>	<b>518.66</b>

## Reconciliation of fair value of Plan Assets:

Particulars	March 31, 2019	March 31, 2018
<b>Reconciliation of opening and closing balances of fair value of Plan Assets</b>		
Fair value of Plan Assets at the beginning of the period	143.95	130.48
Interest income	9.05	7.62
Remeasurements	(8.74)	(2.96)
Contribution by Employer	31.90	20.86
Benefits Paid	(21.39)	(12.06)
<b>Fair value of Plan Assets at the closing of the period</b>	<b>154.77</b>	<b>143.95</b>

## Reconciliation of fair value of Assets and Obligations:

Particulars	March 31, 2019	March 31, 2018
Fair value of Plan Assets	154.77	143.95
Present value of Obligation	545.49	518.66
<b>Asset (liability) recognized in Balance Sheet</b>	<b>(390.72)</b>	<b>(374.71)</b>

The present value of defined benefit obligation relates to active employees only.

The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one-off contributions. The Company intends to continue to contribute to the defined benefit plans to achieve a target level

of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The principal assumptions used in determining gratuity and post-employment benefit obligations for the Company's plans are shown below:

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Principal Assumptions:

Particulars	March 31, 2019	March 31, 2018
<b>Discount Rate</b>	6.70%	7.20%
Future salary Increase		
- Non-Billing / indirect employees	8.00%	8.00%
- Billing /direct employees	5.00%	5.00%
- Life expectancy		
<b>Attrition rate</b>		
<b>Billing employees</b>		
- Age from 21-30 years	39%	28%
- 31-34	28%	21%
- 35-40	28%	21%
- 41-45	28%	21%
- 46-50	28%	21%
- 51 and above	28%	25%
Non Billing employees		
- Age from 21-30 years	27%	19%
- 31-40	16%	13%
- 41-50	12%	12%
- 51 & above	16%	16%

## A QUANTITATIVE SENSITIVITY ANALYSIS FOR SIGNIFICANT ASSUMPTION AS AT MARCH 31, 2019 IS AS SHOWN BELOW:

Assumptions	Discount rate		Future salary increases	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
<b>Sensitivity Level</b>				
Impact on defined benefit obligation				
March 31, 2018	(2.32%)	2.42%	2.39%	(2.31%)
March 31, 2019	(1.99%)	2.08%	2.01%	(1.96%)

The above sensitivity analysis are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected

credit unit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The major category of plan assets are as follows:

	March 31, 2019			March 31, 2018		
	Unquoted	Total	%	Unquoted	Total	%
Gratuity policy managed by insurance companies	154.77	154.77	100	143.95	143.95	100

## Risk Exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are market volatility, changes in inflation, changes in interest rates, rising longevity, changing economic environment and regulatory changes.

The Company has selected a suitable insurer to manage the funds in such a manner as to ensure that the investment positions are managed with an asset-liability matching framework that has been developed to achieve investments which are in line with the obligations under the employee benefit plans. Within this framework, the asset-liability matching objective is to match assets to the obligations by investing in securities to match the benefit payments as they fall due.

The insurer, on behalf of the Company, actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that failure of any single investment should not have a material impact on the overall level of assets.



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Defined benefit liability and employer contributions

The weighted average duration of the post-employment benefit plan obligations is 4.07 years (March 31, 2018 – 4.74 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 Years	Total
March 31, 2018	96.51	89.76	230.15	363.50	779.92
March 31, 2019	132.39	111.80	232.72	275.75	752.66

## 28. SHARE-BASED PAYMENTS

The Company has two Employee Stock Option plans namely ESOP 2008 and ESOP 2016.

### ESOP 2008

- Under ESOP 2008 Employee Share options were granted in 2008, 2011, 2014, 2015 and 2016 and 59,000 options, 30,000 Options, 30,500 Options, 3,500 options and 2,096 options respectively have been granted.
- All options granted in 2008 have been either exercised or lapsed.
- Out of the 30,000 options granted in 2011, 21,700 options were exercised and the remaining 8,300 options have lapsed/forfeited.
- Out of the 30,500 options granted in 2014, all were vested and exercised (including 1,500 options during the year ended March 31, 2018) during the year March 31, 2019.
- Out of the 3,500 Options granted in 2015, all were vested and exercised during the year ended March 31, 2017.
- Out of the 2,096 Options granted in 2016, the same will vest and be eligible for exercise over four financial years. Of these, 1048 options have vested and been exercised
- All options under ESOP 2008 will now be governed by the terms of ESOP 2016 except in respect of vesting and exercise which will still be governed by the terms mentioned in the respective grant letters. The Options issued under ESOP 2008 will be adjusted for the bonus issue of ten equity shares for every equity share held as on September 20, 2016, as and when such options are exercised.
- During the year ended March 31, 2018, upon exercise of stock options by the eligible employees, the Company has allotted 36,014 equity shares of ₹ 10 each.
- During the year ended March 31, 2019, upon exercise of stock options by the eligible employees, the Company has allotted 116,578 equity shares of ₹ 10 each.

### ESOP 2016

- Under ESOP 2016, the Company granted 1,216,000 options on August 01, 2016 which will vest over four financial years and be eligible for exercise, subject to certain conditions, after August 1, 2020.
- Of these options:
  - 45,240 options have been forfeited on account of the respective employees no longer in employment
  - 359,845 have vested on August 01, 2017, out of these Options, a total of 12,310 options were exercised during the year ended on March 31, 2019
- During the year ended March 31, 2018, the Company issued a further 32,415 options to eligible employees which will vest over three financial years and be eligible for exercise, subject to certain conditions, after August 1, 2020.
- During the year ended March 31, 2019, the Company issued a further 1,500 options to eligible employees which will vest over three financial years and be eligible for exercise, subject to certain conditions, after October 3, 2020.
- During the year ended March 31, 2019, the Company issued a further 9,000 options to eligible employees which will vest over three financial years and be eligible for exercise, subject to certain conditions, after October 3, 2021.
- During the year ended March 31, 2019, upon exercise of stock options by the eligible employees, the Company has allotted 12,310 equity shares of ₹ 10 each.

Options granted under the aforesaid plans carry no dividend or voting rights.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Movements during the year

### Year ended March 31, 2018

Particulars	ESOP 2008		ESOP 2016				Total
	ESOPs granted in						
	2011-12*	2014-15*	2016-17*	2016-17	2017-18	2018-19	
Total No. of Options available as on April 1, 2017	9,994	4,000	2,096	1,204,150	-	-	1,220,240
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	2 years	4 years	4 years	4 years	3 years	-	
Options Issued during the year	-	-	-	-	32,415	-	32,415
Options vested and exercised during the year*	1,250	1,500	524	-	-	-	3,274
Options forfeited/lapsed during the year	598	-	-	27,910	-	-	28,508
Outstanding Stock Options as at March 31, 2018	8,146	2,500	1,572	1,176,240	32,415	-	1,220,873
Options exercisable as at March 31, 2018	8,146	-	-	-	-	-	8,146

\* Prior to bonus adjustment

### Year ended March 31, 2019

Particulars	ESOP 2008		ESOP 2016				Total
	ESOPs granted in						
	2011-12*	2014-15*	2016-17*	2016-17	2017-18	2018-19	
<b>Total No. of Options available as on April 1, 2018</b>	<b>8,146</b>	<b>2,500</b>	<b>1,572</b>	<b>1,176,240</b>	<b>32,415</b>	<b>-</b>	<b>1,220,873</b>
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	2 years	4 years	4 years	4 years	3 years	2 years#	
Options Issued during the year	-	-	-	-	-	10,500	10,500
Options vested and exercised during the year**	7,574	2,500	524	12,310	-	-	22,908
Options forfeited/lapsed during the year	572	-	-	5,480	-	-	6,052
<b>Outstanding Stock Options as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>1,048</b>	<b>1,158,450</b>	<b>32,415</b>	<b>10,500</b>	<b>1,202,413</b>
Options exercisable as at March 31, 2019	-	-	-	-	-	-	-

\* Prior to bonus adjustment

There were no cancellations or modifications to the awards in March 31, 2019 or March 31, 2018.

\*\*The weighted average share price at the date of exercise of options during the year ended March 31, 2019 was ₹ 1,066.70 (March 31, 2018: ₹ 672.01).

# Exercise period for 9,000 options is 2 years from October 03, 2021 and for 1,500 options is 2 years from October 03, 2020.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Share options outstanding at the end of the year have the following details:

Grant	Tranche	Grant date	Vesting date	Expiry date	Exercise price (₹) @	Fair value (₹)	Share options outstanding March 31, 2019	Share options outstanding March 31, 2018*
Plan I ESOP 2008 : Grant II *	II	14-Jan-11	28-Oct-12	30-Sep-18	10.00	5.92	-	89,606
Plan I ESOP 2008 : Grant III (a)*	IV	01-Jul-14	01-Sep-18	30-Sep-18	10.00	183.45	-	27,500
Plan I ESOP 2008 : Grant V (a)*	II	04-Apr-16	04-Apr-18	04-Apr-19	10.00	205.91	-	5,764
Plan I ESOP 2008 : Grant V (a)*	III	04-Apr-16	04-Apr-19	04-Apr-20	10.00	202.38	5,764	5,764
Plan I ESOP 2008 : Grant V (a)*	IV	04-Apr-16	04-Apr-20	04-Apr-21	10.00	198.91	5,764	5,764
Plan II (ESOP 2016): Grant V	I	01-Aug-16	01-Aug-17	01-Aug-22	10.00	190.81	115,845	117,624
Plan II (ESOP 2016): Grant V	II	01-Aug-16	01-Aug-18	01-Aug-22	10.00	190.81	231,690	235,248
Plan II (ESOP 2016): Grant V	III	01-Aug-16	01-Aug-19	01-Aug-22	10.00	190.81	347,535	352,872
Plan II (ESOP 2016): Grant V	IV	01-Aug-16	01-Aug-20	01-Aug-22	10.00	190.81	463,380	470,496
Plan II (ESOP 2016): Grant II	I	03-Jan-18	03-Jan-19	01-Aug-22	10.00	1,122.17	8,903	8,903
Plan II (ESOP 2016): Grant II	II	03-Jan-18	03-Jan-20	01-Aug-22	10.00	1,122.17	8,903	8,903
Plan II (ESOP 2016): Grant II	III	03-Jan-18	01-Aug-20	01-Aug-22	10.00	1,122.17	11,870	11,870
Plan II (ESOP 2016): Grant III	I	29-Jan-18	29-Jan-19	01-Aug-22	10.00	1,193.39	822	822
Plan II (ESOP 2016): Grant III	II	29-Jan-18	29-Jan-20	01-Aug-22	10.00	1,193.39	822	822
Plan II (ESOP 2016): Grant III	III	29-Jan-18	01-Aug-20	01-Aug-22	10.00	1,193.39	1,096	1,096
Plan II (ESOP 2016): Grant IV	I	13-Dec-18	13-Dec-19	03-Oct-23	10.00	759.31	3,000	-
Plan II (ESOP 2016): Grant IV	I	13-Dec-18	13-Dec-19	03-Oct-22	10.00	759.31	1,000	-
Plan II (ESOP 2016): Grant IV	II	13-Dec-18	03-Oct-20	03-Oct-23	10.00	759.31	3,000	-
Plan II (ESOP 2016): Grant IV	II	13-Dec-18	03-Oct-20	03-Oct-22	10.00	759.31	500	-
Plan II (ESOP 2016): Grant IV	III	13-Dec-18	03-Oct-21	03-Oct-23	10.00	759.31	3,000	-
<b>Total</b>							<b>1,212,894</b>	<b>1,343,054</b>

@ For pre-bonus issue options, additional shares on account of bonus adjustment are issued without cost to the employee.

\* Post bonus adjustment of ten equity shares for every one equity share held.

### Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the market price being the latest available

closing price prior to the date of the grant and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option as detailed below:

Grant date	Volatility	Market price (₹) *	Average life of the options (in Years)	Risk-free interest rate	Dividend Yield
14-Jan-11	38.25%	12.24	1.04	8.85%	2.00%
14-Jan-11	32.14%	12.24	2.04	7.69%	2.00%
01-Jul-14	26.31%	198.18	2.20	8.18%	1.75%
01-Jul-14	30.23%	198.18	3.20	8.33%	1.75%
01-Jul-14	29.49%	198.18	4.20	8.45%	1.75%
01-Apr-15	22.22%	198.20	1.04	7.84%	1.75%
01-Apr-15	22.97%	198.20	1.46	7.83%	1.75%
01-Apr-15	22.22%	215.91	1.04	7.84%	1.75%
04-Apr-16	27.77%	215.91	1.50	7.02%	1.75%
04-Apr-16	25.49%	215.91	2.50	7.13%	1.75%
04-Apr-16	25.65%	215.91	3.50	7.32%	1.75%
04-Apr-16	27.57%	215.91	4.50	7.38%	1.75%
01-Aug-16	29.18%	215.91	5.00	7.10%	1.75%
03-Jan-18	30.94%	1,137.85	2.58	6.91%	0.25%
29-Jan-18	31.27%	1,209.35	2.51	6.92%	0.25%
13-Dec-18	36.21%	772.90	2.81	7.16%	0.25%

\* Post bonus adjustment, where applicable.

In respect of options granted by the Company prior to listing of its shares on stock exchanges, the market value of shares was determined on the basis of valuation carried out by a

SEBI registered merchant banker. The valuation was carried out using a combination of Market Approach (by using market multiples of comparable listed companies) and Cost Approach.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Total expenses arising from share-based payment transactions recognized in profit or loss as part of employee benefit expense were as follows:

Particulars	March 31, 2019	March 31, 2018
Employee option plan*	60.70	70.98
<b>Total employee share-based payment expense</b>	<b>60.70</b>	<b>70.98</b>

\* The company has issued/granted share options to employees of its certain subsidiaries for which cost of ₹ 14.20 million (March 31, 2018: ₹ 10.55 million) is charged to respective subsidiary and reimbursed to the company.

## 29. FINANCE COSTS

Particulars	March 31, 2019	March 31, 2018
Interest and finance charges on financial liabilities not at fair value through profit or loss	440.09	418.90
Bank charges and other finance costs	35.34	46.64
<b>Finance costs expensed in profit or loss</b>	<b>475.43</b>	<b>465.54</b>

## 30. DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	March 31, 2019	March 31, 2018
Depreciation on property, plant and equipment (refer note 4)	275.89	270.70
Amortization of intangible assets (refer note 5)	19.21	34.57
<b>Total depreciation and amortisation expense</b>	<b>295.10</b>	<b>305.27</b>

## 31. OTHER EXPENSES

Particulars	March 31, 2019	March 31, 2018
Cash van crew charges		
Training Expenses	16.82	16.13
Other Direct Operating Cost	32.40	20.21
Uniform and kit items	52.62	45.99
Recruitment incentive expenses	59.79	50.48
Selling Expenses	4.91	5.31
Administrative Expenses:		
- Travelling and Conveyance	254.41	237.39
- Postage and Telephone	35.53	42.66
- Stationary and printing	29.63	21.91
- Rent	90.61	63.14
- Rates & Taxes	21.81	8.36
- Insurance	45.72	31.52
- Repairs and Maintenance:		
- Buildings	1.52	0.95
- Machinery	6.66	4.84
- Others	34.78	24.04
- Vehicle Hire Charges	72.09	49.70
- Loss on sale of property, plant and equipment		
- Payments to auditors (Refer details below)	1.61	1.13
- Legal and professional fees	159.75	124.47
- Bad and doubtful debts provided/written off	65.72	-
- Expense towards Corporate Social Responsibility	36.83	45.09
- Other Administration and General Expenses*	238.98	156.98
	<b>1,262.19</b>	<b>950.30</b>

\* "Other Administration and General expenses" includes an amount of ₹ 9.79 million (March 31, 2018: ₹ 6.00 million) towards contribution to a political party in terms of Section 182 of the Companies Act, 2013.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Payment to Auditors

Particulars	March 31, 2019	March 31, 2018
<b>As auditor:</b>		
Audit fee (including fees for limited review)	1.52	0.90
Tax audit fee	-	-
<b>In other capacity:</b>		
Other services (certification fees)	0.09	0.23
Total payment to auditors	1.61	1.13

## Details of CSR expenditure

During the year, the Company has incurred a sum of ₹ 36.83 million (March 31, 2018: ₹ 45.09 million) towards CSR activities per below:

Particulars	March 31, 2019	March 31, 2018
(a) Gross amount required to be spent by the Company during the year	11.38	8.37
(b) Amount spent during the year:		
(i) Promoting education to children including primary, secondary and university education, Building schools, colleges and training institutions including provision for full time residential institutions and full student sponsorship, Promoting and sponsoring girl education at all levels, Women education and self-employment training, Other educational projects	24.28	27.31
(ii) Local community health check camps, Building hospitals, clinics, diagnostic centres and associated infrastructure, Blood donation camps and other specific ailment camps.	-	1.33
(iii) Contribution towards Relief Fund	0.19	1.83
(iv) Measures for the benefit of armed forces veterans, war widows and their dependents	7.94	1.20
(v) Protection of national heritage	0.50	1.50
(vi) Programmes in connection with rural development	1.00	1.50
(vii) Promotion of Sports, culture and research activities	2.90	10.42
<b>Total</b>	<b>36.83</b>	<b>45.09</b>

## 32. EARNINGS PER SHARE (EPS)

Particulars	March 31, 2019	March 31, 2018
<b>Profit attributable to equity holders of the Company:</b>		
Continuing operations	1,192.61	730.11
<b>Profit attributable to equity holders of the Company for basic earnings per share</b>	1,192.61	730.11
<b>Profit attributable to equity holders of the Company adjusted for the effect of dilution</b>	1,192.61	730.11
Weighted average number of Equity shares for basic EPS	73,251,134	71,598,073
<b>Effect of dilution:</b>		
Stock options (numbers)	1,197,527	1,313,609
Weighted average number of Equity shares adjusted for the effect of dilution	74,448,661	72,911,682
Nominal value of equity shares (₹)	10.00	10.00
Earnings per share:		
- Basic (₹)	16.28	10.20
- Diluted (₹)	16.02	10.01

## 33. DISTRIBUTIONS MADE AND PROPOSED

Particulars	March 31, 2019	March 31, 2018
<b>Cash dividends on Equity shares declared and paid:</b>		
Interim dividend for 2017-18: ₹ 2.00 per share (2016-17: ₹ Nil per share)	-	146.37
Dividend distribution tax on interim dividend for 2017-18	-	29.80
Final dividend for 2017-18: ₹ 1.50 per share (2016-17: ₹ Nil per share)	109.78	-
Dividend distribution tax on final dividend for 2017-18*	2.34	-
<b>Proposed dividends on Equity shares:</b>		
Final cash dividend @ ₹ 3.50 per share (2017-18: ₹ 1.50 per share)	256.59	109.78
Dividend distribution tax on proposed dividends	52.75	22.35

\* Net of tax credit of ₹ 20.01 million availed on dividend received from subsidiary during the year ended March 31, 2019.



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at the reporting date.

Also refer note 13 in respect of Demerger of certain business and non-cash assets.

## 34. COMMITMENTS AND CONTINGENCIES

### (a) Leases

#### Operating lease commitments — Company as lessee

Operating lease arrangements comprise of office premises and Barracks. All the lease agreements are cancellable with a notice period ranging from 2 months to 6 months. Most leases also provide a renewal clause with an escalation in lease rental which is generally higher than the expected inflation rate. There are no minimum lease payments due under the existing lease agreements.

Particulars	March 31, 2019	March 31, 2018
Minimum Lease Payments:		
- Not later than one year	Nil	Nil
- Later than one year but not later than five years	Nil	Nil
- Later than five years	Nil	Nil

#### Rental expenses relating to operating leases

Particulars	March 31, 2019	March 31, 2018
Total rental expenses relating to operating leases	90.61	63.14

### (b) Capital commitment

The estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for:

Particulars	Amount
March 31, 2019	0.98
March 31, 2018	-

### (c) Commitment for purchase of non-controlling interests

#### Commitment towards SLV Security Services Private Limited

Effective September 01, 2018, the Company has acquired 51% of the outstanding equity shares of SLV Security Services Private Limited for an aggregate consideration of ₹ 505.00 million. In addition, the share purchase agreement 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. However, while a purchase consideration based on a specified formula is payable on exercise of such options, the final purchase consideration shall be computed only after the three years of initial acquisition based on the overall remaining 49% shareholding, at the date of initial purchase of the shares by the Company, and any purchase consideration paid after the initial acquisition shall be treated as an advance for this purpose.

#### Commitment towards Rare Hospitality and Services Private Limited

Effective November 01, 2018, the Company has acquired 80% of the outstanding equity shares of Rare Hospitality and Services Private Limited for an aggregate consideration of ₹ 319.66 million. In addition, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by July 2020, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula.

However, while a purchase consideration based on a specified formula is payable on exercise of such options, the final purchase consideration shall be computed only after the three years of initial acquisition based on the overall remaining 20% shareholding, at the date of initial purchase of the shares by the Company, and any purchase consideration paid after the initial acquisition shall be treated as an advance for this purpose.

#### Commitment towards Uniq Detective & Security Services Private Limited

Effective February 01, 2019, the Company has acquired 51% of the outstanding equity shares of Uniq Detective & Security Services Private Limited for an aggregate consideration of ₹ 515.00 million. In addition, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by September 2020, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. However, while a purchase consideration based on a specified formula is payable on exercise of such options, the final purchase consideration shall be computed only after the three years of initial acquisition based on the overall remaining 49% shareholding, at the date of initial purchase of the shares by the Company, and any purchase consideration paid after the initial acquisition shall be treated as an advance for this purpose.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Commitment towards Dusters Total Solutions Services Private Limited

Effective August 19, 2016, the Company acquired 78.72% of the outstanding equity shares of Dusters Total Solutions Services Private Limited for an aggregate consideration of ₹ 1,169.03 million. In addition, the share purchase agreement (SPA), executed on August 06, 2016 provides for acquisition of 100% of the outstanding equity shares, by August 2019, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. The SPA also provides

an option to the non-controlling interests to sell a part of the shareholding each after one year and two years of the initial acquisition. However, while a purchase consideration based on a specified formula is payable on exercise of such options, the final purchase consideration shall be computed only after the three years of initial acquisition based on the overall remaining 21.28% shareholding, at the date of initial purchase of the shares by the Company, and any purchase consideration paid after one and two years of the initial acquisition shall be treated as an advance for this purpose.

## (d) Contingent liabilities

Particulars	March 31, 2019	March 31, 2018
Claims against the Company not acknowledged as debt		
- Litigation matters with respect to direct taxes	4.22	4.22
- Litigation matters with respect to indirect taxes	28.12	28.12
Other money for which the Company is contingently liable	2.08	2.08
	<b>34.42</b>	<b>34.42</b>

The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company reviews these provisions periodically and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at March 31, 2019.

Disputed claims against the Company, including claims raised by the tax authorities and which are pending in appeal /court and for which no reliable estimate can be made of the amount of the obligation, are not provided for in the accounts. However, the present obligation, if any, as a result of past events with a possibility of outflow of resources, when reliably estimable, is recognized in the accounts as an expense as and when such obligation crystallises.

## 35. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Refer note 33 regarding dividend proposed by the Board of Directors in their meeting held on May 02, 2019. There were no other significant events that occurred after the Balance Sheet date.

## 36. OPERATING SEGMENT

Particulars	March 31, 2019	March 31, 2018
Revenue from security services	25,035.17	21,350.52
EBIDTA from security services	<b>1,433.14</b>	<b>1,475.95</b>

The Company is required to disclose segment information based on the 'management approach' as defined in Ind AS 108- Operating Segments, which in how the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on the analysis of the various performance indicators. In the case of the Company, the CODM reviews the results of the Company as a whole as the Company is primarily engaged in the business of rendering security services in India. Accordingly, the Company is a single CGU, hence single segment Company. The information as required under Ind AS 108 is available directly from the financial statements, hence no separate disclosures have been made.

## 37. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

### Acquisitions during the year ended March 31, 2019

#### a. Acquisition of SLV Security Services Pvt. Ltd (SLV)

Effective September 01, 2018, the Company has acquired 51% of the outstanding equity shares of SLV Security Services Private Limited for an aggregate consideration of ₹ 505.00 million. In addition, the share purchase agreement 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. Refer note 34(c)

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## b. Acquisition of Rare Hospitality and Services Pvt. Ltd (Rare)

Effective November 01, 2018, the Company has acquired 80% of the outstanding equity shares of Rare Hospitality and Services Private Limited for an aggregate consideration of ₹ 319.66 million. In addition to the cash consideration, the Company injected ₹ 100 million by way of subscription of convertible loan instrument of Rare. Further, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by July 2020, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. Refer note 34(c)

## c. Acquisition of Uniq Detective & Security Services Pvt. Ltd (Uniq)

Effective February 01, 2019, the Company has acquired 51% of the outstanding equity shares of Uniq Detective & Security Services Private Limited for an aggregate consideration of ₹ 515.00 million. In addition, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by September 2020, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. Refer note 34(c)

## d. Acquisition of additional interest in Dusters Total Solutions Services Pvt. Ltd

On August 03, 2018, the Company acquired an additional 7.14% interest in the voting shares of Dusters Total Solutions

Services Pvt. Ltd, increasing its ownership interest to 93.06%. An interim cash consideration of ₹ 145.13 million was paid to the non-controlling shareholders in terms of the agreement entered into at the time of initial acquisition of controlling interest in that company. Refer note 34(c)

## Acquisitions during the year ended March 31, 2018 Acquisition of additional interest in Dusters Total Solutions Services Pvt. Ltd

On July 31, 2017, the Company acquired an additional 7.20% interest in the voting shares of Dusters Total Solutions Services Pvt. Ltd, increasing its ownership interest to 85.92%. An interim cash consideration of ₹ 116.63 million was paid to the non-controlling shareholders in terms of the agreement entered into at the time of initial acquisition of controlling interest in that company. Refer note 34(c)

## Acquisition related costs

Acquisition related costs of ₹ 17.85 million and ₹ Nil for the year ended March 31, 2019 and March 31, 2018 respectively that related to the acquisition of subsidiaries are included in cost of investment of such subsidiaries and in cash flows from investing activities in the statement of cash flows.

## 38. INTERESTS IN OTHER ENTITIES

### Information about subsidiaries

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company		Ownership interest held by the non-controlling interest	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Service Master Clean Limited	India	Providing facility management services	100.00%	100.00%	0.00%	0.00%
Tech SIS Limited	India	Trading and installation of electronic security devices and systems	100.00%	100.00%	0.00%	0.00%
Terminix SIS India Private Limited	India	Pest Control Management Services	50.01%	50.01%	49.99%	49.99%
Dusters Total Solutions Services Private Limited	India	Providing facility management services	93.06%	85.92%	6.94%	14.08%
SIS Business Support Services and Solutions Private Limited	India	Providing business support services	100.00%	100.00%	0.00%	0.00%
SISCO Security Services Private Limited	India	Providing business support services	100.00%	100.00%	0.00%	0.00%
SLV Security Services Private Limited	India	Providing manned guarding, facilities management and business process outsourcing.	51.00%	N.A.	49.00%	N.A.
Rare Hospitality and Services Private Limited	India	Providing facility management services.	80.00%	N.A.	20.00%	N.A.
Uniq Detective and Security Services Private Limited	India	Providing Security Services.	51.00%	N.A.	49.00%	N.A.
Uniq Detective and Security Services (AP) Private Limited*	India	Providing Security Services.	51.00%	N.A.	49.00%	N.A.
Uniq Detective and Security Services (Tamilnadu) Private Limited*	India	Providing Security Services.	51.00%	N.A.	49.00%	N.A.
Uniq Facility Services Private Limited*	India	Providing facility management services.	51.00%	N.A.	49.00%	N.A.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company		Ownership interest held by the non-controlling interest	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
SIS International Holdings Limited	British Virgin Islands	Holding company	100.00%	100.00%	0.00%	0.00%
SIS Asia Pacific Holdings Limited	Malta	Holding company	100.00%	100.00%	0.00%	0.00%
SIS Australia Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	0.00%	0.00%
SIS Australia Group Pty Ltd**	Australia	Holding company	100.00%	100.00%	0.00%	0.00%
SIS Group International Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	0.00%	0.00%
MSS Strategic Medical and Rescue Pty Ltd	Australia	Provision of paramedic and emergency response services	100.00%	100.00%	0.00%	0.00%
SIS MSS Security Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	0.00%	0.00%
MSS Security Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	0.00%	0.00%
Australian Security Connections Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	0.00%	0.00%
MSS AJG Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	0.00%	0.00%
SX Protective Holdings Pty Ltd*** (Formerly known as Andwills Pty. Limited )	Australia	Holding company	42.36%	42.36%	57.64%	57.64%
SX Protective Services Pty. Ltd.	Australia	Holding company	45.56%	45.56%	44.44%	44.44%
Southern Cross Protection Pty. Ltd.	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Southern Cross FLM Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Southern Cross Loss Prevention Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Cage Security Alarms Pty. Limited****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Cage Security Guard Services Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Eymet Security Consultants Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Askara Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Charter Customer Services Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Charter Security Protective Services Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Charter Security (NZ) Pty Limited****	New Zealand	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Platform 4 Group Limited	New Zealand	Guard services, patrols and monitoring services and event services	51.00%	N.A.	49.00%	N.A.
SIS Henderson Holdings Pte Ltd	Singapore	Holding company	60.00%	N.A.	40.00%	N.A.
Henderson Security Services Pte Ltd	Singapore	Manned Guarding Services	60.00%	N.A.	40.00%	N.A.
Henderson Technologies Pte Ltd	Singapore	Providing a building mechanical & electrical services	60.00%	N.A.	40.00%	N.A.

\* Wholly owned subsidiaries of Uniq Detective and Security Services Private Limited

\*\*41% ownership interest is held through SIS Group International Holdings Pty Ltd, Australia, a step-down subsidiary of the Company.

\*\*\* Apart from Ordinary shares, SIS Australia Group Pty Ltd., also holds D class shares in SX Protective Holdings Pty Ltd (formerly known as Andwills Pty Limited) effectively giving it 51.01% voting power in that company and in Southern Cross Protection Pty limited and its subsidiaries.

\*\*\*\* Wholly owned subsidiaries of Southern Cross Protection Pty limited.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Associates

The Associates considered in the preparation of the financial statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company	
			March 31, 2019	March 31, 2018
SIS Cash Services Private Limited	India	Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%
SIS Prosegur Holdings Private Limited *	India	Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%
SIS Prosegur Cash Logistics Private Limited **	India	Providing business support services	49.00%	49.00%

\* Wholly owned subsidiary of SIS Cash Services Private Limited

\*\* Wholly owned subsidiary of SIS Prosegur Holdings Private Limited w.e.f. December 11, 2018

## Joint ventures in which the Company is a joint venturer

The joint ventures considered in the preparation of the financial statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company	
			March 31, 2019	March 31, 2018
SIS Prosegur Alarm Monitoring & Response Services Private Limited	India	Alarm Monitoring and Response Services	50.00%	50.00%
Habitat Security Pty Ltd	Australia	Provision of services relating to all aspects of physical security	49.00%	49.00%

## 39. RELATED PARTY TRANSACTIONS

Note 38 above provides the information about the Company's structure.

### Names of related parties

Key Management Personnel and their relatives	Mr. Ravindra Kishore Sinha (Chairman) Mr. Uday Singh - Non- Executive Director Mr. Rituraj Kishore Sinha (Managing Director) Mr. Arvind Kumar Prasad (Director - Finance) Mrs. Rita Kishore Sinha – Non-Executive Director Mr. Arun Batra – Independent Director Mr. Amrendra Prasad Verma – Independent Director Mr. T C A Ranganathan – Independent Director Mr. Devdas Apte – Independent Director Mr. Rajan Krishnanath Medhekar – Independent Director Ms. Renu Mattoo – Independent Director Mr. Devesh Desai (Chief Financial Officer) Mr. Brajesh Kumar (Chief Financial Officer – Indian Security and Facility Management) Ms. Pushpalatha Katkuri (Company Secretary)
Associates/Joint Venture entities	Southern Cross Protection Pty Ltd. (Associate till 30 June 2017) SIS Prosegur Alarm Monitoring & Response services Private Limited (Joint venture) Habitat Security Pty Ltd (Joint venture) SIS Cash Services Private Limited (Associate) SIS Prosegur Holdings Private Limited (Associate) SIS Prosegur Cash Logistics Private Limited (Associate)



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Names of related parties

Enterprises owned or Significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	Saksham Bharat Limited
	Security Skills Council India Limited
	SIS Group Enterprises Limited
	Mahamanav Mritunjay Institute of Yoga & Alternative Medicine Limited
	Mritunjay Educational Foundation Limited
	Rituraj Resorts Limited
	Superb Intelligence Services Private Limited
	Lotus Learning Private Limited
	Sunrays Overseas Private Limited w.e.f January 18, 2018)
	Vardan Overseas Private Limited w.e.f January 18, 2018)
	SIS Asset Management Company Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Subsidiaries	Joint venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	Total
<b>Transactions during the year</b>							
Investments Made	Mar-19	130.00	100.00	50.00	-	-	280.00
	Mar-18	-	90.00	50.00	-	-	140.00
Fixed Assets purchased/ (sold)	Mar-19	142.97	0.08	-	-	-	143.05
	Mar-18	26.89	(0.08)	-	-	-	26.81
Loans given	Mar-19	232.24	-	-	-	-	232.24
	Mar-18	82.36	-	-	-	-	82.36
Interest Paid on Bonds or Debentures or loans	Mar-19	60.45	-	-	-	-	60.45
	Mar-18	60.09	-	-	-	-	60.09
Interest Received on Bonds or Debentures or loans	Mar-19	25.11	0.55	7.16	-	0.88	33.70
	Mar-18	8.93	-	1.30	-	0.16	10.39
Dividend Received	Mar-19	101.88	-	-	-	-	101.88
	Mar-18	2.15	-	-	-	-	2.15
Sub-contracting service charge (net) received	Mar-19	-	-	-	-	-	-
	Mar-18	-	-	6.85	-	-	6.85
Service charges / Expenses paid	Mar-19	48.96	0.01	0.60	-	311.71	361.28
	Mar-18	14.78	-	-	-	225.20	239.98
Service charges / other Income received	Mar-19	46.05	1.78	12.58	-	21.93	82.34
	Mar-18	32.08	4.65	11.50	-	76.99	125.22
Salary & remuneration paid	Mar-19	-	-	-	59.71	-	59.71
	Mar-18	-	-	-	65.70	-	65.70
Rent paid	Mar-19	-	-	-	18.32	45.93	64.25
	Mar-18	9.00	-	-	19.04	3.84	31.88
Demerger of consultancy and investigation business	Mar-19	-	-	-	-	-	-
	Mar-18	-	-	-	-	156.96	156.96
Reduction in value of investment in Service Master Clean Ltd pursuant to demerger of SMC demerging Business	Mar-19	-	-	-	-	-	-
	Mar-18	-	-	-	-	22.26	22.26
Traded goods purchase	Mar-19	3.69	-	-	-	-	3.69
	Mar-18	-	-	-	-	-	-

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

		Subsidiaries	Joint venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	Total
<b>Balances outstanding at end of the year</b>							
Investment in shares	Mar-19	3,452.45	90.00	77.89	-	-	3,620.34
	Mar-18	1,846.07	90.00	77.89	-	-	2,013.96
Investment in bonds / debentures	Mar-19	28.42	100.00	100.00	-	-	228.42
	Mar-18	-	-	50.00	-	-	50.00
Other payables and accruals	Mar-19	58.22	-	-	-	66.97	125.19
	Mar-18	75.69	-	-	-	20.05	95.74
Other receivables and accruals	Mar-19	107.05	1.98	96.54	-	78.26	283.83
	Mar-18	92.56	0.98	87.10	-	79.80	260.44
Loans and advances to related party	Mar-19	344.96	-	-	-	-	344.96
	Mar-18	112.72	-	-	-	-	112.72
Bonds and Debentures	Mar-19	745.99	-	-	-	-	745.99
	Mar-18	745.33	-	-	-	-	745.33
Financial guarantee provided	Mar-19	7.05	-	-	-	-	7.05
	Mar-18	10.53	-	-	-	-	10.53

## Terms and conditions of transactions with related parties

Transactions relating to dividends paid, subscription for new equity shares were on the same terms and conditions that applied to other shareholders.

Refer note 13 in respect of demerger of consultancy and investigation business.

The sales to, and purchases from, related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances at the year-end are unsecured and carry interest equivalent to market rate, where specified, in terms of the transactions, and settlement occurs in cash. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

## 40. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support the financing of the operations of its subsidiaries, joint ventures and associates. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations, loans, security and other deposits.

The Company's operations expose it to market risk, credit risk and liquidity risk. The Company's focus is to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, loans and deposits given, FVTOCI investments and derivative financial instruments.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates which arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency revenue and cash flows. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries. The Company has limited foreign currency transactions and has limited exposure to foreign currency assets and liabilities resulting in the foreign currency risk being low.

The exchange rate between the Indian Rupee and foreign currencies has fluctuated in recent years and may continue to do so in the future. Consequently, the results of the Company's operations may be affected as the Indian Rupee appreciates/depreciates against these currencies.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:

Particulars	March 31, 2019	March 31, 2018
<b>Respective Foreign Currency Risk in ₹</b>	<b>AUD</b>	<b>AUD</b>
Financial Liabilities	58.22	78.25
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>58.22</b>	<b>78.25</b>

## Sensitivity

The sensitivity of profit or loss to change in the exchange rates arises mainly from foreign exchange denominated financial instruments are as follows

Particulars	Impact on profit after tax	
	March 31, 2019	March 31, 2018
<b>AUD sensitivity</b>		
₹/AUD-Increase by 5%	2.91	3.91
₹/AUD-Decrease by 5%	(2.91)	(3.91)

## Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2019	March 31, 2018
<b>Variable rate borrowings:</b>		
- Loans repayable on demand	2,082.85	1,110.74
- Loans	404.10	254.84
<b>Fixed rate borrowings</b>		
- Loans	1,490.75	-
- Vehicle loan	192.76	151.43
- Others	745.99	745.53
<b>Total borrowings</b>	<b>4,916.45</b>	<b>2,262.54</b>

The Company's fixed rate borrowings are carried at amortised cost. They are, therefore, not subject to interest rate risk as defined in Ind-AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	March 31, 2019	March 31, 2018
Interest rates - increase by 25 basis points *	6.22	5.97
<b>Interest rates - decrease by 25 basis points *</b>	<b>(6.22)</b>	<b>(5.97)</b>

\*Holding all other variables constant

## Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle their obligations as agreed resulting in a financial loss. The primary exposure to credit risk arises from Trade receivables and Unbilled revenue amounting to ₹ 3,473.77 million and ₹ 1,867.31 million respectively as at March 31, 2019 (₹ 2,290.61 million and ₹ 1,845.88 million respectively as at March 31, 2018). These are unsecured and are managed by the Company through a system of periodically assessing the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts

receivables. No single customer accounted for more than 10% of the accounts receivable as of March 31, 2019 and March 31, 2018, respectively and revenues for the year ended March 31, 2019 and March 31, 2018, respectively. There is no significant concentration of credit risk. The Company uses the expected credit loss ('ECL') method to assess the loss allowance for Trade receivables and Unbilled revenue taking into account primarily the historical trends and analysis of bad debts. The company does not expect any credit risk or impairment in respect of amounts lent to its subsidiaries, associates and joint ventures, if any.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

The credit risk for financial assets other than bank balances and trade receivables are considered low.

## Significant estimates and judgements

### Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions. The company estimates loss arising on trade receivables as a percentage of sales based on past trends and such loss is directly debited to revenue instead of creating a provision for impairment of receivables.

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Surplus funds are invested in bank fixed deposits or used to temporarily reduce the balance of cash credit accounts to optimize interest costs.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial

liabilities. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet its financial obligations and maintain adequate liquidity for use.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, shareholder equity, and finance leases.

Approximately 6.64% of the Company's long-term debt will mature in less than one year at March 31, 2019 (March 31, 2018: 14.39%) based on the carrying value of borrowings reflected in the financial statements. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and significant portion of short-term debt maturing within 12 months can be rolled over with existing lenders. The Company believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

### Year ended March 31, 2019

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	2,082.85	186.83	151.78	1,902.02	745.99	5,069.47
Other financial liabilities	-	1,768.84	-	19.74	-	1,788.58
Trade payables	-	155.33	-	-	-	155.33
Financial guarantee contracts	-	-	0.20	6.85	-	7.05

### Year ended March 31, 2018

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	1,110.74	44.86	120.91	240.50	745.53	2,262.54
Other financial liabilities	-	1,472.45	-	12.85	-	1,485.30
Trade payables	-	170.16	-	-	-	170.16
Financial guarantee contracts	-	-	0.27	9.68	-	9.95

As a matter of policy, the Company does not carry out any hedging activities.

There have been no default in servicing borrowings and/ or breaches in loan covenants.

The entity has the following financial assets which are subject to the impairment requirements of Ind AS 109. On assessment of the future cash flows arising from these assets, the Company believes that there is no provision required to be made for impairment losses on these assets.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Particulars	As at	
	March 31, 2019	March 31, 2018
<b>Financial Assets:</b>		
Investments in bonds and debentures	228.42	50.00
Trade receivables	3,473.77	2,290.61
Loans	329.96	112.72
Security deposits	461.40	405.53
Other financial assets	1,999.95	1,980.50
<b>Total Financial Assets</b>	<b>6,493.50</b>	<b>4,839.36</b>

## 41. ADDITIONAL CAPITAL DISCLOSURES

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholder value and support its strategies and operating requirements. The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with a focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements for the Company's operations are generally met through operating cash flows generated and supplemented by long-term and working capital borrowings from banks.

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to optimise the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants to which it is subject. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is Net Debt divided by EBITDA. The Company defines Net Debt as borrowings less cash and cash equivalents, excluding discontinued operations, but including bank balances and deposits irrespective of their duration / maturity.

Particulars	March 31, 2019		March 31, 2018	
Borrowings (refer note 16)	4,728.26		2,096.77	
Current portion of long-term debt (refer note 18)	188.19		165.77	
Less: Cash and cash equivalents (refer note 12), other bank balances and deposits (including margin money)	1,421.97		999.55	
<b>Net Debt</b>	<b>3,494.48</b>		<b>1,262.99</b>	
<b>EBITDA</b>	<b>1,433.14</b>		<b>1,475.95</b>	
Gearing ratio	2.44		0.86	

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it simultaneously meets financial covenants attached to its borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the current period.

## Dividends

The Company declares and pays dividends in Indian Rupees. According to the Companies Act, 2013 any dividend should

be declared only out of accumulated distributable profits. A Company may, before the declaration of any dividend, transfer a percentage of its profits for that financial year, as it may consider appropriate, to the reserves.

The Board, at its meeting dated May 02, 2019, has proposed a final dividend of ₹ 3.50 per share aggregating to ₹ 256.59 million for the year ended March 31, 2019 (March 31, 2018: ₹ 1.50 per share aggregating to ₹ 109.78). This dividend has not been recognised as a distribution to shareholders at the end of the reporting period.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Also, refer to note no 13 regarding demerger of certain business to SIS Asset Management Company Private Limited.

The Board of Directors at its meeting held on September 21, 2016 had approved the issue of bonus shares in the proportion

of 10:1, i.e. 10 (ten) equity shares of ₹ 10 each for every 1 (one) fully paid-up equity share held as on September 15, 2016 pursuant to resolution passed by the shareholders on July 27, 2016. The Company has not issued any bonus shares out of capitalisation of its revaluation reserves or unrealised profits.

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

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

**For and on behalf of the Board**

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Devesh Desai**  
Chief Financial Officer

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Brajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

**Pushpalatha Katkuri**  
Company Secretary



# Independent Auditors' Report

To the Members of  
**Security & Intelligence Services (India) Limited**

## Report on the Audit of the Consolidated Financial Statements

### OPINION

We have audited the accompanying consolidated financial statements of Security and Intelligence Services (India) Limited (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2019, Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, and notes to the financial statements including, a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, its consolidated profit, consolidated total

comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 consolidated financial statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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#### Key Audit Matter

##### **Audit of Impairment Testing of Goodwill & Other Acquisition related intangible Assets**

Goodwill and other acquisition related intangible assets, including customer relationships, customer contracts comprise a significant portion in the consolidated balance sheet as on March 31, 2019 corresponding to the percentage (approx. 66%) of the total non-current assets. These items are subject to management's assessments and assumptions, and with regards to the significance and complexity in the assessment of the value of this balance sheet item, we have considered this as a key audit matter.

The Group annually performs a test to assess the value of goodwill and if there is any need for impairment (where the carrying value of the assets exceeds its recoverable value).

The Group has an established process to test for such impairment, based on the identified cash generating units (CGU), as described in note 5.

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#### Auditor's Response

##### **How our Audit addressed the Key Audit matter**

When testing for impairment of goodwill and other acquisition-related intangible assets, in order to ensure primarily the valuation and accuracy, we have performed audit procedures including, evaluation of the assumptions as disclosed in note 5 as well as that the model used are in accordance with Ind AS. We have tested and evaluated the models and methodology used in impairment testing. On a sample basis we have tried, verified, evaluated and challenged the data used in the calculation versus the Group's long-term plans and where possible external information. We have focused on assessed growth rates, margin developments and discount rate applied per cash generating unit. We also followed-up the accuracy and inherent quality of the Group's process to prepare business plans and financial plans based on the historic outcome.

Control of the sensitivity in the valuation for negative changes to key assumptions, that either individually or collectively could imply an impairment of goodwill.

**Key Audit Matter**

This process implies that the Group prepare the impairment testing model based on business plans and financial plans covering five years. The cash flows beyond the period of five years are extrapolated based using the estimated growth rates. The process therefore contains assumptions that have a significant impact on the impairment testing. This includes assumptions on sales growth, margin development and discount rate (WACC). These parameters are as such affected by unexpected future market or economic conditions, particularly those relating to the cash flow forecast and the applied discount rate.

The value according to the test corresponds to the value of discounted cash flow for identified cash generating units. Even if a unit passes the impairment test, a future negative development compared to the assumptions and assessments that constituted the basis for the test can imply that there is a need for an impairment write-down. The risk for impairment is larger for the entities acquired in previous years, and that currently perform worse in comparison with the approved business plan.

Other acquisition related intangible assets are subject to depreciations/ amortisation according to plan. For these assets, an impairment test is performed if there is any indicator for the same.

**Accuracy of recognition, measurement, presentation & disclosures of revenue**

Auditing standards require us to make a rebuttable presumption that the fraud risk from revenue is a significant risk. A significant proportion of the Group's revenue is derived from contracts with customer and consist of rendering of services. Revenue is measured at the fair value of consideration received or receivable. Revenue is recognized when the control is transferred to the customer and when the Group has completed its performance obligations under the contracts. Revenue is recognized in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services.

Further, the contractual terms underpin the measurement and recognition of revenue and profit and the Group is therefore required to make operational and financial assumptions.

Judgements include:

- Interpretation of complex contract terms;
- Allocation of revenue to performance conditions; and
- Combining of obligations where the services are related.

The nature of the Group's activities also gives rise to significant amount of variable work which is recorded as accrued unbilled income with corresponding profit recognition. Accrued unbilled income as on March 31, 2019 aggregated to ₹ 4,501.46 million.

**Auditor's Response**

Assessment that the disclosures provided in the financial statements are correct based on the impairment test performed, particularly for information on the sensitivity in the valuations. Comparison of the disclosures in the annual report to the requirement of Ind AS and found them to be consistent in all material aspects.

Based on our audit, it is however our conclusion that Group's assumptions are such that they are within acceptable intervals.

**How our audit addressed the Key audit matter**

Our audit is based on the evaluation of internal control environment and on the other analytical procedures, including system-based analysis of certain Balance sheet and statement of profit and loss items in case of the Parent and have relied upon the audit report of other companies in case of other subsidiaries, associates & joint ventures.

We have tested the operating effectiveness of the key controls over the contract process including contract monitoring, billings and approvals and IT controls over certain systems used to generate the information. The basis for the evaluation of internal control has been Group's internal control framework for financial reporting. The testing of controls and amounts has been performed on a sample basis.

We have also completed the following audit procedures:

- Obtained a sample of contracts to confirm that revenue had been appropriately recognized and for a sample of fixed revenue contracts recalculated the expected revenue for the year;
- Tested a sample of accrued unbilled income balance with supporting documentation which includes attendance record, customer acceptance, reviewing customer correspondence where necessary and ensuring cut-off had been appropriately applied.
- Effect of adoption of Ind AS 115 effective from April 01, 2018.

Based on our audit, no significant observations have been noted which have resulted in reporting to the audit committee. Our overall conclusion is that there are, in all material respects, proper processes in place to recognize the correct billed as well as unbilled revenue in the financial statement.

**Key Audit Matter****Uncertain tax positions and deferred tax assets**

The Group operates in a complex multinational tax environment and is subject to a range of tax risks during the normal course of business including transaction related tax matters and transfer pricing arrangements. Where the amount of tax payable is uncertain, the Group establishes provisions based on management's judgment of the probable amount of the future liability. The Group has material certain tax positions including matters under disputes which involves significant judgement to determine the possible outcome of these disputes.

In addition, the Group has recognized ₹ 2,049.55 million of deferred tax assets at March 31, 2019. The recognition of deferred tax assets involves judgment by management regarding the likelihood of the realization of these assets. The expectation that these assets will be realized is dependent on a number of factors, including whether there will be sufficient taxable profits in future periods to support utilization of these assets.

## **INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

The Parent's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Parent's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs, consolidated profits, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its Associates and Joint Ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its Associates and Joint Ventures are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for

**Auditor's Response****How our audit addressed the Key audit matter**

Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We have checked the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties in case of the Parent and have relied upon the audit report of other companies in case of other subsidiaries, associates & joint ventures..

In respect of creation of deferred tax assets, we have evaluated management's assessment of certain tax benefits under the Income Tax Act, 1961, which constitute a major part of deferred tax assets. In respect of the recoverability of deferred tax assets, we evaluated management's assessment of how these assets will be realized and whether there will be sufficient taxable profits in future periods to support their recognition. We evaluated the Group's future profitability forecast and the process by which they were prepared. Based on our procedures, future profitability forecasts supported the recoverability of the deferred tax assets recognized.

safeguarding the assets of the Group 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the management of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its Associates and Joint Ventures are responsible for assessing the ability of the Group and of its Associates and Joint Ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its Associates and Joint Ventures are also responsible for overseeing the financial reporting process of the Group and of its Associates and Joint Ventures.

## **AUDITOR'S RESPONSIBILITY**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 consolidated financial statements.

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 consolidated financial statements, 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group 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 ability of the Group and its Associates and Joint Ventures 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 consolidated financial statements 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 Group and its Associates and Joint Ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditor. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the parent 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTERS

1. We did not audit the financial statements/ financial information of 38 subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 31,127.53 Mn as at March 31, 2019, total revenues of ₹ 46,168.04 Mn, total net profit after tax of ₹ 1,439.40 Mn and total comprehensive income of ₹ 1,423.42 Mn for the year ended on that date, as considered in the Consolidated Results included in the Statements. The Consolidated Results also include the Group's share of net profit of ₹ (-)135.39 Mn for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of 3 associates and 2 jointly controlled entities, whose financial statements have not been audited by us.
2. The financial statements of 37 subsidiaries, 3 associates and 2 jointly controlled entities have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
3. The financial statements of 1 subsidiary, whose financial statements/ financial information reflect total assets of ₹ 58.13 Mn as at March 31, 2019, total revenues of ₹ 41.20 Mn, total net profit after tax of ₹ 3.19 Mn and total comprehensive income of ₹ 3.19 Mn for the period ended on that date, as considered in the Consolidated Results included in the Statements, have not been audited and have been prepared by the subsidiary's management and furnished to us by the Management
4. Our opinion on the Consolidated Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors and, in the case of 1 subsidiary, whose results

are unaudited, is based on the results furnished to us by the Management.

5. The comparative financial information for the year ended March 31, 2018, in respect of 28 subsidiaries and 5 associates/ jointly controlled entities, included in the Consolidated Results and included in the Statements, prepared in accordance with Ind AS have been audited by other auditors and have been relied upon by us.
6. Certain of these subsidiaries and associates/ jointly controlled entities are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent's management has converted the financial statements of such subsidiaries and associates/ jointly controlled entities from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associates/ jointly controlled entities is based on the report of other auditors and the conversion adjustments prepared by the Parent's management and audited by us.

Our opinion on the Consolidated Ind AS Financial Statements, and our audit on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on work done and the reports of other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. As required by section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries, associates and joint venture companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read relevant rules issued there under.

- e) On the basis of the written representations received from the directors of the parent as on March 31, 2019 taken on record by the Board of Directors of the parent and the reports of statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled entities incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures.
- ii. The Group did not have any long-term contracts including derivatives for which there were any material foreseeable losses.
- iii. There were not any amounts to be transferred by the Parent and its subsidiary companies, associate companies and joint ventures incorporated in India to the Investor Education and Protection Fund.

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

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019



# Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **SECURITY & INTELLIGENCE SERVICES (INDIA) LIMITED** as of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

## OPINION

We have audited the internal financial controls over financial reporting of **Security and Intelligence Services (India) Limited** (hereinafter referred to as "Company") and its subsidiary companies, which are companies incorporated in India as of March 31, 2019, in conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended as/that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of

internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019



# Consolidated Balance sheet

as at March 31, 2019

All amounts in ₹ million except share data

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>A ASSETS</b>			
<b>Non – Current Assets</b>			
Property, Plant and Equipment	4	1,742.07	1,267.02
Capital work-in-progress	4	9.81	9.55
Goodwill	5	12,284.35	4,690.51
Other intangible assets	5	1,718.87	1,212.69
Intangible assets under development	5	75.30	43.10
Investments in associates and joint ventures	6	538.41	673.96
Financial assets			
(i) Investments	6	607.42	247.00
(ii) Other non-current financial assets	7	636.68	630.27
Deferred tax assets (net)	8	2,049.55	1,163.13
Income tax Assets (net)	8	1,347.43	941.64
Other non – current assets	9	96.49	118.76
<b>Total Non – Current Assets</b>		<b>21,106.38</b>	<b>10,997.63</b>
<b>Current Assets</b>			
Inventories	10	253.61	141.52
Financial Assets			
(i) Investments	6	68.21	-
(ii) Trade Receivables	11	9,529.61	6,242.71
(iii) Cash and Cash Equivalents	12	4,197.33	4,655.48
(iv) Bank Balances other than above	12	1,231.46	772.43
(v) Other current financial assets	7	4,951.89	4,282.80
Other Current Assets	9	903.51	848.30
Assets classified as held for distribution to shareholders of subsidiary	37	1.15	-
<b>Total Current Assets</b>		<b>21,136.77</b>	<b>16,943.24</b>
<b>Total Assets</b>		<b>42,243.15</b>	<b>27,940.87</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	733.13	731.84
Other Equity	15	11,765.80	9,551.20
<b>Equity attributable to owners</b>		<b>12,498.93</b>	<b>10,283.04</b>
Non-controlling Interests	39	3.45	13.69
<b>Total Equity</b>		<b>12,502.38</b>	<b>10,296.73</b>
<b>LIABILITIES</b>			
<b>Non – Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	16	6,141.60	3,763.23
(ii) Other Non – Current financial liabilities	18	7,760.19	2,695.65
Provisions	20	1,193.89	914.88
Deferred tax liabilities (net)	8	350.81	223.93
<b>Total Non- Current liabilities</b>		<b>15,446.49</b>	<b>7,597.69</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	16	3,355.99	1,597.82
(ii) Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises	17	13.57	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	17	647.85	806.36
(iii) Other current financial liabilities	18	6,344.29	4,455.58
Other Current Liabilities	21	1,345.17	829.29
Provisions	20	2,412.55	2,185.45
Current tax liabilities	8	173.00	171.95
Liabilities classified as held for distribution to shareholders of subsidiary	37	1.86	-
<b>Total Current Liabilities</b>		<b>14,294.28</b>	<b>10,046.45</b>
<b>Total Liabilities</b>		<b>29,740.77</b>	<b>17,644.14</b>
<b>Total Equity and Liabilities</b>		<b>42,243.15</b>	<b>27,940.87</b>

The accompanying notes form an integral part of these consolidated financial statements.

As per our report on even date

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

For and on behalf of the Board

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Devesh Desai**  
Chief Financial Officer

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Brajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

**Pushpalatha Katkuri**  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

All amounts in ₹ million except share data

S No	Particulars	Note No.	Year ended	
			March 31, 2019	March 31, 2018
<b>1</b>	<b>Income</b>			
	a) Revenue from Operations	23	70,932.73	58,333.73
	b) Other Income	24	175.64	147.53
	c) Other Gain/(loss)	25	1.27	217.91
	<b>Total Income (a + b + c)</b>		<b>71,109.64</b>	<b>58,699.17</b>
<b>2</b>	<b>Expenses</b>			
	a) Cost of materials consumed	26	259.83	204.43
	b) Purchases of stock-in-trade		475.05	55.35
	c) Changes in inventory of stock-in-trade	27	(108.43)	102.99
	d) Employee benefits expense	28	57,570.72	47,660.18
	e) Finance costs	29	938.34	924.83
	f) Depreciation and amortization expenses	30	659.51	559.73
	g) Other expenses	31	9,083.98	7,191.16
	<b>Total expenses (a + b + c + d + e + f + g)</b>		<b>68,879.00</b>	<b>56,698.67</b>
<b>3</b>	<b>Profit before tax and exceptional items (1-2)</b>		<b>2,230.64</b>	<b>2,000.50</b>
<b>4</b>	Share of profit/(loss) of associates / joint ventures	39	(135.39)	(117.86)
<b>5</b>	Exceptional items	28	-	8.33
<b>6</b>	<b>Profit before tax (3+4-5)</b>		<b>2,095.25</b>	<b>1,874.31</b>
<b>7</b>	<b>Tax Expense</b>			
	Current tax	8	772.73	597.97
	Deferred tax	8	(824.27)	(353.94)
	<b>Total tax expense</b>		<b>(51.54)</b>	<b>244.03</b>
<b>8</b>	<b>Profit for the year (6-7)</b>		<b>2,146.79</b>	<b>1,630.28</b>
<b>9</b>	<b>Other Comprehensive income</b>			
	Items that will not be reclassified to profit or loss			
	a) Foreign exchange gain/(loss) on monetary items included in net investment in foreign operations		(108.92)	(30.55)
	b) Income tax relating to these items	8	-	2.29
	Items that will not be reclassified to profit or loss:			
	a) Re-measurement of defined benefits plan		48.85	(8.19)
	b) Income tax relating to these items	8	(19.11)	3.79
	<b>Other Comprehensive income / (loss) for the year (net of taxes)</b>		<b>(79.18)</b>	<b>(32.66)</b>
<b>10</b>	<b>Total Comprehensive income for the year (7 + 8)</b>		<b>2,067.61</b>	<b>1,597.62</b>
<b>11</b>	<b>Earnings Per Share (EPS) of face value (₹) 10 per share</b>			
	Owners of the Parent		2,158.17	1,620.67
	Non-controlling interests	39	(11.38)	9.61
			<b>2,146.79</b>	<b>1,630.28</b>
<b>12</b>	<b>Other comprehensive income attributable to:</b>			
	Owners of the Parent		(79.05)	(32.89)
	Non-Controlling interests	39	(0.13)	0.23
			<b>(79.18)</b>	<b>(32.66)</b>
<b>13</b>	<b>Total comprehensive income attributable to:</b>			
	Owners of the Parent		2,079.12	1,587.78
	Non-controlling interests	39	(11.51)	9.84
			<b>2,067.61</b>	<b>1,597.62</b>
<b>14</b>	<b>Earnings per share (EPS) (face value ₹ 10 per share)</b>	32		
	(a) Basic (₹)		29.48	22.77
	(b) Diluted (₹)		29.01	22.36
<b>15</b>	<b>Weighted average equity shares used in computing earnings per equity share</b>	32		
	(a) Basic (Nos.)		73,251,134	71,598,073
	(b) Diluted (Nos.)		74,448,661	72,911,682

The accompanying notes form an integral part of these consolidated financial statements.

As per our report on even date

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

For and on behalf of the Board

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

Place: Hyderabad  
Date: May 02, 2019

**Devesh Desai**  
Chief Financial Officer

**Brajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Pushpalatha Katkuri**  
Company Secretary

# Statement of Changes in Equity

All amounts in ₹ million, unless stated otherwise

## A. Equity Share Capital

	Amounts
<b>As at April 1, 2017</b>	<b>687.03</b>
Changes in equity share capital	44.81
<b>As at March 31, 2018</b>	<b>731.84</b>
Changes in equity share capital	1.29
<b>As at March 31, 2019</b>	<b>733.13</b>

## B. Other Equity

### Year ended March 31, 2018

	Equity Component of Compound financial instrument	Securities premium	Reserves and Surplus Share options outstanding account	Retained earnings	General reserve	Foreign currency translation reserve	Other Reserves Capital Reserve	Debt redemption reserve	Total Other Equity	Non-Controlling Interests	Total
<b>As at April 1, 2017</b>	<b>209.25</b>	<b>487.29</b>	<b>76.42</b>	<b>4,308.22</b>	<b>186.39</b>	<b>(48.90)</b>	-	-	<b>5,218.67</b>	<b>3.29</b>	<b>5,221.96</b>
Profit for the year	-	-	-	1,630.28	-	-	-	-	1,630.28	9.61	1,639.89
Other comprehensive Income	-	-	-	(4.40)	-	(28.26)	-	-	(32.66)	0.23	(32.43)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>1,625.88</b>	-	<b>(28.26)</b>	-	-	<b>1,597.62</b>	<b>9.84</b>	<b>1,607.46</b>
Employee stock option expense	-	-	82.26	-	-	-	-	-	82.26	-	82.26
Issue of Equity shares	-	3,578.05	-	-	-	-	-	-	3,578.05	-	3,578.05
Conversion of Compulsorily Convertible Debentures	(209.25)	209.25	-	-	-	-	-	-	-	-	-
Exercise of Employee Stock options	-	4.44	(4.44)	-	-	-	-	-	-	-	-
Issue of bonus shares	-	-	-	-	(0.33)	-	-	-	(0.33)	-	(0.33)
Initial public offer expenses	-	(212.03)	-	-	-	-	-	-	(212.03)	-	(212.03)
Interim dividend	-	-	-	(146.37)	-	-	-	-	(146.37)	-	(146.37)
Dividend distribution tax	-	-	-	(29.79)	-	-	-	-	(29.79)	-	(29.79)
Allocation to minority interest	-	-	-	(9.84)	-	-	-	-	(9.84)	-	(9.84)
Other appropriation	-	-	-	39.51	-	-	-	-	39.51	0.56	40.07
Utilised for demerger of certain businesses	-	(566.55)	-	-	-	-	-	-	(566.55)	-	(566.55)
<b>As at March 31, 2018</b>	-	<b>3,500.45</b>	<b>154.24</b>	<b>5,787.61</b>	<b>186.06</b>	<b>(77.16)</b>	-	-	<b>9,551.20</b>	<b>13.69</b>	<b>9,564.89</b>

All amounts in ₹ million, unless stated otherwise

# Statement of Changes in Equity

All amounts in ₹ million, unless stated otherwise

**Year ended March 31, 2019**

	Reserves and Surplus				Other Reserves			Total Other Equity	Non-Controlling Interests	Total
	Securities premium	Share options outstanding account	Retained earnings	General reserve	Foreign currency translation reserve	Capital Reserve	Debt redemption reserve			
<b>As at April 1, 2018</b>	<b>3,500.45</b>	<b>154.24</b>	<b>5,787.61</b>	<b>186.06</b>	<b>(77.16)</b>	-	-	<b>9,551.20</b>	<b>13.69</b>	<b>9,564.89</b>
Profit for the year	-	-	2,146.79	-	-	-	-	<b>2,146.79</b>	<b>(11.38)</b>	<b>2,135.41</b>
Other comprehensive income	-	-	29.74	-	(108.92)	-	-	<b>(79.18)</b>	<b>(0.13)</b>	<b>(79.31)</b>
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>2,176.53</b>	<b>-</b>	<b>(108.92)</b>	<b>-</b>	<b>-</b>	<b>2,067.61</b>	<b>(11.51)</b>	<b>2,056.10</b>
Impact of change of accounting policies as per Ind AS 115	-	-	(7.48)	-	-	-	-	<b>(7.48)</b>	-	<b>(7.48)</b>
Employee stock option expense	-	74.90	-	-	-	-	-	<b>74.90</b>	-	<b>74.90</b>
Issue of preference shares pursuant to the scheme of demerger	-	-	-	-	-	181.24	-	<b>181.24</b>	-	<b>181.24</b>
Exercise of Employee Stock options	9.54	(13.34)	-	3.80	-	-	-	-	-	-
Issue of bonus shares	-	-	-	(1.06)	-	-	-	<b>(1.06)</b>	-	<b>(1.06)</b>
Final dividend	-	-	(109.78)	-	-	-	-	<b>(109.78)</b>	-	<b>(109.78)</b>
Dividend distribution tax	-	-	(2.34)	-	-	-	-	<b>(2.34)</b>	-	<b>(2.34)</b>
Allocation to minority interest	-	-	11.51	-	-	-	-	<b>11.51</b>	-	<b>11.51</b>
Transfer to debt redemption reserve	-	-	(125.00)	-	-	-	125.00	-	-	-
Other appropriation	-	-	-	-	-	-	-	-	1.27	<b>1.27</b>
<b>As at March 31, 2019</b>	<b>3,509.99</b>	<b>215.80</b>	<b>7,731.05</b>	<b>188.80</b>	<b>(186.08)</b>	<b>181.24</b>	<b>125.00</b>	<b>11,765.80</b>	<b>3.45</b>	<b>11,769.25</b>

The accompanying notes form an integral part of these consolidated financial statements

As per our report on even date

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

**For and on behalf of the Board**

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Devesh Desai**  
Chief Financial Officer

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Brajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

**Pushpalatha Katkuri**  
Company Secretary

# Consolidated Statement of Cash Flows

for the year ended March 31, 2019

All amounts in ₹ million, unless stated otherwise

Particulars	Year ended	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,095.25	1,874.31
<b>Adjusted for:</b>		
Depreciation and Amortization expenses	659.51	559.73
Unrealised Foreign exchange (gain) / loss	(1.68)	6.82
Net (gain) /loss on sale of property, plant and equipment	(5.66)	(3.50)
Finance costs	916.30	770.62
Interest income classified as investing cash flows	(165.76)	(116.77)
Provision for doubtful debts	129.56	16.79
Employee stock option compensation expense	74.90	82.27
Other non-cash items	142.06	(77.26)
<b>Operating profit/(loss) before changes in working capital</b>	<b>3,844.48</b>	<b>3,113.02</b>
<b>Changes in working capital:</b>		
Decrease / (increase) in Trade receivables	(1,661.96)	(1,631.35)
Decrease / (increase) in Inventories	(110.60)	(101.05)
Decrease / (increase) in other current assets	76.45	(253.37)
Decrease / (increase) in other current financial assets	(577.44)	(527.63)
(Decrease) / increase in Trade payables	(239.77)	106.62
(Decrease) / increase in provisions	379.81	336.94
(Decrease) / increase in other current liabilities	709.76	1,348.31
Decrease / (increase) in other current financial liabilities	393.66	172.02
	<b>2,814.39</b>	<b>2,563.53</b>
Decrease / (increase) in other non-current assets	(136.38)	21.07
Decrease / (increase) in other non-current financial assets	358.13	(178.12)
Decrease / (increase) in other non-current financial liabilities	66.55	450.07
<b>Cash (used in) /generated from operations</b>	<b>3,102.69</b>	<b>2,856.54</b>
Direct tax paid including fringe benefit tax (net of refunds)	(1,054.34)	(706.27)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>2,048.35</b>	<b>2,150.27</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property plant and equipment and changes in capital work in progress	(863.95)	(536.88)
Proceeds from sale/disposal of property, plant and equipment	34.86	20.64
Proceeds from sale of investments	29.87	-
Investments made	(4,074.15)	(1,208.76)
(Investment) in / matured fixed deposits	(11.33)	451.42
Restricted balances	(481.46)	-
Interest received	141.75	109.16
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(5,224.41)</b>	<b>(1,164.42)</b>

# Consolidated Statement of Cash Flows

for the year ended March 31, 2019

All amounts in ₹ million, unless stated otherwise

Particulars	Year ended	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital (net of share issue expenses)	0.23	3,410.51
Foreign exchange gain / (loss) realized	-	(1.05)
Proceeds from term loans	3,108.31	1,095.75
Repayment of term loans	(2,202.66)	(1,203.44)
Change in loans repayable on demand	333.98	(462.62)
Bonds/debentures issued / (repaid/redeemed)	1,500.00	(790.13)
Interest paid	(718.03)	(880.25)
Dividends paid to Parent's shareholders	(109.39)	(144.13)
Tax on dividends paid	(2.34)	(29.80)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>1,910.10</b>	<b>994.84</b>
<b>D. Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,265.96)</b>	<b>1,980.68</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>3,645.87</b>	<b>1,716.81</b>
<b>F. Translation adjustments – other items</b>	<b>(50.18)</b>	<b>0.20</b>
<b>G. Exchange difference on Opening Cash balance</b>	<b>47.44</b>	<b>(68.32)</b>
<b>H. Cash balances added on acquisition</b>	<b>(306.39)</b>	<b>-</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>16.50</b>
<b>Cash and cash equivalents at the end of the year (D+E+F+G+H+I)</b>	<b>2,070.78</b>	<b>3,645.87</b>
<b>Reconciliation of cash and cash equivalents as per the statement of the cash flows</b>		
<b>Cash and cash equivalents as per above comprise of the following:</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Cash and cash equivalents at the end of the year	4,197.33	4,655.48
Cash credit	(2,126.55)	(1,009.61)
Bank overdrafts	-	-
<b>Balances as per statement of cash flows</b>	<b>2,070.78</b>	<b>3,645.87</b>

The accompanying notes form an integral part of these consolidated financial statements.

As per our report on even date

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

For and on behalf of the Board

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

Place: Hyderabad  
Date: May 02, 2019

**Devesh Desai**  
Chief Financial Officer

**Brajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Pushpalatha Katkuri**  
Company Secretary



# Notes to the financial statements

## 1. GROUP OVERVIEW

Security and Intelligence Services (India) Limited ("the Company") is a company limited by shares, incorporated and domiciled in India. The Company is listed on the BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"). Its registered office is situated at Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna, Bihar – 800010, India, and its principal place of business is situated at A-28 & 29, Okhla Industrial Area, Phase I, New Delhi – 110020

Security and Intelligence Services (India) Limited ("the Parent") and its subsidiaries, associates and joint ventures ("Group" or "SIS Group") is engaged in rendering security and related services consisting of manned guarding, consulting and investigation (up to January 18, 2018), training, physical security, paramedic and emergency response services; loss prevention, asset protection and mobile patrols; facility management services consisting of cleaning, house-keeping and pest control management services in the areas of facility management; cash logistics services consisting of cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion; and alarm monitoring and response services consisting of trading and installation of electronic security devices and systems.

These financial statements are the consolidated financial statements of the Group consisting of Security and Intelligence Services (India) Limited and its subsidiaries, associates and joint ventures in accordance with applicable accounting standards. A list of subsidiaries is included in note 38.

These financial statements were authorized for issue by the directors on May 02, 2019.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these financial statements.

### 2.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind-AS) and comply in all material respects with the Ind-AS and other applicable provisions of the Companies Act, 2013 ("the Companies Act"). The Ind-AS are notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements are presented in Indian Rupees (₹) rounded off to nearest millions ('Mn') except per share data, unless stated otherwise. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

For all periods up to and including the year ended March 31, 2017, the Group prepared its financial

statements in accordance with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). Effective April 1, 2017, the Company has adopted Ind AS and the transition has been carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2016 being the transition date.

### 2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following material items which have been measured at fair value as required by relevant Ind-AS:

- a. Certain financial assets and financial liabilities (including derivative financial instruments) and contingent consideration that are measured at fair value;
- b. Assets held for distribution to owners upon demerger that are held at lower of carrying cost and fair value less cost to distribute;
- c. Share based payments; and
- d. The defined benefit asset/(liability) which is recognised as the present value of defined benefit obligation less fair value of plan assets.
- e. Liability in respect of forward contract/ call and put options for acquisition of Non-controlling interests are measured at fair value.
- f. Contingent liability and indemnification of asset acquired in a business combination are measured at fair value.

Accounting policies have been applied consistently to all periods presented in these financial statements (refer note 2.3 (p)). Further, previous year figures have been regrouped/re-arranged, wherever necessary.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Companies Act 2013. For the purpose of clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable or required.

### Fair value measurement

The Group records certain financial assets and liabilities at fair value on a recurring basis. The Group determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date

# Notes to the financial statements

and in the principal or most advantageous market for that asset or liability.

## Fair value hierarchy

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, bonds and debentures and mutual funds that have quoted price. The fair value of all financial instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity / preference securities included in level 3.

In accordance with Ind-AS 113, Fair Value Measurement, assets and liabilities are to be measured based on the following valuation techniques:

- a) **Market approach** – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) **Income approach** – Converting the future amounts based on market expectations to its present value using the discounting method.
- c) **Cost approach** – Replacement cost method.

## 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent, its subsidiaries and share of in net assets of associates and joint ventures as at, and for the year then ended. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The acquisition method of accounting is used to account for business combinations by the Group.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent, i.e., year ended on March 31.

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.

# Notes to the financial statements

- (b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. The policy for accounting for Business combinations explains the accounting for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind-AS 12 on Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions
- (d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- (e) A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- (f) If the Group loses control over a subsidiary, it:
  - Derecognises the assets (including goodwill) and liabilities of the subsidiary,
  - Derecognises the carrying amount of any non-controlling interests,
  - Derecognises the cumulative translation differences recorded in equity,
  - Recognises the fair value of the consideration received,
  - Recognises the fair value of any investment retained,
  - Recognises any surplus or deficit in profit or loss,
  - Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

## Non-controlling interest

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Parent's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is

made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

## 2.4 Summary of significant accounting policies

### a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### b) Property, plant and equipment Recognition and measurement

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Items of property, plant and equipment ("PPE") initially recognized at cost. Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, asset retirement obligation and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

# Notes to the financial statements

Subsequent expenditure related to an item of property, plant and equipment is added to its carrying value only when it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year during which such expenses are incurred.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress ('CWIP').

## Depreciation

The Group depreciates property, plant and equipment over the estimated useful lives using the written down value method (and straight-line method in respect of certain subsidiaries) from the date the assets are available for use. Assets acquired under finance lease are depreciated over the asset's useful life or over the shorter of the estimated useful life of the asset and the related lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Category	Useful life
Buildings	60 years
Plant and machinery	3-15 years
Leasehold improvement	Shorter of 10 years or lease period
Computer equipment	2-6 years
Furniture and fixtures	2.5-13 years
Office Equipment	3-11 years
Vehicles	3-8 years

Based on technical assessment, the useful lives as given above best represent the period over which the management expects to use these assets. The estimated useful lives for these assets may therefore be different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values are generally not more than 5% of the original cost of the asset.

The assets residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Additions are depreciated on a pro-rata basis from the date the asset is available for use till the date the assets are derecognised.

An item of property, plant and equipment and any significant part, initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset)

is recognised in the statement of profit and loss when the asset is derecognised.

## c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of such expenditure can be measured reliably. All other repair and maintenance costs are recognised in profit or loss as incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using written down value method over their estimated useful lives of 60 years. The useful life has been determined based on a technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

## d) Intangible assets

### Recognition and measurement

Intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalized software development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

The useful lives of intangible assets are assessed as either finite or indefinite.

# Notes to the financial statements

Intangible assets with finite lives are amortised over the useful economic life on written down value method (or straight line method in respect of certain subsidiaries) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted accordingly. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

The estimated useful lives of assets are as follows:

Category	Useful life
Goodwill	Indefinite
Computer software	3 - 10 years
Brand name	Indefinite
Customer contracts	Expected contract duration
Customer relationship	Expected relationship duration
License & franchise fees	20 years
Non-competition agreements	The term of the respective non-compete agreements

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is allocated to cash generating units, and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or

the groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the respective entities carrying out business.

## Brand name

Brand name is not amortised and tested annually for impairment.

## Customer contracts, customer relationship and non-competition agreements

Customer contracts, customer relationship and non-competition agreements acquired on an acquisition of business are recorded at the fair value of respective assets on the date of acquisition. Customer contracts, customer relationship and non-competition agreements are amortised based on their useful life.

## Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials, services, and direct payroll and related costs of employees' time spent on the project.

## e) Investment in subsidiaries, associates, and joint ventures

A subsidiary is an entity over which the Group has control. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control exist are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint

# Notes to the financial statements

venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Dividends receivable from associates and joint ventures reduce the carrying amount of the investment.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the associate or joint venture, for the purpose of reflecting the Group's share of the results of operations of the associate or joint venture, are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Share of profit of associates /joint ventures" in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

### Financial assets

#### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

#### *Financial instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions call and similar options) but does not consider the expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income based on EIR is included as interest income as a part of other income in the statement of profit and loss. The losses arising from impairment are recognised in profit or loss.



# Notes to the financial statements

A gain or loss on such financial asset which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised. This category generally applies to trade and other receivables. For more information on receivables, refer to note 7 and note 11.

## **Financial instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income calculated using the EIR method, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

## **Financial instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is made only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss in respect of such assets that are not part of a hedging relationship. The gain/loss on assets measured at FVTPL are presented in the statement of profit and loss within other gains/losses in the period in which it arises. Interest income from these financial assets is included in other income.

## **Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an Instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with gain/loss presented in the statement of profit and loss within other gains/losses in the period in which it arises.

## **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized. Similarly, where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **Impairment of financial assets**

The Group recognizes loss allowances on a forward-looking basis using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. Note 41 details how the Group determines whether there has been a significant increase in the credit risk. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss,

# Notes to the financial statements

borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

## **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liability at fair value through profit or loss also include liabilities arising from forward contract/ call and put options for the purpose of non-controlling interests in subsidiaries and contingent liability acquired in a business combination. The fair value gain/loss arising on such liabilities is recognized in profit or loss.

### **Borrowings**

After initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or

all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares which are mandatorily redeemable are classified as liabilities. The dividends on these preference shares, to the extent such dividends are mandatorily payable, are recognised in profit or loss as finance costs.

The fair value of the liability portion of an optionally convertible debenture/ bond/ preference share or a zero-coupon debenture/ bond/ preference share or compulsorily convertible debenture/preference shares where the price of conversion of the debenture/preference shares into equity share is not fixed, is determined using a market rate of interest for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

When the terms of a financial liability are renegotiated and the entity issues equity instrument to a creditor to extinguish all or part of a liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss as other gains/losses.

# Notes to the financial statements

## Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends upon whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

Derivatives which are not designated as hedges are accounted for at fair value through profit or loss and are included in other gains/ losses.

## Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

## Reclassification of financial instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines changes in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases

to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## h) Current and deferred tax

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and unused tax credits.

## Current tax

The current income tax charge is calculated on the basis of tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

## Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled

# Notes to the financial statements

and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT

credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

## i) Inventories

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost includes custom duty, freight and other charges as applicable. The Group periodically reviews inventories to provide for diminution in the value of, and/or any unserviceable or obsolete, inventories.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Chemicals and consumables:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis or on weighted average method in respect of certain subsidiaries.
- **Stores and Spares:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

## j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit facilities) as they are considered an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## k) Non-current assets held for sale/distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use and

# Notes to the financial statements

sale is considered highly probable. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn and Management must be committed to the sale/distribution being completed within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/distribute except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. Assets and liabilities classified as held for sale/distribution are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell/distribute. A gain is recognised for any subsequent increases in fair value less costs to sell/distribute an asset (or a disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale/ distribution of the non-current asset (or disposal group) is recognised on the date of derecognition.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

## l) Equity share capital

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## n) Provisions and contingent liabilities

### Provisions

A provision is recognized when the Group has a present legal or a constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised for legal claims and service warranties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as an interest expense.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. In respect of losses that are covered by insurance, such losses are recognised as an expense when there is clear evidence or determination or probability that any portion of the loss is not expected to be settled through insurance or other forms of recovery.

### Asset retirement obligations (ARO)

ARO are recognised for those operating lease arrangements where the Group has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset and amortised or depreciated in the same manner as the asset to which it pertains. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.



# Notes to the financial statements

## Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of the amount cannot be made.

## Liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

## o) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to income or expenditure / expense are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised on a straight-line basis over the expected lives of related assets and presented within other income.

## p) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts recognised as revenue are net of returns, trade allowances, discounts, rebates, deductions by customers, service tax, value added tax, goods and services tax and amounts collected on behalf of third parties.

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 not material on the financial statements.

Revenue is recognized when the control is transferred to the customer and when the Company has completed its performance obligations under the contracts. Revenue is recognized in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Revenue is recognized as follows:

- Revenue from services represents the amounts receivable for services rendered.
- For non-contract-based business, revenue represents the value of goods delivered or services performed.
- For contract-based business, revenue represents the sales value of work carried out for customers during the period. Such revenues are recognized in the period in which the service is rendered.
- Unbilled revenue (contract assets) net of expected deductions is recognised at the end of each period. Such unbilled revenue is reversed in the subsequent period when actual invoice is raised.
- Unearned revenue (contract liabilities) represents revenue billed but for which services have not yet been performed and is included under Advances from customers. The same is released to the statement of profit and loss as and when the services are rendered.
- Revenue from the use of assets such as rent for using property, plant and equipment is recognized on a straight-line basis over the terms of the related leases unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

## Sale of goods

Revenue from the sale of goods is recognised when the control of goods has been transferred, being when the products are delivered to the buyer, the buyer having the full discretion over the use of the goods and there is no unfulfilled obligation that could affect the buyer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Discounts and rebates are estimated based on accumulated experience. Certain subsidiaries of the Group provide normal warranty provisions for general repairs for one year on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. Revenue is deferred and recognised on a straight line basis over the extended warranty period in case warranty is provided to customer for a period beyond one year.

## Rendering of services

In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. When the contract outcome cannot be measured



# Notes to the financial statements

reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

## Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, material and maintenance, revenue for each element is determined based on each element's fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

## Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

## Dividends

Dividend income from investments is recognised in profit or loss as other income when the Group's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and amount of the dividend can be measured reliably.

## Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase and is included in revenue in the statement of profit or loss due to its operating nature.

## q) Foreign currency translation

Items included in the financial statements of each entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements of the Group are presented in Indian Rupee (₹) which is also the Parent's functional currency.

Transactions in foreign currencies are initially recorded by the entities of the Group at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates prevailing at the reporting date.

Subsequently, differences arising on restatement or settlement of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation or a monetary item for which settlement is neither planned nor likely to occur in foreseeable future is considered as part of the entity's net investment in that foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and translation differences are recognized in OCI with the accumulation in other equity as foreign currency translation reserve. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The equity items denominated in foreign currencies are translated at historical cost.

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates prevailing at the dates of the transactions). The exchange differences arising

# Notes to the financial statements

on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedge of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

## r) Employee Benefits

The Group's employee benefits mainly include wages, salaries, bonuses, compensated absences, defined contribution to plans, defined benefit plans and share-based payments. The employee benefits are recognized in the year in which the associated services are rendered by the employees of the Group.

### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and compensated absences expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for compensated absences is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as employee benefits payable under other financial liabilities, current.

### Bonus

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually or legally obliged or where there is a past practice that has created a constructive obligation.

### Compensated absences

The employees of the entities of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to a specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the

balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Re-measurements arising out of actuarial gains/losses are immediately taken into the statement of profit and loss and are not deferred.

In respect of those employees who are entitled to an encashment of the leave at the end of every calendar year, a provision is created to account for the liability.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

### Post-employment obligations

The Group operates the following post-employment schemes:

- (a) Defined contribution plans such as provident fund, employees' state insurance, superannuation funds and central provident fund; and
- (b) Defined benefit plans such as gratuity.

### Defined contribution plan

The Group's policy is to contribute on a defined contribution basis for eligible employees, to Employees' Provident Fund, Employees' Pension Scheme and Employees' State Insurance Scheme towards post-employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution which is expected in the year in which it pertains. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In respect of entities of the Group not incorporated in India, contributions to superannuation funds are recognised as an employee benefit expense as they become payable. The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The central provident fund is an employment based savings scheme with employers and employees contributing a mandated amount to the Fund. The Group has no further obligation beyond making its contribution which is expected in the year in which it pertains. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Defined Benefit Plan

In India, the Group has a defined benefit plan, viz., Gratuity, for all its employees, and the Group's policy is to

# Notes to the financial statements

determine the liability for this benefit and to accrue and provide for the same as determined by an independent actuarial valuation. A portion of this liability for gratuity is contributed by some subsidiaries, associates and joint ventures to group gratuity policies administered and operated by reputed insurance companies. The liability or asset is recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit is actuarially determined (using the projected unit credit method) at the end of each year.

Present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields on government bonds at the end of the reporting periods, that have approximately similar terms to the related obligation.

The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs.

The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

## s) Equity settled stock-based compensation

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made

using an appropriate valuation model. The fair value of options granted under various Employee Share option plans is recognised as an employee benefits expense with a corresponding increase in equity (share option outstanding account).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates in the period of change, if any, in the profit or loss, with corresponding adjustment to equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions, if any, are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## t) Borrowing costs

Borrowing costs include interest calculated on the effective interest rate method, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of the assets that necessarily take a substantial period of time to get ready for their intended use or sale ('qualifying assets'), are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in statement of profit and loss within finance costs in the period in which they are incurred.

# Notes to the financial statements

## u) Exceptional items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

## v) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor transfers substantially all the risks and rewards incidental to ownership to the Company are classified as a finance lease and other leases are classified as operating leases.

### Group as a lessee

#### (a) Operating leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

#### (b) Finance leases

Certain entities of the Group lease motor vehicles and such leases, where the lessor has passed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities as appropriate. The outstanding liability is included in other current/non-current borrowings.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### Group as a lessor

#### (a) Operating leases

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless payments are structured to increase in line with the expected general inflation to compensate for the expected inflationary cost increase. Initial direct costs

incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The respective leased assets are included in the balance sheet based on their nature.

#### (b) Finance leases

Amounts due from lessee under finance leases are recorded as receivables at an amount equal to the Group's net investment in the leased assets. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease term.

## w) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets, other than inventories and deferred tax assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of its fair value less cost of disposal and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the asset. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units or CGU). Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's CGUs expected to benefit from the synergies arising from the business combination. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

## x) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders of the Parent (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (refer note 32).

# Notes to the financial statements

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

Diluted Earnings per share amounts are computed by dividing the net profit attributable to the equity holders of the Parent (after deducting preference dividends and attributable taxes but after adjusting the after income tax effect of interest and other financing cost associated with dilutive potential equity shares) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

## y) Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the carrying value of the assets to be distributed in case of distributions in which all owners of the same class of equity instruments are treated equally or the distributed asset is ultimately controlled by the same party or parties both before and after the distribution, and at fair value of the assets to be distributed in other cases, with such value recognised directly in equity. For this purpose, a group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities, and that ultimate collective power is not transitory. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss or directly in equity if approved by the National Company Law Tribunal/ applicable regulatory or other authority.

## z) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of Security and Intelligence Services (India) Limited have appointed a Group management committee which assesses the financial performance and position of the Group, and makes strategic decisions.

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Further, inter-segment revenue is accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated corporate expenses/income".

Refer note 36 for segment information presented.

## aa) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## ab) Business combination

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees,

# Notes to the financial statements

due diligence fees, and other professional and consulting fees are expensed as incurred.

## 2.5 Standards issued but not yet effective

**Ind AS 116, Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified the Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with the only exceptions as short-term and low-value leases. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019.

The Group will adopt the standard on April 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The Group is in process of initial assessment of the potential impact on the Balance sheet, statement of profit and loss and cash flows.

**Ind AS 12, Income Taxes:** On March 30, 2019, Ministry of Corporate Affairs has notified IndAS12 Appendix C, Uncertainty over Income Tax Treatments. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity

on initial application, without adjusting comparatives (Cumulative catch - up approach).

The effective date for adoption of Ind AS 12 Appendix C is financial periods beginning on or after April 1, 2019.

The Group will adopt the standard on April 1, 2019 by using the Cumulative catch - up transition method and accordingly comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The effect on adoption of Ind AS 12 Appendix C is not expected to be material.

There are no other standards that are issued but not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

### Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### Judgements

In the process of applying the Group's accounting policies, management has made various judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable – Note 8
- Estimated useful life of intangible assets – Note 2.3.d



# Notes to the financial statements

- Estimation of defined benefit obligation – Note 20
- Estimation of provision for warranty claims – Note 20
- Estimation of fair value of contingent liabilities and liability towards forward contract or call and put options to purchase non-controlling interests in a business combination – Note 37
- Whether forward contract or call and put options to purchase non-controlling interests result in transfer of risks and rewards of ownership by non-controlling interests– Note 37
- Recognition of deferred tax assets for carried forward of tax losses – Note 8
- Consolidation decisions and classification of joint arrangements – Note 39
- Impairment of trade receivables– Note 41
- Classification leases as operating leases or finance leases– Note 2.3.v
- Whether assets held for distribution to owners meet the definition of discontinued operations– Note 13

## Impairment

The Group assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There are no reasonable foreseeable changes in these key estimates which would have caused an impairment of these assets.

## Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28.

## Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will

be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer Note 8

## Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

## Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## Intangible asset under development

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

## SUSTAINABLE ENTERPRISE

## STATUTORY REPORT

## FINANCIAL STATEMENTS

## Year ended March 31, 2018

Year ended March 31, 2019

**(f) Assets under construction**

Capital work in progress (CWIP) as at March 31, 2019 comprises expenditure for building in the course of construction.

Refer to note 16 for information on property, plant and equipment pledged as security by the Group.

Refer note 34 for disclosure of contractual commitment for the acquisition of property, plant and equipment.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 5. GOODWILL AND OTHER INTANGIBLE ASSETS

### Year ended March 31, 2018

Description of Assets	As at April 1, 2017	Acquisition of Business	Additions	Gross Block		Translation Adjustments	As at March 31, 2018	As at April 1, 2017	Charge for the year	Accumulated amortisation		Net carrying value as at March 31, 2018
				Demerger						Translation Adjustments	As at March 31, 2018	
Goodwill	1,859.17	3,005.38	-	-	178.78	4.74	4,690.51	-	-	-	-	4,690.51
Computer Software *	86.64	-	62.70	-	-	(5.67)	143.67	6.89	46.61	(5.36)	48.14	95.52
Customer Contracts	-	245.14	-	-	-	2.74	247.88	-	60.18	9.11	69.29	178.59
Brand name	820.99	-	-	-	-	-	820.99	-	-	-	-	820.99
Non-competition agreements	148.53	-	-	-	-	-	148.53	12.38	18.57	-	30.95	117.59
<b>Intangible Assets under development</b>												
Computer Software	35.57	-	7.16	-	-	0.37	43.10	-	-	-	-	43.10
<b>Grand Total</b>	<b>2,950.90</b>	<b>3,250.52</b>	<b>69.86</b>	<b>178.78</b>	<b>2.18</b>	<b>6,094.68</b>	<b>19.27</b>	<b>125.35</b>	<b>3.75</b>	<b>148.38</b>	<b>5,946.30</b>	

### Year ended March 31, 2019

Description of Assets	As at April 1, 2018	Acquisition of Business	Additions	Gross Block		Translation Adjustments	As at March 31, 2019	As at April 1, 2018	Charge for the year	Accumulated amortisation		Net carrying value as at March 31, 2019
				Demerger						Translation Adjustments	As at March 31, 2019	
Goodwill	4,690.51	7,649.86	21.65	-	-	(77.67)	12,284.35	-	-	-	-	12,284.35
Computer Software *	143.67	1.01	37.81	-	-	(6.90)	175.59	48.14	30.39	(5.96)	72.57	103.02
Customer Contracts	247.88	292.21	35.59	-	-	(10.74)	564.94	69.29	108.55	(4.01)	173.83	391.11
Customer Relationship	-	215.83	-	-	-	-	215.83	-	7.27	-	7.27	208.56
Brand name	820.99	-	-	-	-	-	820.99	-	-	-	-	820.99
Non-competition agreements	148.53	105.02	-	-	-	-	253.55	30.95	27.41	-	58.36	195.19
<b>Intangible Assets under development</b>												
Computer Software	43.10	-	33.38	-	-	(1.18)	75.30	-	-	-	-	75.30
<b>Grand Total</b>	<b>6,094.68</b>	<b>8,263.93</b>	<b>128.43</b>	<b>-</b>	<b>(96.49)</b>	<b>14,390.55</b>	<b>148.38</b>	<b>173.62</b>	<b>(9.97)</b>	<b>312.03</b>	<b>14,078.52</b>	

\* Computer software consists of purchased software licenses and development costs of existing Enterprise Resource Planning (ERP) software.

(i) Refer note 37 for assets acquired on acquisition of business

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## (ii) Impairment testing of goodwill and brands with indefinite lives

A summary of changes in the carrying amount of goodwill is as follows:

Particulars	As at	
	March 31, 2019	March 31, 2018
<b>Carrying value at the beginning of the year</b>	<b>4,690.51</b>	<b>1,859.17</b>
Goodwill on acquisition of SX Protective Holdings Pty Ltd (Formerly known as Andwills Pty Ltd)	21.65	3,005.38
Goodwill on acquisition of SLV Security Services Private Limited	1,407.86	-
Goodwill on acquisition of Rare Hospitality and Services Private Limited	462.15	-
Goodwill on acquisition of Uniq Detective and Security Services Private Limited	518.61	-
Goodwill on acquisition of SIS Henderson Holdings Pte Ltd	4,716.58	-
Goodwill on acquisition of Platform 4 Group Ltd	534.59	-
Goodwill on acquisition of business assets of Redfrog Security	10.07	-
Less: Receivable in demerger	-	(178.78)
Translation differences	(77.67)	4.74
<b>Carrying value at the end of the year</b>	<b>12,284.35</b>	<b>4,690.51</b>

The break-up of allocation of goodwill to operating segments is as follows:

Particulars	As at	
	March 31, 2019	March 31, 2018
Security Services – India	1,926.47	-
Security Services – International	9,317.58	4,112.35
Facilities Management	1,040.31	578.16

The entire goodwill relating to acquisition of SLV Security Services Private Limited and Uniq Detective and Security Services Private Limited has been allocated to the groups of CGUs which are represented by the Security Services – India segment

The entire goodwill relating to acquisition of SX Protective Holdings Pty Ltd (Formerly known as Andwills Pty Ltd), SIS Henderson Holdings Pte Ltd, Platform 4 Group Ltd and

acquisition of business assets of Redfrog Security has been allocated to the group of CGUs which are represented by the Security Services - International segment.

The entire goodwill relating to acquisition of Dusters Total Solutions Services Private Limited and Rare Hospitality and Services Private Limited has been allocated to the group of CGUs which are represented by the Facilities Management segment.

A summary of changes in the carrying amounts of brands with indefinite life as follows:

Particulars	As at	
	March 31, 2019	March 31, 2018
<b>Carrying value at the beginning of the year</b>	<b>820.99</b>	<b>820.99</b>
Change during the year	-	-
<b>Carrying value at the end of the year</b>	<b>820.99</b>	<b>820.99</b>

The break-up of allocation of brands to operating segments is as follows:

Particulars	As at	
	March 31, 2019	March 31, 2018
Facilities Management	820.99	820.99

## Impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets/plans

approved by management covering a period of five years. Cash flows beyond the period of five years are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGUs over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2019 and March 31, 2018, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount

was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. For SIS Henderson Holdings Pte Ltd. and Platform 4 Group Ltd, the recoverable value as on reporting date is approximately equivalent to the date of acquisition.

Key assumptions used for testing impairment of goodwill relating to the acquisition of SX Protective Holdings Pty Ltd (Formerly known as Andwills Pty Ltd):

Particulars	March 31, 2019	March 31, 2018
Sales (% annual growth rate)	4.00% - 5.50%	4.00% - 5.50%
EBIDTA (%)	7.00% - 7.50%	7.00% - 7.50%
Long term growth rate (%)	5.00%	5.00%
Pre-tax discount rate (%)	13.70%	15.00%

Key assumptions used for testing impairment of goodwill and brand relating to the acquisition of Dusters Total Solutions Services Private Limited:

Particulars	March 31, 2019	March 31, 2018
Sales (% annual growth rate)	15.00% - 25.00%	15.00% - 29.00%
EBIDTA (%)	6.80%	6.10% - 6.80%
Long term growth rate (%)	5.00%	5.00%
Pre-tax discount rate (%)	14.99%	14.78%

Key assumptions used for testing impairment of goodwill relating to the acquisition of SLV Security Services Private Limited:

Particulars	March 31, 2019
Sales (% annual growth rate)	15.00%
EBIDTA (%)	5.20% - 6.00%
Long term growth rate (%)	5.00%
Pre-tax discount rate (%)	9.87%

Key assumptions used for testing impairment of goodwill relating to the acquisition of RARE Hospitality and Services Private Limited:

Particulars	March 31, 2019
Sales (% annual growth rate)	12.00 - 20.00%
EBIDTA (%)	5.00% - 7.00%
Long term growth rate (%)	5.00%
Pre-tax discount rate (%)	12.31%

Key assumptions used for testing impairment of goodwill relating to the acquisition of Uniq Detective and Security Services Private Limited:

Particulars	March 31, 2019
Sales (% annual growth rate)	18.00 - 30.00%
EBIDTA (%)	6.30% - 6.70%
Long term growth rate (%)	5.00%
Pre-tax discount rate (%)	15.00%

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Key assumptions used for testing impairment of goodwill relating to the acquisition of the static guarding business of Chubb Security in Australia (operated under MSS Security Pty limited):

Particulars	March 31, 2019	March 31, 2018
Sales (% annual growth rate)	4.5%	4.00% - 6.00%
EBIDTA (%)	4.50% - 4.80%	4.50% - 4.80%
Long term growth rate (%)	5.00%	5.00%
Pre-tax discount rate (%)	15.00%	15.00%

These estimates are likely to differ from future actual results of operations and cash flows.

## 6. INVESTMENTS

Particulars	March 31, 2019	March 31, 2018
<b>Non-current investments</b>		
<b>Investments in Equity Instruments</b>		
<b>Investment in associates</b>		
<b>Unquoted equity shares (fully paid)</b>		
9,708,696 (March 31, 2018: 9,708,696) equity shares of ₹ 10/- each fully paid up in SIS Cash Services Private Limited	455.20	537.70
	<b>455.20</b>	<b>537.70</b>
<b>Investment in joint ventures</b>		
<b>Unquoted equity shares (fully paid)</b>		
49 equity shares (March 31, 2018: 49) of AUD 1 each fully paid up in Habitat Security Pty Ltd	4.90	2.06
20,000,000 equity shares (March 31, 2018: 20,000,000) of ₹ 10/- each fully paid up in SIS Prosegur Alarm Monitoring and Response Services Private Limited	78.31	134.18
	<b>83.21</b>	<b>136.24</b>
<b>Investments at FVTPL</b>		
<b>Unquoted equity shares (fully paid)</b>		
5,000 equity shares (March 31, 2018: 2,500) of ₹ 10/- each fully paid up in Saraswat Cooperative Bank limited	0.05	0.02
	<b>0.05</b>	<b>0.02</b>
<b>Total FVTPL investments</b>	<b>0.05</b>	<b>0.02</b>
<b>Total investment in equity instruments</b>	<b>538.46</b>	<b>673.96</b>
<b>Investments in Preference shares</b>		
10,000,000 12% redeemable preference shares (March 31, 2018: Nil) of ₹ 10/- each of VSR Infratech Private Ltd.	100.00	-
17,658,153 compulsory convertible preference shares (March 31, 2018: Nil) of ₹ 10/- each of SIS Asset Management Company Limited	177.77	-
Less: Provision for impairment in value of Investment	(67.40)	-
	<b>210.37</b>	<b>-</b>
<b>Total Investment in Preference shares</b>	<b>210.37</b>	<b>-</b>
<b>Investments in debentures or bonds</b>		
297 Non-convertible debentures (March 31, 2018: 247) of ₹ 1,000,000/- each fully paid in SIS Cash Services Private Limited	297.00	247.00
100 Non-convertible debentures (March 31, 2018: Nil) of ₹ 1,000,000/- each of fully paid in SIS Prosegur Alarm Monitoring and Response Services Private Limited	100.00	-
	<b>397.00</b>	<b>247.00</b>
<b>Total Investments in debentures or bonds</b>	<b>397.00</b>	<b>247.00</b>
<b>Total non-current investments</b>	<b>1,145.83</b>	<b>920.96</b>
<b>Current investments</b>		
<b>Trade investments (at cost)</b>		
Investments in Mutual Funds	68.21	-
	<b>68.21</b>	<b>-</b>
<b>Total trade investments</b>	<b>68.21</b>	<b>-</b>
<b>Total non-trade investments</b>		
<b>Total current investments</b>	<b>68.21</b>	<b>-</b>
<b>Total investments</b>	<b>1,214.04</b>	<b>920.96</b>
Aggregate book value of quoted investments and market value thereof	68.21	-
Aggregate book value of unquoted investments	1,145.83	920.96
Aggregate amount of impairment in value of investments	67.40	-



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 7. OTHER FINANCIAL ASSETS

Particulars	March 31, 2019	March 31, 2018
<b>Other non-current financial assets</b>		
Security deposits	419.97	306.47
Margin money in the form of fixed deposits *	38.47	125.80
Fixed deposit maturing after 12 months	112.53	-
Finance lease receivables	38.11	91.00
<b>Other non-current financial assets</b>	<b>27.60</b>	<b>107.00</b>
<b>Total Other non-current financial assets</b>	<b>636.68</b>	<b>630.27</b>
<b>Other current financial assets</b>		
Unbilled revenue	4,501.46	4,005.57
Interest accrued on investments	8.11	15.04
Interest accrued on deposits	64.47	41.32
Security deposits	309.24	171.76
Finance lease receivables	53.33	44.91
Other Receivables	15.28	4.20
<b>Total other current financial assets</b>	<b>4,951.89</b>	<b>4,282.80</b>
<b>Total financial assets</b>	<b>5,588.57</b>	<b>4,913.07</b>

\* Fixed deposits have been pledged as margin money against bank guarantees.

No loans or other advances are due from directors or other officers of the Group either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 40.

### Finance leases — Group as lessor

Certain entities of the Group provide various equipment on finance lease to its customers.

Lease agreements are generally for a period of three to five years. Certain agreements provide that the lessee will own the equipment after the end of the lease period while other agreements provide an option to the lessee to purchase the equipment at a nominal value so that there is reasonable certainty that the lessee will purchase the equipment. Lease rentals are payable on monthly/quarterly basis as stipulated in the respective agreements.

Future minimum lease receivables under finance leases contracts together with the present value of the net minimum lease payments are, as follows:

Particulars	March 31, 2019		March 31, 2018	
	Minimum lease receivables	Present value	Minimum lease receivables	Present value
	Present value		Present value	
<b>Within one year</b>	61.09	53.33	62.95	44.91
After one year but not more than five years	39.93	38.11	95.93	91.00
More than five years	-	-	-	-
<b>Gross investment in finance lease</b>	<b>101.02</b>	<b>91.44</b>	<b>158.88</b>	<b>135.91</b>
Less: amounts representing finance charges	9.58	-	22.97	-
<b>Present value of minimum lease receivables</b>	<b>91.44</b>	<b>91.44</b>	<b>135.91</b>	<b>135.91</b>
<b>Unearned finance income</b>	<b>9.58</b>	<b>9.58</b>	<b>22.97</b>	<b>22.97</b>
<b>Unguaranteed residual values accruing to the benefit of the lessor</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 8. INCOME TAX

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

### Statement of profit and loss:

#### Profit or loss section:

Particulars	March 31, 2019	March 31, 2018
<b>Current income tax:</b>		
Current income tax charge	769.66	597.26
Adjustments in respect of current income tax expense / (reversal) of previous years	3.07	0.71
<b>Deferred tax:</b>		
Decrease/(increase) in deferred tax assets	(951.15)	(305.77)
(Decrease)/increase in deferred tax liabilities	126.88	(48.17)
<b>Income tax expense/(credit) reported in the statement of profit and loss</b>	<b>(51.54)</b>	<b>244.03</b>

One of the subsidiaries of the Group has accounted for certain benefits under the Income Tax Act, 1961, in respect of the year ended March 31, 2017, during the year ended March 31, 2018 as the relevant numbers and benefit were computed and crystallised only during the year ended March 31, 2018.

Therefore, the current tax and deferred tax expense for the year ended March 31, 2018 includes a tax credit of ₹ 69.49 million which pertains to the accounting of these benefits in respect of the year ended March 31, 2017.

### OCI section:

#### Tax related to items recognised in OCI during the year:

Particulars	March 31, 2019	March 31, 2018
Exchange differences on monetary items included in net investment in foreign operations	-	(2.29)
Net loss/(gain) on remeasurements of defined benefit plans	19.11	(3.79)
<b>Income tax charged to OCI</b>	<b>19.11</b>	<b>(6.08)</b>

### Reconciliation of tax expense and the accounting profit multiplied by the tax rate for March 31, 2018 and March 31, 2019:

Particulars	March 31, 2019	March 31, 2018
Accounting profit before tax from continuing operations	2,095.25	1,874.31
Accounting profit before income tax	2,095.25	1,874.31
At the statutory income tax rate @ 34.944% (March 31, 2018: 34.608%)	732.16	648.68
Adjustments in respect of current income tax of previous years	3.07	0.70
Change in applicable tax rate for deferred tax assets and liabilities (for certain entities in the Group)	(38.25)	(63.47)
Utilisation of previously unrecognised tax losses to reduce current tax expense	(1.58)	(53.50)
Additional temporary tax deductible in respect of certain benefits under the Income Tax Act, 1961 (refer note above)	(856.67)	(290.86)
Benefit of Indexation on investments	(2.44)	(5.86)
<b>Non- Deductible expenses for tax purposes</b>		
Corporate social responsibility expenditure	9.93	9.65
Donation	3.01	6.42
Other non-deductible expenses	125.09	5.50
<b>Income taxed at differential rates</b>		
Profit on sale of property, plant and equipment	-	(0.01)
Dividend from foreign subsidiaries taxed at a different/lower rate	(14.66)	(0.37)
Entities taxed at different rates	(11.20)	(12.85)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(51.54)</b>	<b>244.03</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

*The balance in deferred tax assets (liabilities) comprises temporary differences attributable to:*

Particulars	March 31, 2019	March 31, 2018
Property, plant and equipment and investment property	147.14	230.59
Intangible assets	(313.37)	(315.22)
Defined benefit obligations	1,172.99	1,027.36
Deductions in respect of certain benefits under the Income Tax Act, 1961	693.82	355.32
Accruals and others	(473.64)	(455.76)
Allowance for doubtful debts – trade receivables	83.48	8.18
Unused tax losses	127.62	66.88
Minimum alternative tax (MAT) credit entitlement	260.70	21.85
<b>Total deferred tax assets (liabilities)</b>	<b>1,698.74</b>	<b>939.20</b>

*Reflected in the balance sheet as follows:*

Particulars	March 31, 2019	March 31, 2018
Deferred tax assets	2,049.55	1,163.13
Deferred tax liabilities	350.81	223.93
<b>Deferred tax assets(liabilities), net</b>	<b>1,698.74</b>	<b>939.20</b>

*Reconciliation of deferred tax assets (liabilities), net:*

Particulars	Property, plant and equipment and investment property	Intangible Assets	Defined benefit obligations	Deductions in respect of certain benefits under the Income Tax Act, 1961	Accruals and other	Allowance for doubtful debts – trade receivables	Unused tax losses	Minimum alternative tax (MAT) credit entitlement	Total
<b>As at April 1, 2017</b>	<b>155.22</b>	<b>(248.97)</b>	<b>816.32</b>	<b>227.52</b>	<b>(440.07)</b>	<b>2.71</b>	<b>27.91</b>	<b>19.04</b>	<b>559.68</b>
Tax income/(expense) during the period recognised in profit or loss	75.37	(66.25)	207.25	127.80	(37.48)	5.47	38.97	2.81	353.94
Tax income/(expense) during the period recognised in OCI	-	-	3.79	-	-	-	-	-	3.79
Addition on business combination	-	-	-	-	21.79	-	-	-	21.79
<b>As at March 31, 2018</b>	<b>230.59</b>	<b>(315.22)</b>	<b>1,027.36</b>	<b>355.32</b>	<b>(455.76)</b>	<b>8.18</b>	<b>66.88</b>	<b>21.85</b>	<b>939.20</b>
Tax income/(expense) during the period recognised in profit or loss	8.34	181.60	78.71	338.50	(24.02)	(22.54)	24.83	238.85	824.27
Tax income/(expense) during the period recognised in OCI	-	-	(19.11)	-	-	-	-	-	(19.11)
Addition on business combination	(91.79)	(179.75)	86.03	-	6.14	97.84	35.91	-	(45.62)
<b>As at March 31, 2019</b>	<b>147.14</b>	<b>(313.37)</b>	<b>1,172.99</b>	<b>693.82</b>	<b>(473.64)</b>	<b>83.48</b>	<b>127.62</b>	<b>260.70</b>	<b>1,698.74</b>

Deferred tax assets and liabilities above have been determined by applying the income tax rates applicable to respective entities in the Group. Deferred tax assets and liabilities in relation to taxes payable by various entities/ under different tax basis have not been offset in the financial statements.

*Tax losses:*

Particulars	March 31, 2019	March 31, 2018
Unused tax losses for which deferred tax asset has not been recognized	-	-
Potential tax benefit at Nil% (March 31, 2018: 27.77%)	-	-

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Unrecognised temporary differences:

Certain subsidiaries of the Group have undistributed earnings which, if paid out as dividends would be subject to tax in the hand of the recipient. An assessable temporary difference exists but no deferred tax liability has been recognized as the Parent is able to control the timing of distribution from the subsidiaries and the earnings are expected to be utilized for their business expansion.

## Income tax assets:

Particulars	March 31, 2019	March 31, 2018
Opening balance	941.64	691.82
Add: Acquisition	144.19	
Add: Taxes paid	648.06	500.49
Less: Current tax payable for the year	341.89	218.58
Less: Refund received	44.57	32.09
<b>Current tax assets</b>	<b>1,347.43</b>	<b>941.64</b>

## Current tax liabilities:

Particulars	March 31, 2019	March 31, 2018
Opening balance	171.95	31.90
Add: Current tax payable for the year	430.84	378.69
Less: Taxes paid	429.79	238.64
<b>Current tax liabilities</b>	<b>173.00</b>	<b>171.95</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## 9. OTHER ASSETS

Particulars	March 31, 2019	March 31, 2018
<b>Other non-current assets</b>		
- Capital advances	13.65	2.37
- Other advances	82.84	116.39
<b>Total other non-current assets</b>	<b>96.49</b>	<b>118.76</b>
<b>Other current assets</b>		
Balances with related parties	141.28	210.34
Security deposits	485.40	484.28
Prepaid expenses	275.90	143.28
Service Tax/VAT/GST recoverable	0.31	8.75
Other advances	0.62	1.65
<b>Total other current assets</b>	<b>903.51</b>	<b>848.30</b>
<b>Total other Assets</b>	<b>1,000.00</b>	<b>967.06</b>

## 10. INVENTORIES

Particulars	March 31, 2019	March 31, 2018
Stock-in-trade	66.81	29.41
Uniforms	173.39	94.11
Consumables	13.41	18.00
<b>Total inventories at the lower of cost and net realisable value</b>	<b>253.61</b>	<b>141.52</b>

## 11. TRADE RECEIVABLES

Particulars	March 31, 2019	March 31, 2018
Trade receivables	9,857.72	6,277.63
Less: Allowance for doubtful debts	328.11	34.92
<b>Total trade receivables</b>	<b>9,529.61</b>	<b>6,242.71</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Break-up of security details:

Particulars	March 31, 2019	March 31, 2018
Secured, considered good	-	-
Unsecured, considered good	9,529.61	6,242.71
Considered doubtful	328.11	34.92
<b>Total</b>	<b>9,857.72</b>	<b>6,277.63</b>
Impairment Allowance (allowance for bad and doubtful debts)	328.11	34.92
<b>Total Trade receivables</b>	<b>9,529.61</b>	<b>6,242.71</b>

No trade receivable are due from directors or other officers of the entities of the Group either severally or jointly with any other person and from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 40.

Refer Note 41 for the Group's policy regarding impairment allowance on trade receivables and Group's credit risk management processes.

For outstanding balances, terms and conditions relating to related party receivables, refer note 40.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

## 12. CASH AND BANK BALANCES

### Cash and cash equivalents

Particulars	March 31, 2019	March 31, 2018
<b>Balances with banks:</b>		
– On current accounts	4,007.40	4,640.59
– Bank deposits with original maturity of three months	185.09	13.94
Cash on hand	4.84	0.95
<b>Total</b>	<b>4,197.33</b>	<b>4,655.48</b>

Cash-on-hand and bank balances lying in various current accounts bear no interest.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

### Other bank balances

Particulars	March 31, 2019	March 31, 2018
Unclaimed dividend accounts	0.73	0.34
Deposits with remaining maturity greater than three months but up to twelve months from reporting date	139.42	291.55
Restricted balances	736.64	263.87
Margin money *	354.67	216.68
<b>Total</b>	<b>1,231.46</b>	<b>772.43</b>

\* Pledged as Security/Margin Money against guarantees issued by banks on behalf of the Company.

## 13. DEMERGER OF CERTAIN BUSINESS AND NON-CASH ASSETS

### Demerging Business:

The Honourable National Company Law Tribunal, Kolkata has vide its order dated December 22, 2017 approved a composite scheme of arrangement under sections 391 to 394 of the Companies Act, 1956 between the Parent, Service Master Clean Limited ("SMC"), SIS Asset Management Private Limited (formerly known as Tech SIS Access Management System Private Limited) and their respective shareholders and creditors ("Demerger Scheme"). The Demerger Scheme provides for the demerger, transfer and vesting of

- the consultancy and investigation business of the Parent, including all related assets, properties, identified investments (direct, or through nominees), liabilities and provisions, employees, business contracts and movable and immovable properties, as well as certain compulsorily convertible shares allotted or deemed to be allotted pursuant to the Demerger Scheme ("SIS Demerging Business"), and

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

- b. the payroll outsourcing business of SMC, including all related assets, properties, identified investments (direct, or through nominees), liabilities and provisions, employees, business contracts and movable and immovable properties ("SMC Demerging Business") to SIS Asset Management Private Limited, on a going concern basis (such transaction, the "Proposed Demerger").

Revenues from the SMC Demerging Business and SIS Demerging Business (the "Demerging Businesses") for the year ended March 31, 2019 accounted for ₹ Nil (March 31, 2018: ₹ 3.56 million) and ₹ Nil (March 31, 2018: ₹ 2.04 million) respectively.

Some of the key terms of the Demerger Scheme are as follows:

- (i) The Demerger Scheme provides for the transfer of the Demerging Businesses to SIS Asset Management Private Limited, for Consideration (defined hereinafter) and in accordance with section 2(19AA) of the Income Tax Act. The Demerger Scheme has been drawn up to comply with the conditions relating to a demerger under section 2(19AA) of the Income Tax Act, and if found inconsistent with this section, shall stand modified to the extent required for compliance.
- (ii) The "Appointed Date" for the Demerger Scheme is July 01, 2016.
- (iii) The Demerger Scheme, inter alia, provides for, in consideration for the transfer of the Demerging Businesses, the issuance by SIS Asset Management Private Limited of (a) 43,070,000 fully paid-up

compulsorily convertible preference shares of ₹ 10 each ("CCPS") proportionately for every 19,512,800 equity shares of ₹ 10 each of SMC held by shareholders of SMC on the Appointed Date, and (b) 16,520,000 equity shares of ₹ 10 each of SIS Asset Management Private Limited for every 6,202,659 Equity Shares held by shareholders of our Parent on the Appointed Date ("Consideration"). Any CCPS allotted, or deemed to be allotted to the Parent (on account of the Parent being a shareholder of SMC) as consideration for transfer of the SMC Demerging Business would stand cancelled. Hence SIS Group International Holdings Pty Ltd. being the 41% shareholder of SMC shall be allotted 17.66 million CCPS.

- (iv) The difference between the book values of the assets and liabilities transferred and vested in SIS Asset Management Company Private Limited shall be adjusted against the share premium account of the respective demerging companies;

Upon the Demerger Scheme becoming effective on January 18, 2018 (being the date of filing of the order of the Honourable National Company Law Tribunal, Kolkata with the Registrar of Companies, Patna), sixteen immovable properties owned by the Parent and three investments owned by SMC ("Demerged Properties") stand transferred to, and vested with, SIS Asset Management Private Limited.. The Demerged Properties consist primarily of land and buildings, including the Group's administrative office, training centres at Garwha, Jharkhand (including academic blocks and hostels), Dehradun and Cuttack and investments by SMC in Vardan and Sunrays, which own the Group's corporate office.

**The net financial impact of the Demerger Scheme on the Group was as follows:**

Particulars	Amounts transferred
Land	55.81
Buildings	118.46
Goodwill	411.79
Other net assets/ (Liabilities)	(19.51)
<b>Net Assets transferred</b>	<b>566.55</b>

## 14. EQUITY SHARE CAPITAL

### Authorised share capital

Particulars	(Nos. in million)	(₹ million)
<b>Equity shares of ₹ 10 each</b>		
<b>At April 1, 2017</b>	135.00	1,350.00
Increase/(decrease) during the year	-	-
<b>At March 31, 2018</b>	<b>135.00</b>	<b>1,350.00</b>
Increase/(decrease) during the year	-	-
<b>At March 31, 2019</b>	<b>135.00</b>	<b>1,350.00</b>



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Issued, subscribed and paid up equity capital

Particulars	(Nos. in million)	(₹ million)
<b>Equity shares of ₹ 10 each subscribed and fully paid</b>		
<b>Issued, subscribed and paid up share capital as at April 1, 2017</b>	68.70	687.03
Exercise of options – proceeds received	0.04	0.36
Public Issue of Shares	4.44	44.45
Conversion of Compulsorily Convertible debentures*	0.00	0.00
<b>At March 31, 2018</b>	73.18	731.84
Exercise of options – proceeds received	0.13	1.29
<b>At March 31, 2019</b>	<b>73.31</b>	<b>733.13</b>

\* The Compulsorily Convertible Debentures were converted into 22 equity shares of ₹ 10 each fully paid up

### Notes:

- Of the above, 2,210,500 and 62,457,240 equity shares were allotted as fully paid Bonus Shares by capitalization of general reserves during the year ended March 31, 2006 and March 31, 2017 respectively.
- Mr. Uday Singh was the holder of 79,000 unpaid shares in SIS International Holdings Ltd., a wholly owned subsidiary in the Group. In terms of a letter dated December 1, 2009, Mr. Singh had the option to exchange these shares for shares of the Parent in a manner reflecting the fair value of these shares, reduced by the amounts unpaid on them. Subsequently, in lieu of these shares and suitably adjusted for amounts unpaid thereon, Mr. Singh was allotted 40,565 equity shares during the year ended March 31, 2017, at a ratio as determined in accordance with a valuation report prepared by a SEBI registered merchant banker.
- During the year ended March 31, 2018, the Parent completed an Initial Public Offering (IPO) of its shares consisting of a fresh offer of 4,444,785 equity shares of ₹ 10 each at a premium of ₹ 805 per share and an offer for sale of 5,120,619 equity shares of ₹ 10 each by the selling shareholders. The proceeds of the fresh offer component from the IPO amounted to ₹ 3,410.47 (million) (net of issue expenses). The equity shares of the Parent 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	3,622.50
Less: Estimated offer related expenses in relation to the Issue	233.82
<b>Net Proceeds</b>	<b>3,388.68</b>
Add: Saving in offer related expenses	21.79
<b>Total</b>	<b>3,410.47</b>

Particulars	Projected utilization of funds as per prospectus	Utilised up to March 31, 2019	Unutilised amount as on March 31, 2019
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	788.70	Nil
Add: Saving in offer related expenses	21.77	21.77	Nil
	<b>810.47</b>	<b>810.47</b>	<b>Nil</b>
<b>Total</b>	<b>3,410.47</b>	<b>3,410.47</b>	<b>Nil</b>

Expenses incurred by the Parent, amounting to ₹ 212.03 million (net of recovery from shareholders), in connection with the IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.

### Terms/rights attached to equity shares

The Parent has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and to participate in dividends in proportion to the number of and amounts paid on the shares held. The Parent declares and pays dividends in Indian rupees.

In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive the remaining assets of the Parent, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Details of shareholders holding more than 5% shares in the Parent

Name of the shareholder	March 31, 2019		March 31, 2018	
	No. in million	% holding in the class	No. in million	% holding in the class
Ravindra Kishore Sinha	29.63	40.42%	29.63	40.49%
Rita Kishore Sinha	12.11	16.52%	12.11	16.55%
Rituraj Kishore Sinha	8.35	11.39%	8.35	11.41%

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
	No.	No.	No.	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of general reserve	105,980	32,740	62,457,240	-	-
Equity shares allotted as fully paid up without payment being received in cash	-	-	40,565	-	-
Equity shares bought back	-	-	-	-	-

During the year ended March 31, 2019, 10,598 (March 31, 2018: 3,274) options issued to employees were exercised by them and equity shares allotted. Further, in terms of the ESOP 2008, the equity shares so allotted on exercise of the options shall be adjusted for the bonus issue of 10 shares for every 1 equity share announced by the Parent on July 27, 2016.

Accordingly, a total number of 116,578 (March 31, 2018: 36,014) equity shares were allotted by the Parent on exercise of 10,598 (March 31, 2018: 3,274) options by the employees, which included a total number of 105,980 (March 31, 2018 : 32,740) equity shares allotted by the Parent as bonus shares pursuant to the said terms of ESOP 2008.

## Shares reserved for issue under options

### Employees share options

Refer note 28 for details regarding employee share options issued by the Company.

## 15. OTHER EQUITY

Particulars	March 31, 2019	March 31, 2018
<b>Reserves and surplus</b>		
Securities premium	3,509.99	3,500.45
General reserve	188.80	186.06
Share options outstanding account	215.80	154.24
Retained earnings	7,731.05	5,787.61
Capital reserve	181.24	-
Debenture redemption reserve	125.00	-
<b>Total reserves and surplus</b>	<b>11,951.88</b>	<b>9,628.36</b>
<b>Other reserves</b>		
Foreign currency translation reserve	(186.08)	(77.16)
<b>Total other reserves</b>	<b>(186.08)</b>	<b>(77.16)</b>
<b>Total other equity</b>	<b>11,765.80</b>	<b>9,551.20</b>

## Securities Premium

Particulars	
<b>At April 1, 2017</b>	<b>487.29</b>
Add: Receipts on issue of equity shares	3,578.05
Add: Receipts on exercise of share options	4.44
Add: Receipts on conversion of Compulsorily Convertible Debentures	209.25
Less: Transaction costs arising on share issue	212.03
Less: Deficit arising on demerger of business (refer note 13)	566.55
<b>At March 31, 2018</b>	<b>3,500.45</b>
Add: Receipts on exercise of share options	9.54
<b>At March 31, 2019</b>	<b>3,509.99</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## General Reserve

Particulars	
<b>At April 1, 2017</b>	<b>186.39</b>
Less: Capitalisation on issue of bonus shares	0.33
<b>At March 31, 2018</b>	<b>186.06</b>
Add: Exercise of Employee Stock options	3.80
Less: Capitalisation on issue of bonus shares	1.06
<b>At March 31, 2019</b>	<b>188.80</b>

## Share Options Outstanding Account

The Parent has two share option schemes under which options to subscribe for the Parent's shares have been granted to certain executives and senior employees.

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer note 28 for further details of these plans.

Particulars	
<b>As at April 1, 2017</b>	<b>76.42</b>
Add: Stock option compensation expense	82.26
Less: Transferred to Securities premium on exercise of share options	4.44
<b>At March 31, 2018</b>	<b>154.24</b>
Add: Stock option compensation expense	74.90
Less: Transferred to Securities premium on exercise of share options	9.54
Less: Transferred to General reserve on exercise of share options	3.80
<b>At March 31, 2019</b>	<b>215.80</b>

## Retained earnings

Particulars	
<b>At April 1, 2017</b>	<b>4,308.22</b>
Add: Net Profit (Loss) for the year	1,630.28
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Remeasurements of post-employment benefit obligations, net of taxes	(4.40)
Less: Appropriations	
- Interim Dividend	146.37
- Dividend Distribution Tax	29.79
- Transfer to minority interest	9.84
- Other appropriations	(39.51)
<b>At March 31, 2018</b>	<b>5,787.61</b>
Add: Impact of change in accounting policies as per Ind AS 115	(7.48)
Add: Net Profit (Loss) for the year	2,146.79
Add: Items of Other Comprehensive Income recognised directly in retained earnings	
- Remeasurements of post-employment benefit plans directly in retained earnings	29.74
Less: Appropriations-	
- Final Dividend	109.78
- Dividend Distribution Tax	2.34
- Transfer to minority interest	(11.51)
- Transfer to debenture redemption reserve	125.00
<b>At March 31, 2019</b>	<b>7,731.05</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Equity component of compound financial instruments

Particulars	
<b>At April 1, 2017</b>	<b>209.25</b>
Less: Transferred to Securities Premium on conversion of compulsorily convertible debentures	209.25
<b>At March 31, 2018</b>	<b>-</b>
Less: Transferred to Securities Premium on conversion of compulsorily convertible debentures	-
<b>At March 31, 2019</b>	<b>-</b>

## Foreign currency translation Reserve

Particulars	
<b>At April 1, 2017</b>	<b>(48.90)</b>
Net Investment in a foreign operation	(5.35)
Translation reserve	(22.91)
<b>At March 31, 2018</b>	<b>(77.16)</b>
Translation reserve	(108.92)
<b>At March 31, 2019</b>	<b>(186.08)</b>

## Capital reserve

Particulars	
<b>At April 1, 2017</b>	<b>-</b>
<b>At March 31, 2018</b>	<b>-</b>
Capital reserve created on issue of preference shares on demerger	181.24
<b>At March 31, 2019</b>	<b>181.24</b>

## Debenture redemption reserve

Particulars	
<b>At April 1, 2017</b>	<b>-</b>
<b>At March 31, 2018</b>	<b>-</b>
DRR creation during the year	125.00
<b>At March 31, 2019</b>	<b>125.00</b>

## Nature and purpose of Reserves

### Securities Premium

Security premium is used to record the premium on issue of shares or other securities such as debentures or bonds. The reserve is utilised in accordance with the Companies Act, 2013.

### General Reserve

The general reserve is the result of a company's transferring a certain amount of profit from the account of retained earnings to the general reserve account. The purpose of setting up a general reserve account is to meet potential future unknown liabilities. In other words, the general reserve is a free reserve which can be utilized for any purpose after fulfilling certain conditions.

### Share Options outstanding Account

The share options outstanding account is used to recognize the grant date fair value of options issued to employees under the Parent's employee share option plan. Refer note 28 for details.

### Retained earnings

Retained earnings represents the amount of accumulated earnings of the Company and re-measurement differences on defined benefit plans.

### Debenture redemption reserve

Pursuant to the provisions of the Act, the Company is required to create debenture redemption reserve out of the profits which is to be utilised for the purpose of redemption of debentures. On redemption of the debentures, the related amount of this reserve will be transferred to retained earnings.

### Foreign currency translation Reserve

Translation differences included in the foreign currency translation reserve arise as a result of translating the financial statement items from the functional currency into the presentational currency using the exchange rate at the balance sheet date, which differs from the rate in effect at the last measurement date of the respective item.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 16. BORROWINGS

Particulars	Refer note below	March 31, 2019	March 31, 2018
<b>Non-current Borrowings</b>			
<b>Secured</b>			
<b>Bonds/ Debentures</b>			
- Non-Convertible Debentures issued to ICICI prudential Asset Management Company Limited	a	1,490.75	-
<b>Term Loans</b>			
<b>From Banks</b>			
- HDFC Bank Limited	b	95.29	133.40
- IDBI Bank Limited	c	-	28.14
- Yes Bank Limited	d	89.80	120.21
- Small Industries Development Bank of India ('SIDBI')	e	60.75	-
- Kotak Mahindra Bank Limited	f	252.73	-
- National Australia Bank	g	4,008.15	3,442.17
- Vehicle Loan from various banks	h	252.98	94.62
<b>From other parties</b>			
- Vehicle Loan from Others	j	86.66	59.47
<b>Total secured borrowings</b>		<b>6,337.11</b>	<b>3,878.01</b>
<b>Unsecured</b>			
<b>Bonds/ Debentures</b>			
<b>Term Loans</b>			
- Yes Bank Limited	k	56.08	93.30
<b>Total unsecured borrowings</b>		<b>56.08</b>	<b>93.30</b>
<b>Total non-current borrowings</b>		<b>6,393.19</b>	<b>3,971.31</b>
Less: Current maturity of long-term borrowings		251.59	208.08
<b>Non-current borrowings (as per balance sheet)</b>		<b>6,141.60</b>	<b>3,763.23</b>
<b>Current borrowings</b>			
<b>Secured</b>			
<b>Loans repayable on demand</b>			
<b>From Banks</b>			
- Kotak Mahindra Bank Limited	l	541.20	450.00
- Axis Bank Limited	m	-	19.57
- HDFC bank	n	365.76	-
- Standard Chartered Bank	o	542.15	-
- State Bank of India	p	267.79	-
- ICICI Bank Limited	q	282.31	259.07
- Yes Bank Limited	r	1,068.92	730.98
- Citizen Bank	s	118.60	-
- Bank West	t	61.89	138.20
- Vehicle Loan from various banks	h	93.23	-
<b>Total secured borrowings</b>		<b>3,341.85</b>	<b>1,597.82</b>
<b>Unsecured</b>			
<b>Loans repayable on demand</b>			
<b>From Banks</b>			
<b>From Others</b>			
- Loans and advances from others		14.14	-
<b>Total unsecured borrowings</b>		<b>14.14</b>	<b>-</b>
<b>Net current borrowings</b>		<b>3,355.99</b>	<b>1,597.82</b>
Aggregate Secured borrowings		9,678.96	5,475.82
Aggregate Unsecured borrowings		70.22	93.30

### Notes:

#### Long Term Borrowings - Secured:

##### Bonds/debentures:

- a. ICICI Prudential Assets Management Company Limited has subscribed to 1,500 non-convertible debentures (NCDs)

of ₹ 1,000,000/- each. The NCDs carry interest @ 9.50 % per annum, payable annually. The NCDs are secured

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

against 85.92% shareholding in Dusters total solutions services private limited. The debentures are redeemable after 3 years from the date of issue. i.e April 13, 2021.

## Term loans:

- b. Secured by way of first charge on the movable fixed assets of the Company purchased out of the term loan proceeds and second pari passu charge on stock and book debts of the Company both present and future. The loan is repayable in 16 equal quarterly instalments of ₹ 9.53 million each, with repayment to commenced from November 2017 and is scheduled to be repaid during FY 2021 – 22.
- c. Secured by an exclusive charge on the specified assets acquired out of the loan and second pari-passu charge on the current assets of the Company. The loan was repayable in 15 equal quarterly instalments of ₹6.67 million each, Prepayment of outstanding amount has been made during FY 2018 -19.
- d. : (i) Secured against an exclusive charge over the fixed assets and current assets of Service Master Clean Limited and a corporate guarantee from the Parent. The term loans are repayable in 42 equal monthly instalments from the date of respective draw down, totaling ₹1.67 million per month with repayment commenced from June 2016 and are scheduled to be completely repaid by FY 2021-22.
- (ii) Secured by first charge on the specified fixed assets of Tech SIS Limited and a corporate guarantee from the Parent. The loan is scheduled to be repaid by 2019-20.
- e. Secured by way of first charge on the movable fixed assets of SLV Security Services Private Limited, purchased out of loan proceeds (both present and future). The loan is repayable in monthly equal instalments and is scheduled to be repaid by FY 2023-24
- f. Secured by way of first charge on the movable fixed assets of the Company purchased out of the term loan proceeds and second pari passu charge on receivables/ current assets of the Company both present and future. The loan is repayable in 18 equal quarterly instalments beginning from the end of the 1st quarter after the end of moratorium Period of six months. Repayment will start from September 29, 2019.
- g. Secured by all assets and share mortgages of SIS Australia Group Pty Ltd and its subsidiaries, with the exception of SIS Henderson Pte. Ltd. and its subsidiaries, Platform 4 Group Ltd, MSS AJG Pty Ltd and SX Protective Holdings Pty Ltd. (formerly known as Andwills Pty Ltd) and its subsidiaries. The loan is scheduled for repayment on its maturity (i.e. April 30, 2021).

- h. Vehicle Loan from Banks are secured by hypothecation of vehicles purchased against the loan taken from that Bank. The loans have various repayment schedules and are scheduled to be repaid by November, 2023.

- i. The terms loans mentioned above except vehicle loans and loan from National Australia Bank ('NAB'), carry interest at MCLR plus spread margin ranging from 75 bps to 145 bps (March 31, 2018: 75 bps to 285 bps). The vehicle loans carry interest from 8.25% to 10.50% per annum and loan from NAB carries interest at BBSY plus spread margin ranging from 200 bps to 300 bps. depending on the gearing ratio computed as Net debt/EBITDA and a commitment charge which is 50% of the margin ranging from 100-150 bps calculated on the undrawn amount of the loans.

## Other loans and advances:

- j. Vehicle Loan from Others are secured by hypothecation of the respective vehicle(s) purchased against the loan taken from that financier(s). The loans carry interest from 8.25% to 11.03% per annum and have various repayment schedules and are scheduled to be repaid by FY2022-23.

## Long Term Borrowings – Unsecured:

### Term loans:

- k. The loan carries interest at MCLR plus 50 bps and is repayable in 16 equal quarterly instalments of ₹ 9.37 million each, with repayment to commenced from November 2016 and is scheduled to be completed in August 2020.

## Short Term Borrowings - Secured Loans repayable on demand:

- l. Secured by first pari passu charge over current assets and second pari passu charge over the movable fixed assets of the Company.
- m. Secured by first pari- passu charge over current assets and second pari-passu charge over the movable & immovable fixed assets of Dusters Total Solutions Services Private Limited..
- n. Secured by first pari- passu charge over current assets and second pari-passu charge over the movable fixed assets of SLV Security Services Private Limited.
- o.: (i) Secured by first pari passu charges over the current assets and second pari passu charges over the movable fixed assets.
- (ii) Secured by first pari- passu charge over current assets and second pari-passu charge over the movable fixed assets of SLV Security Services Private Limited.
- p. Secured by first pari passu charges over the current assets and immovable fixed assets and first charge over movable assets.



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

- q. Secured by first parri passu charges over the current assets and immovable fixed assets and second charge over movable assets (both present and future) of the Company.
- r : (i) Secured by pari passu charge over the current assets of the Parent..
- (ii) Secured by pari passu charge over the current assets and fixed assets of Service Master Clean Limited and by a Corporate Guarantee from the Parent.
- (iii) Secured by a charge over trade receivables of Tech SIS Limited and have also been guaranteed by the Parent.
- s. Secured by pari passu charge over stocks and book debts (both present and future) and second charge over the immovable property of RARE Hospitality and Services Private Limited and a plot situated at Village Ghotawade, Tal – Mulshi, Dist – Pune, belonging to the outgoing promoter shareholders.
- t. Secured by a fixed and floating charge over the assets of Australian subsidiaries of the Group. The loan is scheduled for repayment on its maturity (ie June 10, 2019).
- u. The loans repayable on demand mentioned above except loan from Bank West, carry interest at MCLR plus spread margin ranging from 20 bps to 95 bps (March 31, 2018: 75 bps to 135 bps). The loan from Bank West carries interest at 4.51% per annum.
- There has been no default in the payment of interest or repayment of principal in respect of the above loans/borrowings.

## 17. TRADE PAYABLES

Particulars	March 31, 2019	March 31, 2018
<b>Non-current</b>	-	-
<b>Current</b>		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	13.57	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	647.85	806.36
<b>Total current trade payables</b>	<b>661.42</b>	<b>806.36</b>
<b>Total trade payables</b>	<b>661.42</b>	<b>806.36</b>

The terms and conditions of the above financial liabilities are as follows:

- a. Trade payables are non-interest bearing and are normally settled on credit terms ranging from 30-60 days which vary by vendor and type of service.
- b. For outstanding balances, terms and conditions with related parties, refer note 40.

## 18. OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2019	March 31, 2018
<b>Non-current</b>		
Lease rent equalization	21.18	13.21
Liability towards forward contract to purchase non-controlling interests of a subsidiary (refer note 37)	1,756.07	540.35
Liability towards put and call options to purchase non-controlling interests in a subsidiary (refer note 37)	5,982.74	2,038.27
Other non-current financial liabilities	0.20	103.82
<b>Total other non-current financial liabilities</b>	<b>7,760.19</b>	<b>2,695.65</b>
<b>Current</b>		
Interest accrued but not due on borrowings	173.81	20.11
Current maturity of long-term borrowings (refer note 16)	251.59	208.08
Unpaid/unclaimed dividends	0.73	0.34
Employee benefits payable	2,690.29	1,806.11
Other payables and accruals	3,227.87	2,420.94
<b>Total other current financial liabilities</b>	<b>6,344.29</b>	<b>4,455.58</b>
<b>Total other financial liabilities</b>	<b>14,104.48</b>	<b>7,151.23</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial Assets:</b>						
Investments						
-Equity instruments	0.05	-	-	0.02	-	-
-Preference shares	210.37	-	-	-	-	-
-Bonds and debentures	-	-	397.00	-	-	247.00
-Mutual fund	68.21	-	-	-	-	-
Trade receivables	-	-	9,529.61	-	-	6,242.71
Cash and cash equivalents	-	-	4,197.33	-	-	4,655.48
Other bank balances	-	-	1,231.46	-	-	772.43
Other financial assets	72.59	-	5,515.98	61.98	-	4,851.07
<b>Total Financial Assets</b>	<b>351.22</b>	<b>-</b>	<b>20,871.38</b>	<b>62.00</b>	<b>-</b>	<b>16,768.69</b>
<b>Financial Liabilities:</b>						
Trade and other payables	-	-	661.42	-	-	806.36
Borrowings	-	-	9,497.59	-	-	5,361.05
Other financial liabilities	7,836.28	-	6,268.20	2,664.81	-	4,486.42
<b>Total Financial Liabilities</b>	<b>7,836.28</b>	<b>-</b>	<b>16,427.21</b>	<b>2,664.81</b>	<b>-</b>	<b>10,653.83</b>

### Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis and the basis for that measurement is as below:

Particulars	March 31, 2019			March 31, 2018		
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Level 1 inputs	Level 2 inputs	Level 3 inputs
<b>Financial Assets:</b>						
Investments carried at fair value through profit and loss	68.21	-	210.42	-	-	0.02
Other financial assets	-	-	72.59	-	-	61.98
<b>Total Financial Assets</b>	<b>68.21</b>	<b>-</b>	<b>283.01</b>	<b>-</b>	<b>-</b>	<b>62.00</b>
Other financial liabilities	-	-	7,836.28	-	-	2,664.81
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>7,836.28</b>	<b>-</b>	<b>-</b>	<b>2,664.81</b>

### Valuation methodologies

Investments in equity / preference instruments: The Group's investments consist primarily of investment in equity/preference shares of unquoted companies. Management has considered cost to be approximating to fair value of such investments.

Investments in Bonds and Debentures: The Group's investments consist primarily of investment in non-convertible debentures which are not listed on stock exchanges. The fair value of such

investments is determined using a combination of discounted cash flow analysis and option pricing models.

All of the resulting fair value estimates are included in Level 3 as the fair values have been determined based on present values and discount rates used are adjusted for counter party or own credit risk.

The following table presents the change in Level 3 items for the periods ended March 31, 2019 and March 31, 2018:

Particulars	Unlisted equity / preference securities	Indemnification asset	Contingent liability	Liability for forward contract for purchase of non-controlling interests	Liability for call and put options for purchase of non-controlling interests
<b>As at April 1, 2017</b>	<b>0.02</b>	<b>52.93</b>	<b>76.37</b>	<b>591.20</b>	<b>-</b>
Add: Acquisitions	-	-	-	-	1,935.90
Add: Unwinding of present value discount	-	9.05	9.82	72.14	102.37
Add: (Gains) / loss on fair value recognized in statement of profit and loss	-	-	-	(6.36)	-
Less: Interim discharge of liability	-	-	-	116.63	-
<b>As at March 31, 2018</b>	<b>0.02</b>	<b>61.98</b>	<b>86.19</b>	<b>540.35</b>	<b>2,038.27</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Particulars	Unlisted equity / preference securities	Indemnification asset	Contingent liability	Liability for forward contract for purchase of non-controlling interests	Liability for call and put options for purchase of non-controlling interests
Add: Acquisitions / (disposal)	210.40	-	-	1,194.03	3,898.96
Add: Unwinding of present value discount	-	10.61	11.28	110.06	45.51
Add: (Gains) / loss on fair value recognized in statement of profit and loss	-	-	-	56.76	-
Less: Interim discharge of liability	-	-	-	145.13	-
<b>As at March 31, 2019</b>	<b>210.42</b>	<b>72.59</b>	<b>97.47</b>	<b>1,756.07</b>	<b>5,982.74</b>
Unrealised fair value (gains) / losses recognized in statement of profit and loss related to assets and liabilities held at the end of the reporting period:	-	-	-	-	-
<b>March 31, 2018</b>	-	-	-	<b>(6.36)</b>	-
<b>March 31, 2019</b>	-	-	-	<b>56.76</b>	-

Fair Values of assets and liabilities carried at amortised costs are as follows:

Particulars	March 31, 2019		March 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Level 2 inputs		Level 2 inputs	
<b>Financial Assets:</b>				
Investments in debentures or bonds	397.00	342.20	247.00	234.23
Trade receivables	9,529.61	9,529.61	6,242.71	6,242.71
Cash and cash equivalents	4,197.33	4,197.33	4,655.48	4,655.48
Other bank balances	1,231.46	1,231.46	772.43	773.15
Other financial assets	5,515.98	5,515.98	4,851.07	4,851.07
<b>Financial Liabilities:</b>				
Trade payables	661.42	661.42	806.36	806.36
Borrowings	9,497.59	9,497.59	5,361.05	5,361.05
Other financial liabilities	6,268.20	6,268.20	4,486.42	4,486.42

The Group assessed that fair value of cash and short-term deposits, trade receivables, capital creditors, trade payables, bank overdrafts and other current liabilities approximate their

carrying amounts largely due to the short-term maturities of these instruments.

## Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

Particulars	Fair value as at		Significant unobservable inputs	Sensitivity
	March 31, 2019	March 31, 2018		
Unquoted equity / preference instruments	210.42	0.02	Cost	Management has considered cost to be approximating to fair value of such investments.
Indemnification asset recognised on business combination	72.59	61.98	Probability of outcome of litigation	Change in estimates by 10% results in increase/decrease in fair value by: March 31, 2018: ₹ 6.19 million March 31, 2019: ₹ 7.26 million
Contingent consideration	7,738.81	2,578.62	Probability of achieving financial projections	Change in estimates by 5% results in increase/decrease in fair value by: March 31, 2018: ₹ 133.90 million March 31, 2019: ₹ 386.94 million
Contingent liability recognised on business combination	97.47	86.19	Probability of outcome of litigation	Change in estimates by 10% results in increase/decrease in fair value by: March 31, 2018: ₹ 8.61 million March 31, 2019: ₹ 9.75 million

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Valuation processes

The finance department of the Group includes team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team atleast once every 3 months, in line with the Group's quarterly reporting period. External valuers' assistance is also taken for valuation purposes.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discounts rate are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current

market assessments of the time value of money and the risk specific to the asset.

- Risk adjustments specific to the counter parties (including assumptions about credit default rates) are derived from credit risk grading determined by the Group's internal credit risk management group.
- Volatility used for option pricing model is based on historical volatility of comparable companies.
- Contingent consideration – estimated based on expected cash outflows arising from the forecasted sales and the entities; knowledge of the business and how the current economic environment is likely to impact it.

## 20. PROVISIONS

Particulars	IBNR	Gratuity	Warranties	Leave liabilities	Others	Total
<b>At March 31, 2018</b>						
Current	38.23	50.85	-	2,085.13	11.24	2,185.45
Non-current	-	431.00	-	393.51	90.37	914.88
<b>Total</b>	<b>38.23</b>	<b>481.85</b>	<b>-</b>	<b>2,478.64</b>	<b>101.61</b>	<b>3,100.33</b>
<b>At March 31, 2019</b>						
Current	37.57	124.72	1.26	2,242.26	6.74	2,412.55
Non-current	-	622.26	-	416.99	154.64	1,193.89
<b>Total</b>	<b>37.57</b>	<b>746.98</b>	<b>1.26</b>	<b>2,659.25</b>	<b>161.38</b>	<b>3,606.44</b>

### IBNR

The IBNR, which is the abbreviated form of incurred but not reported (IBNR), are the reserves for claims that become due with the occurrence of the events covered under the insurance policy, but have not been reported yet. The sum of IBNR losses plus reported losses yields an estimate of the total eventual liabilities the insurer will cover, known as ultimate losses.

Refer note 28 for details of employee benefits.

## 21. OTHER LIABILITIES

Particulars	March 31, 2019	March 31, 2018
<b>Other non-current liabilities</b>		
<b>Other current liabilities</b>		
Income received in advance	15.48	0.02
Advances received from customers	0.95	2.54
Statutory dues payable	1,328.74	826.73
<b>Total other current liabilities</b>	<b>1,345.17</b>	<b>829.29</b>
<b>Total other liabilities</b>	<b>1,345.17</b>	<b>829.29</b>

## 22. GOVERNMENT GRANTS

Particulars	March 31, 2019	March 31, 2018
<b>As at the beginning of the year</b>	-	-
Received during the year	549.63	140.70
Released to the statement of profit and loss	549.63	140.70
<b>As at the end of the year</b>	-	-
Current	-	-
Non-current	-	-

The Group is availing of benefits under a government scheme - Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) wherein the Central Government is paying the employer's contribution towards Employee Pension Scheme / Provident Fund in respect of new employees meeting specified criteria. The grant is

paid by the Government on a monthly basis on fulfilment of certain conditions. Accordingly, such Government Grant is taken to profit or loss when the conditions are met and the grants are received.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 23. REVENUE FROM OPERATIONS

Particulars	March 31, 2019	March 31, 2018
<b>Sale of products (traded goods)</b>		
Revenue from sale of electronic security devices	70.68	275.96
<b>Total (A)</b>	<b>70.68</b>	<b>275.96</b>
<b>Rendering of services</b>		
<b>Security services</b>		
From guarding and other security services	60,858.42	50,917.42
From investigation services	-	20.57
<b>Facility management services</b>		
From Housekeeping, Cleaning, Facility operation & management services	9,319.71	6,602.90
From pest control services	144.49	101.25
<b>Other services</b>		
From training fees	72.87	75.10
<b>Total rendering of services</b>	<b>70,395.49</b>	<b>57,717.24</b>
Other operating revenues	466.56	340.53
<b>Total (B)</b>	<b>70,862.05</b>	<b>58,057.77</b>
<b>Revenue from operations (A+B)</b>	<b>70,932.73</b>	<b>58,333.73</b>

### Disaggregate revenue information

The following table presents the disaggregated revenue from contracts with customers for the year ended March 31, 2019.

Particulars	Security Services - India	Security Services – International	Facility management	Inter-segment elimination	Total
<b>Revenue by time of recognition</b>					
At a point in time (Sale of equipment)	50.52	40.07	-	-	90.59
Over the period of time	26,912.19	34,540.74	9,483.19	(93.98)	70,842.14
<b>Total</b>	<b>26,962.71</b>	<b>34,580.81</b>	<b>9,483.19</b>	<b>(93.98)</b>	<b>70,932.73</b>
<b>Revenue by geographical markets</b>					
India	26,962.71	-	9,483.19	(93.98)	36,351.92
Outside India	-	34,580.81	-	-	34,580.81
<b>Total</b>	<b>26,962.71</b>	<b>34,580.81</b>	<b>9,483.19</b>	<b>(93.98)</b>	<b>70,932.73</b>

## 24. OTHER INCOME

Particulars	March 31, 2019	March 31, 2018
Interest income from financial assets at amortized cost	175.64	147.53
<b>Total</b>	<b>175.64</b>	<b>147.53</b>

## 25. OTHER GAIN/LOSS

Particulars	March 31, 2019	March 31, 2018
Net gain/(loss) on sale of property, plant and equipment	5.66	3.50
Foreign exchange gain/loss	1.68	(1.05)
Net gain on financial assets mandatorily measured at fair value through profit or loss	(0.55)	214.75
Other items	(5.52)	0.71
<b>Total</b>	<b>1.27</b>	<b>217.91</b>

## 26. COST OF MATERIALS CONSUMED

Particulars	March 31, 2019	March 31, 2018
Purchases of chemicals, consumables, and others	239.20	199.16
Uniforms and related inventories	20.63	5.27
<b>Cost of materials consumed</b>	<b>259.83</b>	<b>204.43</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 27. CHANGES IN INVENTORY OF STOCK-IN-TRADE

Particulars	March 31, 2019	March 31, 2018
Changes in inventory of stock-in-trade	(108.43)	102.99
<b>Changes in inventory of stock-in-trade</b>	<b>(108.43)</b>	<b>102.99</b>

## 28. EMPLOYEE BENEFITS EXPENSE

### (a) Employee benefits expense include:

Particulars	March 31, 2019	March 31, 2018
Salaries, wages and bonus	51,664.00	42,759.06
Contribution to provident and other funds	5,262.81	4,061.49
Less: Government grants (refer note 22)	549.63	140.70
Employee share-based payment expense	74.84	82.27
Gratuity Expense	193.73	142.46
Leave Expense	223.57	153.09
Staff welfare expenses	701.40	602.51
<b>Total employee benefit expense</b>	<b>57,570.72</b>	<b>47,660.18</b>

### (b) Unfunded Scheme – Leave obligations

Leave obligations cover the Group's liability for sick and earned leave.

The amount of the provision of ₹ 2,242.26 million (March 31, 2018 – ₹ 2,085.73 million) included in note 20 is presented as current, since the Group does not have an unconditional right to defer settlement of any of these obligations. However, based

on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months:

Particulars	March 31, 2019	March 31, 2018
Current leave obligation not expected to be settled within next 12 months	44.12	221.17

### Unfunded Schemes:

Particulars	March 31, 2019	March 31, 2018
Present value of unfunded obligations	76.82	44.88
Expenses to be recognized in the statement of profit and loss	31.94	(4.17)
Discount rate (per annum)	6.70%	7.20%
Salary escalation rate (per annum)	6.78%	7.54%

The liability for earned and sick leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

### c) Defined contribution plans

The entities of the Group has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of the salary (subject to a limit of ₹ 15,000 salary per month) as per regulations. For entities in India, the contributions are made to the registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual or constructive obligation in this regard.

Further contributions are made in respect of Employees' State Insurance Scheme, for specified employees, at the rate of 4.75% of the gross pay as per regulations. The contributions are towards medical benefits provided by the Government to the employees. The contributions are made to employees' state insurance authorities administered by the Government. The obligation of the Group is limited to the amount contributed and it has no further contractual or constructive obligation in this regard.

In outside India, the entities of the Group provide post-employment benefits through accumulation fund and central provident fund. The entities of the Group pay a fixed contribution at the rate of 9.5% of the basic salary into employee nominated independent superannuation (annuity) funds in relation to several state plans and insurance for individual employees. The central provident fund is an employment based savings scheme with employers and employees contributing a



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

mandated amount to the Fund at the rate from 7.5% to 17%. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions.

Contributions to provident fund/ employees' state insurance/ superannuation funds are recognized as an expense as they become payable which coincides with the period during which relevant employee services are received. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The expense recognised during the period towards defined benefit contribution plans is ₹ 5,262.81 million (March 31, 2018 – ₹ 4,061.49 million).

## d) Defined benefit plans

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the entities of the Group provide for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the entities of the Group. The amount of gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately

for 15 days salary multiplied by the number of completed years of service subject to completion of five years of service and other conditions. The payment of gratuity Act, 1972 has been amended during the previous year to enhance the gratuity ceiling from ₹ 1.00 million to ₹ 2.00 million. The gratuity plan is a funded plan for the Parent and certain subsidiaries in the Group, and those entities make contributions to group gratuity policies managed by insurance companies. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no foreign defined benefit plans.

Certain entities of the Group have invested the plan assets in the insurer managed funds.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

## Expenditure to be recognized during the year:

Particulars	March 31, 2019	March 31, 2018
Current service cost	160.05	111.70
Past service cost	-	10.31
Interest cost	33.68	20.45
<b>Total amount recognised in profit or loss</b>	<b>193.73</b>	<b>142.46</b>
<b>Remeasurements</b>		
Return on plan assets, excluding amounts included in interest income	8.65	2.94
Loss / (gain) from changes in financial assumptions	21.92	(18.76)
Loss/ (gain) from changes in demographic assumptions	16.19	16.48
Experience loss / (gain)	(95.61)	8.66
<b>Total loss / (gain) recognised in other comprehensive income</b>	<b>(48.85)</b>	<b>9.33</b>

**Note:** Past service cost of the Parent amounting to ₹ Nil (March 31, 2018 – ₹ 8.33 million) has been shown as an exceptional item in the statement of profit and loss.

## Change in present value of defined benefit obligation is summarized below:

Particulars	March 31, 2019	March 31, 2018
<b>Reconciliation of opening and closing balances of Defined Benefit Obligation</b>		
Defined benefit obligation at the beginning of year	<b>627.33</b>	<b>491.89</b>
Acquired on business combination	160.30	-
Current service cost	160.05	111.70
Past service cost	-	10.31
Interest cost	42.47	28.09
Remeasurements	(57.50)	6.39
Benefits paid	(27.30)	(21.05)
<b>Defined benefit obligation at year end</b>	<b>905.35</b>	<b>627.33</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Reconciliation of fair value of plan assets:

Particulars	March 31, 2019	March 31, 2018
<b>Reconciliation of opening and closing balances of fair value of plan assets</b>		
<b>Fair value of plan assets at the beginning of the period</b>	<b>145.49</b>	<b>131.67</b>
Interest income	8.79	7.65
Remeasurements	(8.65)	(2.94)
Contribution by employer	40.04	21.95
Benefits paid	(27.30)	(12.83)
<b>Fair value of plan assets at the closing of the period</b>	<b>158.37</b>	<b>145.49</b>

## Reconciliation of fair value of Assets and Obligations:

Particulars	March 31, 2019	March 31, 2018
<b>Reconciliation of fair value of Assets and Obligations</b>		
Fair value of plan assets	158.37	145.49
Present value of obligation	905.35	627.33
<b>Asset / (liability) recognized in balance Sheet</b>	<b>(746.98)</b>	<b>(481.84)</b>

The present value of defined benefit obligation relates to active employees only.

The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one-off contributions. The Group intends to continue to

contribute to the defined benefit plans to achieve target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The principal assumptions used in determining gratuity and post-employment benefit obligations for the Group's plans are shown below:

## Principal Assumptions:

Particulars	March 31, 2019	March 31, 2018
<b>Principal actuarial assumptions</b>		
<b>Discount rate</b>	<b>6.70%</b>	<b>7.20%</b>
Future salary increase		
- Non-billing / indirect employees	6.80-8.00%	7.20-8.00%
- Billing /direct employees	5.00-8.00%	5.00-6.80%
<b>Attrition rate</b>		
Billing employees		
- Age from 21-30 years	29-50%	28-46%
- 31-34	28-50%	21-40%
- 35-40	28-50%	21-40%
- 41-45	28-50%	21-35%
- 46-50	28-50%	21-35%
- 51 and above	28-50%	25-41%
Non billing employees		
- Age from 21-30 years	15-29%	15-29%
- 31-40	13-29%	13-22%
- 41-50	5-29%	5-12%
- 51 & above	4-29%	4-16%

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

Assumptions	Discount rate		Future salary increases	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
<b>Sensitivity Level</b>				
<b>Impact on defined benefit obligation</b>				
March 31, 2019	-2.20%	2.31%	2.25%	-2.16%
March 31, 2018	-2.76%	2.93%	2.76%	-2.65%

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of

the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The major category of plan assets are as follows:

	March 31, 2019			March 31, 2018		
	Unquoted	Total	%	Unquoted	Total	%
Gratuity policy managed by insurance companies	158.37	158.37	100	145.49	145.49	100

## Risk Exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are market volatility, changes in inflation, changes in interest rates, rising longevity, changing economic environment and regulatory changes.

The Parent and certain entities of the Group have selected a suitable insurers to manage the funds in such a manner as to ensure that the investment positions are managed with an asset-liability matching framework that has been developed to achieve investments which are in line with the obligations under the employee benefit plans. Within this framework, the asset-liability matching objective is to match assets to the obligations by investing in securities to match the benefit payments as they fall due.

The insurers, on behalf of the entities of the Group, actively monitor how the duration and the expected yield of the investments are matching the expected cash outflows arising from employee benefit obligations. The entities of the Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that failure of any single investment should not have a material impact on the overall level of assets.

## e) Share-based payments

The Company has two Employee Stock Option plans namely ESOP 2008 and ESOP 2016.

### ESOP 2008

- Under ESOP 2008 Employee Share options were granted in 2008, 2011, 2014, 2015 and 2016 and 59,000 options, 30,000 Options, 30,500 Options, 3,500 options and 2,096 options respectively have been granted.
- All options granted in 2008 have been either exercised or lapsed.
- Out of the 30,000 options granted in 2011, 21,700 options were exercised and the remaining 8,300 options have lapsed/forfeited.
- Out of the 30,500 options granted in 2014, all were vested and exercised (including 1,500 options during the year ended March 31, 2018) during the year March 31, 2019.
- Out of the 3,500 Options granted in 2015, all were vested and exercised during the year ended March 31, 2017.

- Out of the 2,096 Options granted in 2016, the same will vest and be eligible for exercise over four financial years. Of these, 1048 options have vested and been exercised
- All options under ESOP 2008 will now be governed by the terms of ESOP 2016 except in respect of vesting and exercise which will still be governed by the terms mentioned in the respective grant letters. The Options issued under ESOP 2008 will be adjusted for the bonus issue of ten equity shares for every equity share held as on September 20, 2016, as and when such options are exercised.
- During the year ended March 31, 2018, upon exercise of stock options by the eligible employees, the Company has allotted 36,014 equity shares of ₹ 10 each.
- During the year ended March 31, 2019, upon exercise of stock options by the eligible employees, the Company has allotted 116,578 equity shares of ₹ 10 each.

### ESOP 2016

- Under ESOP 2016, the Company granted 1,216,000 options on August 01, 2016 which will vest over four financial years and be eligible for exercise, subject to certain conditions, after August 1, 2020.
- Of these options:
  - 45,240 options have been forfeited on account of the respective employees no longer in employment
  - 359,845 have vested on August 01, 2017, out of these Options, a total of 12,310 options were exercised during the year ended on March 31, 2019
- During the year ended March 31, 2018, the Company issued a further 32,415 options to eligible employees which will vest over three financial years and be eligible for exercise, subject to certain conditions, after August 1, 2020.
- During the year ended March 31, 2019, the Company issued a further 1,500 options to eligible employees which will vest over three financial years and be eligible for exercise, subject to certain conditions, after October 3, 2020.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

- e) During the year ended March 31, 2019, the Company issued a further 9,000 options to eligible employees which will vest over three financial years and be eligible for exercise, subject to certain conditions, after October 3, 2021.
- f) During the year ended March 31, 2019, upon exercise of stock options by the eligible employees, the Company has allotted 12,310 equity shares of ₹ 10 each.

Options granted under the aforesaid plans carry no dividend or voting rights.

## Movements during the year

### Year ended March 31, 2018

Particulars	ESOP 2008		ESOP 2016				Total
	ESOPs granted in						
	2011-12*	2014-15*	2016-17*	2016-17	2017-18	2018-19	
<b>Total No. of Options available as on April 1, 2017</b>	<b>9,994</b>	<b>4,000</b>	<b>2,096</b>	<b>1,204,150</b>	-	-	<b>1,220,240</b>
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	2 years	4 years	4 years	4 years	3 years	-	
Options Issued during the year	-	-	-	-	32,415	-	32,415
Options vested and exercised during the year*	1,250	1,500	524	-	-	-	3,274
Options forfeited/lapsed during the year	598	-	-	27,910	-	-	28,508
<b>Outstanding Stock Options as at March 31, 2018</b>	<b>8,146</b>	<b>2,500</b>	<b>1,572</b>	<b>1,176,240</b>	<b>32,415</b>	<b>-</b>	<b>1,220,873</b>
Options exercisable as at March 31, 2018	8,146	-	-	-	-	-	8,146

\* Prior to bonus adjustment

### Year ended March 31, 2019

Particulars	ESOP 2008		ESOP 2016				Total
	ESOPs granted in						
	2011-12*	2014-15*	2016-17*	2016-17	2017-18	2018-19	
<b>Total No. of Options available as on April 1, 2018</b>	<b>8,146</b>	<b>2,500</b>	<b>1,572</b>	<b>1,176,240</b>	<b>32,415</b>	<b>-</b>	<b>1,220,873</b>
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	2 years	4 years	4 years	4 years	3 years	2 years#	
Options Issued during the year	-	-	-	-	-	10,500	10,500
Options vested and exercised during the year**	7,574	2,500	524	12,310	-	-	22,908
Options forfeited/lapsed during the year	572	-	-	5,480	-	-	6,052
<b>Outstanding Stock Options as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>1,048</b>	<b>1,158,450</b>	<b>32,415</b>	<b>10,500</b>	<b>1,202,413</b>
Options exercisable as at March 31, 2019	-	-	-	-	-	-	-

\* Prior to bonus adjustment

There were no cancellations or modifications to the awards in March 31, 2019 or March 31, 2018.

\*\*The weighted average share price at the date of exercise of options during the year ended March 31, 2019 was ₹ 1,066.70 (March 31, 2018: ₹ 672.01).

# Exercise period for 9,000 options is 2 years from October 03, 2021 and for 1,500 options is 2 years from October 03, 2020.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Share options outstanding at the end of the year have the following details:

Grant	Tranche	Grant date	Vesting date	Expiry date	Exercise price (₹) @	Fair value (₹)	Share options outstanding March 31, 2019	Share options outstanding March 31, 2018 *
Plan I ESOP 2008 : Grant II *	II	14-Jan-11	28-Oct-12	30-Sep-18	10.00	5.92	-	89,606
Plan I ESOP 2008 : Grant III (a)*	IV	01-Jul-14	01-Sep-18	30-Sep-18	10.00	183.45	-	27,500
Plan I ESOP 2008 : Grant V (a)*	II	04-Apr-16	04-Apr-18	04-Apr-19	10.00	205.91	-	5,764
Plan I ESOP 2008 : Grant V (a)*	III	04-Apr-16	04-Apr-19	04-Apr-20	10.00	202.38	5,764	5,764
Plan I ESOP 2008 : Grant V (a)*	IV	04-Apr-16	04-Apr-20	04-Apr-21	10.00	198.91	5,764	5,764
Plan II (ESOP 2016): Grant V	I	01-Aug-16	01-Aug-17	01-Aug-22	10.00	190.81	115,845	117,624
Plan II (ESOP 2016): Grant V	II	01-Aug-16	01-Aug-18	01-Aug-22	10.00	190.81	231,690	235,248
Plan II (ESOP 2016): Grant V	III	01-Aug-16	01-Aug-19	01-Aug-22	10.00	190.81	347,535	352,872
Plan II (ESOP 2016): Grant V	IV	01-Aug-16	01-Aug-20	01-Aug-22	10.00	190.81	463,380	470,496
Plan II (ESOP 2016): Grant II	I	03-Jan-18	03-Jan-19	01-Aug-22	10.00	1,122.17	8,903	8,903
Plan II (ESOP 2016): Grant II	II	03-Jan-18	03-Jan-20	01-Aug-22	10.00	1,122.17	8,903	8,903
Plan II (ESOP 2016): Grant II	III	03-Jan-18	01-Aug-20	01-Aug-22	10.00	1,122.17	11,870	11,870
Plan II (ESOP 2016): Grant III	I	29-Jan-18	29-Jan-19	01-Aug-22	10.00	1,193.39	822	822
Plan II (ESOP 2016): Grant III	II	29-Jan-18	29-Jan-20	01-Aug-22	10.00	1,193.39	822	822
Plan II (ESOP 2016): Grant III	III	29-Jan-18	01-Aug-20	01-Aug-22	10.00	1,193.39	1,096	1,096
Plan II (ESOP 2016): Grant IV	I	13-Dec-18	13-Dec-19	03-Oct-23	10.00	759.31	3,000	-
Plan II (ESOP 2016): Grant IV	I	13-Dec-18	13-Dec-19	03-Oct-22	10.00	759.31	1,000	-
Plan II (ESOP 2016): Grant IV	II	13-Dec-18	03-Oct-20	03-Oct-23	10.00	759.31	3,000	-
Plan II (ESOP 2016): Grant IV	II	13-Dec-18	03-Oct-20	03-Oct-22	10.00	759.31	500	-
Plan II (ESOP 2016): Grant IV	III	13-Dec-18	03-Oct-21	03-Oct-23	10.00	759.31	3,000	-
<b>Total</b>							<b>1,212,894</b>	<b>1,343,054</b>

@ For pre-bonus issue options, additional shares on account of bonus adjustment are issued without cost to the employee.

\* Post bonus adjustment of ten equity shares for every one equity share held.

## Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the market price being the latest available closing price prior to the date of the grant and expected price

volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option as detailed below:

Grant date	Volatility	Market price (₹) *	Average life of the options (in Years)	Risk-free interest rate	Dividend Yield
14-Jan-11	38.25%	12.24	1.04	8.85%	2.00%
14-Jan-11	32.14%	12.24	2.04	7.69%	2.00%
01-Jul-14	26.31%	198.18	2.20	8.18%	1.75%
01-Jul-14	30.23%	198.18	3.20	8.33%	1.75%
01-Jul-14	29.49%	198.18	4.20	8.45%	1.75%
01-Apr-15	22.22%	198.20	1.04	7.84%	1.75%
01-Apr-15	22.97%	198.20	1.46	7.83%	1.75%
01-Apr-15	22.22%	215.91	1.04	7.84%	1.75%
04-Apr-16	27.77%	215.91	1.50	7.02%	1.75%
04-Apr-16	25.49%	215.91	2.50	7.13%	1.75%
04-Apr-16	25.65%	215.91	3.50	7.32%	1.75%
04-Apr-16	27.57%	215.91	4.50	7.38%	1.75%
01-Aug-16	29.18%	215.91	5.00	7.10%	1.75%
03-Jan-18	30.94%	1,137.85	2.58	6.91%	0.25%
29-Jan-18	31.27%	1,209.35	2.51	6.92%	0.25%
13-Dec-18	36.21%	772.90	2.81	7.16%	0.25%

\* Post bonus adjustment, where applicable.

In respect of options granted by the Company prior to listing of its shares on stock exchanges, the market value of shares was determined on the basis of valuation carried out by a

SEBI registered merchant banker. The valuation was carried out using a combination of Market Approach (by using market multiples of comparable listed companies) and Cost Approach.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

One of the subsidiaries of the Group, Dusters Total Solutions Services Private Limited (DTSS), introduced in January 2011, the "Dusters Total Solution Employee Stock Option Plan" ("the DTSS Option Plan") to reward specific individuals in the organization. The scheme was approved by their Board of Directors in its meeting held in March 2011 and the options are to be granted to employees of the Company. The Option Plan provides for the creation and issue of 125,285 options, from the foregone shares of the existing shareholders that would eventually convert into equity shares of ₹ 10 each in the hands of the employees. A total of 125,285 options were granted as at March 31, 2017 out of which 63,137 options were exercised

till March 31, 2017. These options will vest annually in a graded manner as per the grant letters.

In the financial year 2017 -18 there were no new grants from the Company and 23,713 options were forfeited. Further, in the financial year 2018-19 there are no new grants from the Company and 22,791 options were forfeited.

The shares issuable under the Scheme will be issued out of the existing shares held by the existing promoter shareholders of DTSS and hence there will be no fresh issuance on exercise of such options.

The following table summarizes information about the options outstanding under the DTSS Option Plan as at March 31, 2019:

## Movements during the year

### Year ended March 31, 2018

Particulars	ESOP 2011							Total
	ESOPs granted in							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
<b>Total No. of Options available under the Scheme as on April 1, 2017</b>	<b>4,830</b>	<b>7,362</b>	<b>1,128</b>	<b>12,555</b>	<b>11,530</b>	<b>4,817</b>	<b>19,926</b>	<b>62,148</b>
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Options vested and exercised during the year	-	-	-	-	-	-	-	-
Options forfeited/lapsed during the year	1,990	5,140	375	6,996	5,267	3,189	756	23,713
<b>Outstanding Stock Options as at March 31, 2018</b>	<b>2,840</b>	<b>2,222</b>	<b>753</b>	<b>5,559</b>	<b>6,263</b>	<b>1,628</b>	<b>19,170</b>	<b>38,435</b>
Options exercisable as at March 31, 2018	2,840	2,222	753	5,559	6,263	1,628	19,170	38,435

## Movements during the year

### Year ended March 31, 2019

Particulars	ESOP 2011							Total
	ESOPs granted in							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
Total No. of Options available under the Scheme as on April 01, 2018	2,840	2,222	753	5,559	6,263	1,628	19,170	38,435
Exercise Price	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
Exercise Period (from the date of grant of the option)	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Options forfeited/lapsed during the year	1,415	1,901	375	3,330	3,927	1,025	10,818	22,791
Options expired	-	-	-	-	-	-	-	-
Outstanding Stock Options as on 31st March 2019	1,425	321	378	2,229	2,336	603	8,352	15,644
Options exercisable as at March 31, 2019	1,425	321	378	2,229	2,336	603	8,352	15,644



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Share options outstanding at the end of the year have the following details:

Grant	Tranche	Grant date	Vesting date	Expiry date	Exercise price (₹)	Fair value (₹)	Share options outstanding March 31, 2019	Share options outstanding March 31, 2018
Plan I ESOP 2011	I	1-Mar-11	1-Apr-12	19-Aug-19	10	245.29	1,425	2,840
Plan I ESOP 2011	I	1-Mar-11	01-Oct-13	19-Aug-19	10	245.29	-	-
Plan I ESOP 2011	I	1-Mar-11	01-Mar-12	19-Aug-19	10	245.29	-	-
Plan I ESOP 2011	I	1-Mar-11	01-Oct-12	19-Aug-19	10	245.29	-	-
Plan I ESOP 2011	I	1-Jan-12	3-Aug-14	19-Aug-19	10	264.15	-	712
Plan I ESOP 2011	I	1-Jan-12	2-Jan-13	19-Aug-19	10	264.15	321	1,271
Plan I ESOP 2011	I	1-Jan-12	3-Aug-13	19-Aug-19	10	264.15	-	239
Plan I ESOP 2011	I	1-Jan-12	1-Feb-13	19-Aug-19	10	264.15	-	-
Plan I ESOP 2011	I	1-Oct-12	1-Oct-13	19-Aug-19	10	264.15	378	753
Plan I ESOP 2011	I	1-Jul-13	1-Jul-14	19-Aug-19	10	137.28	2,229	3,526
Plan I ESOP 2011	I	1-Jul-13	1-Jan-15	19-Aug-19	10	137.28	-	423
Plan I ESOP 2011	I	1-Jul-13	1-Aug-15	19-Aug-19	10	137.28	-	805
Plan I ESOP 2011	I	1-Jul-13	1-Oct-15	19-Aug-19	10	137.28	-	805
Plan I ESOP 2011	I	1-Apr-14	1-Apr-15	19-Aug-19	10	137.28	502	2,604
Plan I ESOP 2011	I	1-Jul-14	1-Aug-15	19-Aug-19	10	137.28	1,834	3,659
Plan I ESOP 2011	I	1-Jul-15	30-Jun-16	19-Aug-19	10	137.28	603	1,628
Plan I ESOP 2011	I	1-Apr-16	31-Mar-17	19-Aug-19	10	480.00	320	8,638
Plan I ESOP 2011	I	1-Sep-16	31-Aug-17	19-Aug-19	10	480.00	8,032	10,532
<b>Total</b>							<b>15,644</b>	<b>38,435</b>

## Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the market price being the latest available closing price prior to the date of the grant and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option as detailed below:

Grant date	Volatility	Market price (₹)*	Average life of the options (in Years)	Risk-free interest rate	Dividend Yield
1-Mar-11	30.00%	245.29	7.33	7.69%	0.00%
1-Mar-11	30.00%	245.29	7.33	7.69%	0.00%
1-Mar-11	30.00%	245.29	7.33	7.69%	0.00%
1-Mar-11	30.00%	245.29	7.33	7.69%	0.00%
1-Jan-12	30.00%	264.15	6.44	7.69%	0.00%
1-Jan-12	30.00%	264.15	6.44	7.69%	0.00%
1-Jan-12	30.00%	264.15	6.44	7.69%	0.00%
1-Jan-12	30.00%	264.15	6.44	7.69%	0.00%
1-Oct-12	30.00%	264.15	5.67	7.69%	0.00%
1-Jul-13	30.00%	137.28	5.00	7.69%	0.00%
1-Jul-13	30.00%	137.28	5.00	7.69%	0.00%
1-Jul-13	30.00%	137.28	5.00	7.69%	0.00%
1-Jul-13	30.00%	137.28	5.00	7.69%	0.00%
1-Apr-14	30.00%	137.28	4.33	7.69%	0.00%
1-Jul-14	30.00%	137.28	4.00	7.69%	0.00%
1-Jul-15	30.00%	137.28	3.00	7.00%	0.00%
1-Apr-16	30.00%	480.00	2.33	7.00%	0.00%
1-Sep-16	30.00%	480.00	3.00	7.00%	0.00%

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

DTSS has accounted for the above options using the fair value method as mentioned in IND AS 102 "Share Based Payments". The fair value on the date of grants, has been determined based on an independent valuation.

Total expenses arising from share-based payment transactions recognized in profit or loss as part of employee benefit expense were as follows:

Particulars	March 31, 2019	March 31, 2018
Employee option plan	74.90	82.27
<b>Total employee share-based payment expense</b>	<b>74.90</b>	<b>82.27</b>

## 29. FINANCE COSTS

Particulars	March 31, 2019	March 31, 2018
Interest and finance charges on financial liabilities not at fair value through profit or loss	884.75	848.18
Other borrowing costs	53.59	76.64
<b>Finance costs expensed in profit or loss</b>	<b>938.34</b>	<b>924.83</b>

## 30. DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	March 31, 2019	March 31, 2018
Depreciation on property, plant and equipment (refer note 4)	485.89	434.09
Depreciation on Investment Properties	-	0.29
Amortization of intangible assets (refer note 5)	173.62	125.35
<b>Total depreciation and amortisation expense</b>	<b>659.51</b>	<b>559.73</b>

## 31. OTHER EXPENSES

Particulars	March 31, 2019	March 31, 2018
Training expenses	92.57	83.53
Uniform and kit items	176.69	162.37
Recruitment incentive expenses	59.79	50.48
Selling expenses	54.57	47.63
Administrative expenses:		
- Travelling and conveyance	847.54	743.77
- Postage and telephone	192.02	171.11
- Rent	309.88	236.86
- Rates & taxes	48.99	29.62
- Insurance	102.09	77.29
- Repairs and maintenance:		
- Buildings	19.94	12.24
- Machinery	90.98	73.89
- Others	24.73	3.27
- Vehicle hire charges	147.70	155.36
- Payments to auditors (Refer details below)	37.51	29.54
- Legal and professional fees	545.39	382.07
- Bad and doubtful debts provided/written off	129.56	22.56
- Expense towards corporate social responsibility	39.83	46.59
- Other administration and general expenses*	6,164.20	4,862.98
<b>Total</b>	<b>9,083.98</b>	<b>7,191.16</b>

\*"Other Administration and General expenses" includes an amount of ₹ 9.79 million (March 31, 2018: ₹ 6.00 million) towards contribution to a political party in terms of Section 182 of the Companies Act, 2013.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 32. EARNINGS PER SHARE (EPS)

Particulars	March 31, 2019	March 31, 2018
Profit attributable to equity holders of the Parent	2,158.17	1,630.28
Continuing operations	2,158.17	1,630.28
<b>Profit attributable to equity holders of the Parent for basic earnings per share</b>	<b>2,158.17</b>	<b>1,630.28</b>
<b>Profit attributable to equity holders of the Company adjusted for the effect of dilution</b>	<b>2,158.17</b>	<b>1,630.28</b>
Weighted average number of Equity shares for basic EPS	73,251,134	71,598,073
<b>Effect of dilution:</b>		
Stock options (Nos.)	1,197,527	1,313,609
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	<b>74,448,661</b>	<b>72,911,682</b>
Nominal value of equity shares (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	29.48	22.77
- Diluted (₹)	29.01	22.36

## 33. DISTRIBUTIONS MADE AND PROPOSED

Particulars	March 31, 2019	March 31, 2018
<b>Cash dividends on Equity shares declared and paid:</b>		
Interim dividend for 2017-18: ₹ 2.00 per share (2016-17: ₹ Nil per share)	-	146.37
Dividend distribution tax on interim dividend for 2017-18	-	29.80
Final dividend for 2017-18: ₹ 1.50 per share (2016-17: ₹ Nil per share)	109.78	-
Dividend distribution tax on final dividend for 2017-18	2.34	-
<b>Proposed dividends on Equity shares:</b>		
Final cash dividend @ ₹ 3.50 per share (2017-18: ₹ 1.50 per share)	256.59	109.78
Dividend distribution tax on proposed dividends	52.75	22.35

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at the reporting date.

Also refer note 13 in respect of Demerger of certain business and non-cash assets.

## 34. COMMITMENTS AND CONTINGENCIES

### a) Leases

#### Operating lease commitments — Group as lessee

Operating lease arrangements comprise of office premises and barracks. A majority of the lease agreements are cancellable with a notice period ranging from 2 months to 6 months. Most leases also provide a renewal clause with an escalation in lease rental which is generally higher than the expected inflation rate.

Particulars	March 31, 2019	March 31, 2018
<b>Minimum Lease Payments:</b>		
- Not later than one year	138.99	182.80
- Later than one year but not later than five years	392.61	427.33
- Later than five years	223.51	287.47

#### Rental expenses relating to operating leases

Particulars	March 31, 2019	March 31, 2018
Total rental expenses relating to operating leases	309.88	236.86

### b) Commitment for purchase of non-controlling interests

#### Commitment towards SLV Security Services Private Limited ('SLV')

Effective September 1, 2018, the Company acquired 51% of the outstanding equity shares of SLV Security Services Private Limited for an aggregate consideration of ₹ 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 recognized a

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

liability of ₹ 868.29 million as at March 31, 2019 towards this forward contract.

## Commitment towards Rare Hospitality and Services Private Limited ('Rare')

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 ₹ 319.66 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 recognized a liability of ₹ 53.98 million as at March 31, 2019 towards this forward contract.

## Commitment towards Uniq Detective & Security Services Private Limited ('Uniq')

Effective February 01, 2019, the Company acquired 51% of the outstanding equity shares of Uniq Detective & Security Services Private Limited for an aggregate consideration of ₹ 515.00 Mn. In addition, the share purchase agreement (SPA), executed on December 14, 2018 provides for acquisition of 100% of the outstanding equity shares, by September 2020, at a price to be determined according to a pre-agreed valuation formula. The Group has recognized a liability of ₹ 331.86 million as at March 31, 2019 towards this forward contract.

## Commitment towards Dusters Total Solutions Services Private Limited ('DTSS')

Effective August 19, 2016, the Parent acquired 78.72% of the outstanding equity shares of Dusters Total Solutions Services Private Limited for an aggregate consideration of ₹ 1,169.03 million. In addition, the share purchase agreement (SPA) provides for acquisition of 100% of the outstanding equity shares, by August 2019, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula. The Group has recognized a liability of ₹ 501.94 million as at March 31, 2019 (March 31, 2018 ₹ 540.35 million) towards this forward contract.

## c) Commitment for purchase of non-controlling interests under a put and call option

### Commitment towards SIS Henderson Holdings Pte Ltd ('SISHH')

Effective February 28, 2019, SIS Group International Holdings Pty Ltd, a subsidiary of the Group, acquired 60% of the voting

rights and shares in SIS Henderson Holdings Pte Ltd by way of a purchase of shares. In addition, the share purchase agreement (SPA), executed on January 25, 2019 provides an option to SIS Group International Holdings Pty Ltd to acquire the remaining voting rights and equity interests in SISHH on or after September 30, 2023. The Group has recognized a liability of ₹ 3,434.28 million as at March 31, 2019 towards such call and put options.

### Commitment towards Platform 4 Group Limited ('P4G')

Effective February 28, 2019, SIS Australia Group Pty Ltd, a subsidiary of the Group, acquired 51% of the voting rights and shares in Platform 4 Group Limited (P4G) by way of a purchase of shares. In addition, the share purchase agreement (SPA), executed on February 21, 2019 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in P4G on or after March 31, 2021. The Group has recognized a liability of ₹ 492.87 million as at March 31, 2019 towards such call and put options.

### Commitment towards Southern Cross Protection Pty Ltd. ('SXP')

Effective July 1, 2017, SIS Australia Group Pty Ltd., a subsidiary of the Group, acquired an additional 41% of the voting rights and shares (in addition to the 10% already held) in Southern Cross Protection Pty Ltd. (SXP) by way of a purchase of shares and additional voting rights in Andwills Pty. Ltd. (the parent of SXP). SXP was formerly an associate company and, as a result, it has become a subsidiary in the Group. Further, a deed of put and call option, executed on June 9, 2017 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in SXP on or after September 30, 2020. In the event SIS Australia Group Pty Ltd fails to exercise the option to purchase the balance of the SXP interest, the other SXP shareholders have the option to sell the balance of SXP shares to SIS Australia Group Pty Ltd at a price to be determined according to an agreed valuation formula. The Group has recognized a liability of ₹ 2,055.59 million as at March 31, 2019 (March 31, 2018 ₹ 2,038.27 million) towards such call and put options.

## d) Contingent liabilities

Particulars	March 31, 2019	March 31, 2018
Claims against the Group not acknowledged as debt:		
Litigation matters with respect to direct tax	35.06	37.94
Litigation matters with respect Indirect taxes	155.29	166.71
Other money for which the Group is contingently liable	7.53	2.08

The Group records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Group reviews these provisions periodically and adjusts these provisions accordingly to reflect the impact of negotiations, settlements,

rulings, advice of legal counsel, and updated information. The Group believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Group, or cash flows with

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

respect to loss contingencies for legal and other contingencies as at March 31, 2019.

Disputed claims against the Group, including claims raised by the tax authorities (e.g. Service tax) and which are pending in appeal /court and for which no reliable estimate can be made of the amount of the obligation, are not provided for in the accounts. However, the present obligation, if any, as a result of past events with a possibility of outflow of resources, when reliably estimable, is recognized in the accounts as an expense as and when such obligation crystallises.

'Other money for which the Group is contingently liable' includes a compensation claim arising from an accidental death of an employee in one of the subsidiary which is Subjudice. The claim is primarily against the insurance company with subsidiary company being the second party. Liability, if any, devolving on the subsidiary company in respect of this claim is presently uncertainable.

## 35. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Refer note 33 regarding dividend proposed by the Board of Directors in their meeting held on May 02, 2019. There were no other significant events that occurred after the Balance Sheet date.

## 36. SEGMENT INFORMATION

The Group is currently focused on three business groups: Security Services (India), Security Services (International) and

Facility Management. The Group'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 ("CODM").

The Group operates primarily in 4 geographies, viz., India, Australia, Singapore and New Zealand. Outside India, the Group's business consists only of Manned Guarding and the risk and returns are similar to the business and geography in which they operate, hence segment results of these geographies are presented as International segment. Given the risks and returns of each business and geography in India and outside India in which they operate are different, the segment results of the Group are presented geographically for each the Group's business across India and International to enable better appreciation of the risks and returns of the Group across its various businesses and geographies in which they operate.

The business groups comprise the following:

- Security Services (India) – Guarding, Electronic security and home alarm monitoring and response services
- Security Services (International) – Guarding, Mobile patrols, Emergency medical response and rescue, Loss prevention and allied services
- Facility Management – Housekeeping, Cleaning, Facility operation & management and Pest control services

	March 31, 2019			March 31, 2018		
	External	Inter-segment	Total	External	Inter-segment	Total
<b>Revenue</b>						
Security services – India	26,910.82	51.89	26,962.71	21,441.20	58.93	21,500.13
Security services – International	34,580.81	-	34,580.81	30,185.11	-	30,185.11
Facility Management	9,441.10	42.09	9,483.19	6,707.42	37.43	6,744.85
	<b>70,932.73</b>	<b>93.98</b>	<b>71,026.71</b>	<b>58,333.73</b>	<b>96.36</b>	<b>58,430.09</b>
Inter.co/inter-business elimination			(93.98)			(96.36)
			<b>70,932.73</b>			<b>58,333.73</b>
<b>EBITDA</b>						
Security services – India	1,502.05	12.05	1,514.10	1,485.19	6.12	1,491.31
Security services - International	1,520.72	-	1,520.72	1,295.83	-	1,295.83
Facility Management	628.82	11.08	639.90	343.47	(10.97)	332.50
	<b>3,651.59</b>	<b>23.13</b>	<b>3,674.72</b>	<b>3,124.49</b>	<b>(4.85)</b>	<b>3,119.64</b>
Inter.co/inter-business elimination			(23.13)			4.85
			<b>3,651.59</b>			<b>3,124.49</b>
Unallocated corporate expenses			(0.14)			(4.86)
			<b>3,651.45</b>			<b>3,119.62</b>
Finance costs			615.07			750.35
Depreciation and amortisation			519.06			494.43
Other income			219.20			350.03
Share of net profits from associates			(135.39)			(117.86)
<b>Profit before tax reported to CODM</b>			<b>2,601.13</b>			<b>2,107.01</b>
Exceptional items			-			8.33
Other gains/ (losses) and effect of entries resulting from consolidation and business combination accounting			(505.87)			(224.37)

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

	March 31, 2019			March 31, 2018		
	External	Inter-segment	Total	External	Inter-segment	Total
<b>Profit before tax</b>			<b>2,095.26</b>			<b>1,874.31</b>
<b>Other information</b>						
Trade receivables			9,529.61			6,242.71
Gross debt			9,749.18			5,569.12
Net debt			4,169.39			622.10
Capital expenditure			863.95			536.88

The total of non-current assets other than financial instruments and deferred tax assets by geographical location:

Particulars	March 31, 2019	March 31, 2018
India	4,649.35	3,115.08
International	11,301.11	5,933.14
	<b>15,950.46</b>	<b>9,048.22</b>

## 37. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

### Acquisitions during the year ended March 31, 2019

#### I. Acquisition of SLV Security Services Private Limited ('SLV')

Effective September 01, 2018, the Parent acquired 51% of the outstanding equity shares of SLV Security Services Private Limited for an aggregate consideration of ₹ 505.00 million. In addition, the share purchase agreement 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.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

#### Purchase consideration:

Purchase consideration	
Cash paid for acquisition of 51% of the shares	505.00
Liability for forward contract to purchase of non-controlling interests	816.37
<b>Total consideration</b>	<b>1,321.37</b>

#### Net assets acquired:

The fair values of the identifiable assets and liabilities of SLV as at the date of acquisition were:

Purchase	Fair value recognised on acquisition
<b>Assets</b>	
Property, plant and equipment	11.56
Intangible Assets	148.05
Non-current investments	32.60
Cash and cash equivalents	116.53
Trade receivables	601.05
Other financial assets	31.30
Other Non-financial Assets	43.94
Income tax assets	102.64
Deferred Tax Assets	27.50
<b>Less: Liabilities</b>	

Purchase	Fair value recognised on acquisition
Borrowings	664.31
Trade payables	1.06
Provisions	40.73
Other financial liabilities	256.47
Other Current Liabilities	239.09
<b>Total identifiable net assets at fair value</b>	<b>(86.49)</b>

#### Calculation of goodwill:

Particulars	
Total consideration	1,321.37
Less: Net identifiable assets acquired	(86.49)
<b>Goodwill</b>	<b>1,407.86</b>

#### (i) Revenue and profit contribution

From the date of acquisition, SLV has contributed ₹ 1,557.61 million of revenue and ₹ 32.10 million to the profit before tax from continuing operations of the Group for the year ended March 31, 2019.

The goodwill is attributable to the workforce, high prospective growth of the acquired business and control premium.

#### (ii) Significant estimate: Liability for forward contract for purchase of non-controlling interests

The fair value of the liability for forward contract to purchase of such non-controlling interests of ₹ 816.37 million was estimated by calculating the present value of future cash flows. The key inputs in determination are the discount rate of 11.20% and probabilities of achievement of the financial targets. The undiscounted value of the liability for forward contract to purchase of such non-controlling interests as on date of acquisition was ₹ 993.55 million.

The obligation to acquire the remaining shares of SLV has been disclosed as "financial liability for forward contract to purchase non-controlling interests".



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## (iii) Significant judgement: Non-Controlling Interests:

The SPA (Share Purchase Agreement) between SIS and the existing shareholders of SLV provide for SIS to acquire the remaining shares held by them on the date of acquisition of 51% of the shares of SLV. Considering the nature of the forward contract and the method of determination of the purchase consideration for sale of shares on final closing, the selling shareholders of SLV have relinquished their risk and rewards of ownership of shares on the date of signing of the SPA and, hence, the Parent has effectively acquired 100% control over SLV resulting in the Parent recognising a liability for the purchase consideration towards the remaining shares in SLV.

## (iv) Acquired receivables

The fair value of acquired trade receivables is ₹ 601.05 million. The gross contractual amount of trade receivables due is ₹ 729.33 million, of which ₹ 128.28 million is expected to be uncollectible.

## (v) Purchase consideration – cash outflow

Particulars	
Cash consideration	505.00
Less: Cash acquired	116.53
Bank overdraft	507.54
<b>Net outflow of cash</b>	<b>896.01</b>

## (vi) Assets and Liabilities classified as held for distribution to shareholders of subsidiary

As per the Shareholders' Agreement between SIS and the existing shareholders of SLV, the Training Center business will be transferred from the SLV to a separate legal entity (owned and controlled by Promoters), by way of slump sale under a business transfer agreement. Transfer of business and discharge of consideration for business transfer shall take place at earlier of the following dates (a) Date of transfer of license from SLV to new company controlled by Promoters; or (b) March 31, 2021. The assets and liabilities mentioned in below table represent assets and liability in the training center business:

Particulars	
<b>Assets:</b>	
Advance to Suppliers	0.36
Other	0.79
<b>Total assets classified as held for distribution to shareholders of subsidiary</b>	<b>1.15</b>
<b>Liabilities</b>	
Trade payable	0.12
Other	1.74
<b>Total liabilities classified as held for distribution to shareholders of subsidiary</b>	<b>1.86</b>

## II. Acquisition of Rare Hospitality and Services Private Limited ('Rare')

Effective November 01, 2018, the Parent acquired 80% of the outstanding equity shares of Rare Hospitality and Services Private Limited for an aggregate consideration of ₹ 319.66

million. In addition to the cash consideration, Parent injected ₹ 100.00 million by way of subscription of convertible loan instrument of Rare. Further, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by July 2020, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

## Purchase consideration:

Particulars	
<b>Assets:</b>	
<b>Purchase consideration</b>	
Cash paid for acquisition of 80% of the shares	319.66
Liability for forward contract to purchase of non-controlling interests	51.43
<b>Total consideration</b>	<b>371.09</b>

## Net assets acquired:

The fair values of the identifiable assets and liabilities of Rare as at the date of acquisition were:

Purchase	Fair value recognised on acquisition
<b>Assets</b>	
Property, plant and equipment	12.91
Intangible Assets	114.40
Non-current investments	0.03
Cash and cash equivalents	25.56
Trade receivables	132.90
Other financial assets	110.19
Other Non-financial Assets	1.06
Income tax assets	23.19
<b>Less: Liabilities</b>	
Borrowings	145.89
Trade payables	43.68
Provisions	79.52
Other financial liabilities	77.13
Other Current Liabilities	157.40
Deferred Tax Liabilities	7.68
<b>Total identifiable net assets at fair value</b>	<b>(91.06)</b>

## Calculation of goodwill:

Particulars	
Total consideration	371.09
Less: Net identifiable assets acquired	(91.06)
<b>Goodwill</b>	<b>462.15</b>

## (i) Revenue and profit contribution

From the date of acquisition, Rare has contributed ₹ 401.60 million of revenue and ₹ 9.21 million to the profit before tax from continuing operations of the Group for the year ended March 31, 2019.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

The goodwill is attributable to the workforce, high prospective growth of the acquired business and control premium.

## (ii) Significant estimate: Liability for forward contract for purchase of non-controlling interests

The fair value of the liability for forward contract to purchase of such non-controlling interests of ₹ 51.43 million was estimated by calculating the present value of future cash flows. The key inputs in determination are the discount rate of 11.20% and probabilities of achievement of the financial targets. The undiscounted value of the liability for forward contract to purchase of such non-controlling interests as on date of acquisition was ₹ 62.48 million.

The obligation to acquire the remaining shares of Rare has been disclosed as “financial liability for forward contract to purchase non-controlling interests”.

## (iii) Significant judgement: Non-Controlling Interests:

The SPA (Share Purchase Agreement) between SIS and the existing shareholders of Rare provide for SIS to acquire the remaining shares held by them on the date of acquisition of 80% of the shares of Rare. Considering the nature of the forward contract and the method of determination of the purchase consideration for sale of shares on final closing, the selling shareholders of Rare have relinquished their risk and rewards of ownership of shares on the date of signing of the SPA and, hence, the Parent has effectively acquired 100% control over Rare resulting in the Parent recognising a liability for the purchase consideration towards the remaining shares in Rare.

## (iv) Acquired receivables

The fair value of acquired trade receivables is ₹ 132.90 million. The gross contractual amount of trade receivables due is ₹ 180.62 million, of which ₹ 47.71 million is expected to be uncollectible.

## (v) Purchase consideration – cash outflow

Particulars	
Cash consideration	319.66
Less: Cash acquired	25.56
Bank overdraft	114.65
<b>Net outflow of cash</b>	<b>408.75</b>

## III. Acquisition of Uniq Detective & Security Services Private Limited ('Uniq')

Effective February 01, 2019, the Parent acquired 51% of the outstanding equity shares of Uniq Detective & Security Services Private Limited for an aggregate consideration of ₹ 515.00 million. In addition, the share purchase agreement provides for acquisition of 100% of the outstanding equity shares, by September 2020, in one or more tranches, and at a price to be determined according to a pre-agreed valuation formula.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

## Purchase consideration:

Purchase consideration	
Cash paid for acquisition of 51% of the shares	515.00
Liability for forward contract to purchase of non-controlling interests	326.23
<b>Total consideration</b>	<b>841.23</b>

## Net assets acquired:

The fair values of the identifiable assets and liabilities of Uniq as at the date of acquisition were:

Purchase	Fair value recognised on acquisition
<b>Assets</b>	
Property, plant and equipment	10.86
Intangible Assets	113.88
Investments	98.09
Cash and cash equivalents	55.56
Other Bank Balances	-
Inventories	1.45
Trade receivables	303.36
Other financial assets	22.01
Other Non-financial Assets	7.07
Income tax assets	15.47
Deferred Tax Assets	18.80
<b>Less: Liabilities</b>	
Borrowings	0.64
Trade payables	23.84
Provisions	70.50
Other financial liabilities	135.06
Other Current Liabilities	93.89
<b>Total identifiable net assets at fair value</b>	<b>322.62</b>

## Calculation of goodwill:

Particulars	
Total consideration	841.23
Less: Net identifiable assets acquired	322.62
<b>Goodwill</b>	<b>518.61</b>

## (i) Revenue and profit contribution

From the date of acquisition, Uniq has contributed ₹ 290.26 million of revenue and ₹ 18.95 million to the profit before tax from continuing operations of the Group for the year ended March 31, 2019.

The goodwill is attributable to the workforce, high prospective growth of the acquired business and control premium.

## (ii) Significant estimate: Liability for forward contract for purchase of non-controlling interests

The fair value of the liability for forward contract to purchase of such non-controlling interests of ₹ 326.23 million was estimated by calculating the present value of future cash flows. The key inputs in determination are the discount rate of 11.20% and probabilities of achievement of the financial targets. The undiscounted value of the liability for forward

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

contract to purchase of such non-controlling interests as on date of acquisition was ₹ 384.14 million.

The obligation to acquire the remaining shares of Uniq has been disclosed as "financial liability for forward contract to purchase non-controlling interests".

### (iii) Significant judgement: Non-Controlling Interests:

The SPA (Share Purchase Agreement) between SIS and the existing shareholders of Uniq provide for SIS to acquire the remaining shares held by them on the date of acquisition of 51% of the shares of Uniq. Considering the nature of the forward contract and the method of determination of the purchase consideration for sale of shares on final closing, the selling shareholders of Uniq have relinquished their risk and rewards of ownership of shares on the date of signing of the SPA and, hence, the Parent has effectively acquired 100% control over Uniq resulting in the Parent recognising a liability for the purchase consideration towards the remaining shares in Uniq.

### (iv) Acquired receivables

The fair value of acquired trade receivables is ₹ 303.36 million. The gross contractual amount of trade receivables due is ₹ 425.46 million, of which ₹ 122.10 million is expected to be uncollectible.

### (v) Purchase consideration – cash outflow

Purchase consideration	
Cash consideration	515.00
Less: Cash acquired	55.56
<b>Net outflow of cash</b>	<b>459.44</b>

## IV. Acquisition of SIS Henderson Holdings Pte Ltd ('SISHH')

On 28 February 2019, SIS International Group Holdings Pty Limited, a subsidiary of the Group, acquired 60% of the voting shares of Henderson Group, consisting of SIS Henderson Holdings Pte Limited (SISHH) and its 100% owned subsidiaries, a non-listed company based in Singapore and specialising in physical security and mobile patrols, in exchange for a cash consideration of ₹ 2,205.82 million (AUD 44.9 mn). The Group acquired SISHH because it provides a new market in which to provide security services.

As part of the acquisition SIS Group International Holdings Pty Limited will acquire all remaining shares it does not already own on or before 31 October 2023. The Group is deemed to have acquired 100% of SISHH on February 28, 2019 and has elected to measure the interests in the acquire at fair value.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

### Purchase consideration:

Purchase consideration	
Cash paid for acquisition of 60% of the shares	2,205.82
Liability for call and put options to purchase of non-controlling interests	3,429.46
<b>Total consideration</b>	<b>5,635.28</b>

### Net assets acquired:

#### The fair values of the identifiable assets and liabilities of SISHH as at the date of acquisition were:

Purchase	Fair value recognised on acquisition
<b>Assets</b>	
Property, plant and equipment	41.25
Intangible assets	153.23
Cash and cash equivalents	359.01
Trade and other receivables	738.32
Other assets	5.18
<b>Less: Liabilities</b>	
Trade and other payables	11.24
Borrowings	5.44
Provisions	173.49
Deferred tax liabilities	2.61
Current tax liabilities	55.13
Other Liabilities	130.38
<b>Total identifiable net assets at fair value</b>	<b>918.70</b>

### Calculation of goodwill:

Particulars	
Total consideration	5,635.28
Less: Net identifiable assets acquired	918.70
<b>Goodwill</b>	<b>4,716.58</b>

### (i) Revenue and profit contribution

From the date of acquisition, SISHSS has contributed ₹ 249.33 million of revenue and ₹ 14.75 million to the profit before tax from continuing operations of the Group for the year ended March 31, 2019.

The goodwill comprises the value of expected synergies arising from the acquisition.

### (ii) Significant estimate: Liability for call and put options to purchase of non-controlling interests

In the event that certain pre-determined business targets are achieved by the Henderson group on or before the year ended 31 October 2023, additional consideration of up to ₹ 3,429.46 million (AUD 69.76 mn) will be payable in cash on or before 31 October 2023. It's managements expectation that the future consideration be settled over 2 tranche's.

The fair value of liability for call and put options of up to ₹ 3,429.46 million was estimated by calculating the present value of the future expected cash outflows. The estimates are based on a discount rate of 4.21% and assumed probability achievement of financial targets.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## (iii) Acquired receivables

The fair value of acquired trade receivables is ₹ 738.32 million. The gross contractual amount of trade receivables due is ₹ 741.42 million, of which ₹ 3.10 million is expected to be uncollectible.

## (iv) Purchase consideration – cash outflow

Particulars	
Cash consideration	2,205.82
Less: Cash acquired	359.01
<b>Net outflow of cash</b>	<b>1,846.81</b>

## V. Acquisition of Acquisition of Platform 4 Group Ltd ('P4G')

On 28 February 2019, SIS Australia Group Pty Limited, a subsidiary of the Group, acquired 51% of the voting shares of Platform 4 Group Limited (P4G), a non-listed company based in New Zealand and specialising in physical security and mobile patrols, in exchange for cash consideration of ₹ 48.00 Mn (AUD 1 mn). In addition to the cash consideration SIS Australia Group Pty Ltd injected ₹ 16.00 million (AUD 0.35 mn) in working capital by way of subscription for fresh equity shares issued to it. The Group acquired P4G because it provides a new market in which to provide security services.

As part of the acquisition, SIS Australia Group Pty Limited will acquire all remaining shares it does not already own on or after 31 March 2021. The Group is deemed to have acquired 100% of P4G on 28 February 2019 and has elected to measure the interests in the acquiree at fair value.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

### Purchase consideration:

Particulars	
<b>Purchase consideration</b>	
Cash paid for acquisition of 51% of the shares	48.00
Liability for call and put options to purchase of non-controlling interests	469.50
<b>Total consideration</b>	<b>517.50</b>

### Net assets acquired:

The fair values of the identifiable assets and liabilities of P4G as at the date of acquisition were:

	Fair value recognised on acquisition
<b>Purchase</b>	
<b>Assets</b>	
Property, plant and equipment	13.24
Intangible assets	13.68
Cash and cash equivalents	6.77
Trade and other receivables	47.65
<b>Less: Liabilities</b>	
Trade and other payables	13.92
Borrowings	43.42

Purchase	Fair value recognised on acquisition
Provisions	23.76
Current tax liabilities	7.62
Other Liabilities	9.71
<b>Total identifiable net assets at fair value</b>	<b>(17.09)</b>

### Calculation of goodwill:

Particulars	
Total consideration	517.50
Less: Net identifiable assets acquired	(17.09)
<b>Goodwill</b>	<b>534.59</b>

## (i) Revenue and profit contribution

From the date of acquisition, P4G has contributed ₹ 40.23 million of revenue and ₹ 3.13 million to the profit before tax from continuing operations of the Group for the year ended March 31, 2019.

The goodwill comprises the value of expected synergies arising from the acquisition.

## (ii) Significant estimate: Liability for call and put options to purchase of non-controlling interests

In the event that, certain pre-determined business targets are achieved by the P4G on or before the year ended 15 August 2020, additional consideration of up to ₹ 469.50 million will be payable in cash on or after 31 March 2021. It's managements expectation that the future consideration be settled over multiple tranche's.

The fair value of liability for call and put options of up to ₹ 469.50 million was estimated by calculating the present value of the future expected cash outflows. The estimates are based on a discount rate of 4.21% and assumed probability achievement of financial targets.

## (iii) Acquired receivables

The fair value of acquired trade receivables is ₹ 47.65 million. The gross contractual amount of trade receivables due is ₹ 47.65 million, of which there is no expected to be any uncollectible.

## (iv) Purchase consideration – cash outflow

Purchase consideration	
Cash consideration	48.00
Less: Cash acquired	6.77
<b>Net outflow of cash</b>	<b>41.23</b>

## VI. Acquisition of business assets of Redfrog Security

On 1 November 2018 the Group acquired the business assets of Redfrog Security, a Gold Coast based business, thereby obtaining control. The acquisition was made to enhance the Group's footprint in the region.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Redfrog Security acquired were:

Purchase	Fair value recognised on acquisition
<b>Assets</b>	
Property, plant and equipment	11.73
Intangible assets	33.59
<b>Less: Liabilities</b>	
Borrowings	10.80
Deferred tax liabilities	10.08
Other Liabilities	0.45
<b>Total identifiable net assets at fair value</b>	<b>23.99</b>

## Calculation of goodwill:

Particulars	
Total consideration	34.06
Less: Net identifiable assets acquired	23.99
<b>Goodwill</b>	<b>10.07</b>

## Purchase consideration:

Purchase consideration	
Amount settled in cash	14.23
Deferred consideration	19.83
<b>Total consideration</b>	<b>34.06</b>

## VII. Acquisition of additional interest in Dusters Total Solutions Services Pvt. Ltd

On August 03, 2018, the Company acquired an additional 7.14% interest in the voting shares of Dusters Total Solutions Services Pvt. Ltd, increasing its ownership interest to 93.06%. An interim cash consideration of ₹ 145.13 million was paid to the non-controlling shareholders in terms of the agreement entered into at the time of initial acquisition of controlling interest in that company.

**VIII.** If the combinations had taken place at the beginning of the year ended March 31, 2019, consolidated revenue from continuing operations would have been ₹ 77,100.31 million and the consolidated profit before tax from continuing operations for the Group would have been ₹ 1,903.79 million for the year ended March 31, 2019.

## Acquisitions during the year ended March 31, 2018

### I. Acquisition of additional interest in Southern Cross Protection Group

With effect from July 01, 2017, SIS Australia Group Pty Ltd., a subsidiary of the Group, acquired an additional 41% of the voting rights and shares (in addition to the 10% already held) in Southern Cross Protection Pty Ltd. (SXP) by way of a purchase of shares and additional voting rights in Andwills Pty. Ltd. (the parent of SXP). SXP was formerly an associate company and, as a result, it has become a subsidiary of the Group. Further, a deed of put and call option, executed on June 09, 2017 provides an option to SIS Australia Group Pty Ltd to acquire the

remaining voting rights and equity interests in SXP on or after September 30, 2020. In the event SIS Australia Group Pty Ltd fails to exercise the option to purchase the balance of the SXP interest, the other SXP shareholders have the option to sell the balance of SXP shares to SIS Australia Group Pty Ltd at a price to be determined according to an agreed valuation formula.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

## Purchase consideration:

Particulars	
Cash paid	884.49
Contingent consideration	1,935.90
<b>Total purchase consideration</b>	<b>2,820.39</b>

## Net assets acquired:

### The fair values of the identifiable assets and liabilities of SXP as at the date of acquisition were

Purchase	Fair value recognised on acquisition
<b>Assets</b>	
Property, plant and equipment	109.25
Cash and cash equivalents	134.31
Trade receivables	447.08
Inventories	8.00
Other non-financial Assets	84.51
Value of acquired contracts on acquisition	245.14
<b>Less: Liabilities</b>	
Borrowings	351.45
Deferred tax liabilities	57.56
Trade payables	317.85
Provisions	139.53
Other Non-financial liabilities	27.42
<b>Total identifiable net assets at fair value</b>	<b>134.48</b>

## Calculation of goodwill:

Particulars	
Carrying value of investment as at June 30, 2017	111.08
Total consideration	2,820.39
Acquisition date fair value of previously held equity interest	208.39
Less: Net identifiable assets acquired	134.48
<b>Goodwill</b>	<b>3,005.38</b>

From the date of acquisition, SXP had contributed ₹ 3,786.03 million of revenue and ₹ 177.61 million to the profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been ₹ 59,404.23 million and the profit before tax from continuing operations for the Group would have been ₹ 1,945.60 million.

The goodwill is attributable to the workforce, high prospective growth of the acquired business and control premium.



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Significant estimate: Liability for call and put options for purchase of non-controlling interests

A deed of put and call option, executed on June 09, 2017 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in SXP on or after September 30, 2020. In the event SIS Australia Group Pty Ltd fails to exercise the option to purchase the balance of the SXP interest, the other SXP shareholders have the option to sell the balance of SXP shares to SIS Australia Group Pty Ltd at a price to be determined according to an agreed valuation formula. The obligation to acquire the remaining 49% shareholding of SXP has been disclosed as "financial liability for call and put options for purchase of non-controlling interests".

The fair value of liability for call and put option for purchase of non-controlling interests of ₹ 1,935.90 million (AUD 39.05 million @ 50.02) was estimated by calculating the present value

of future cash flows. The estimates are based on a discount rate of 4.82% and assumed probability adjusted EBITDA of the acquired subsidiary of ₹ 2,020 million (AUD 8.87 million).

## Acquired receivables

The fair value of acquired trade receivables is ₹ 447.08 million. The gross contractual amount of trade receivables due is ₹ 460.01 million, of which ₹ 12.94 million is expected to be uncollectible.

## Purchase consideration – cash outflow

Particulars	
Cash consideration	884.49
Less: Cash acquired	134.31
Bank overdraft	80.02
<b>Net outflow of cash</b>	<b>830.20</b>

## II. Acquisition of additional interest in Dusters Total Solutions Services Pvt. Ltd

On July 31, 2017, the Company acquired an additional 7.20% interest in the voting shares of Dusters Total Solutions Services Pvt. Ltd, increasing its ownership interest to 85.92%. An interim cash consideration of ₹ 116.63 million was paid to the non-controlling shareholders in terms of the agreement entered into at the time of initial acquisition of controlling interest in that company.

## 38. GROUP INFORMATION

### Information about subsidiaries

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company		Ownership interest held by the non-controlling interest	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Service Master Clean Limited	India	Providing facility management services	100.00%	100.00%	0.00%	0.00%
Tech SIS Limited	India	Trading and installation of electronic security devices and systems	100.00%	100.00%	0.00%	0.00%
Terminix SIS India Private Limited	India	Pest Control Management Services	50.01%	50.01%	49.99%	49.99%
Dusters Total Solutions Services Private Limited	India	Providing facility management services	93.06%	85.92%	6.94%	14.08%
SIS Business Support Services and Solutions Private Limited	India	Providing business support services	100.00%	100.00%	0.00%	0.00%
SISCO Security Services Private Limited	India	Providing business support services	100.00%	100.00%	0.00%	0.00%
SLV Security Services Private Limited	India	Providing manned guarding, facilities management and business process outsourcing.	51.00%	N.A.	49.00%	N.A.
Rare Hospitality and Services Private Limited	India	Providing facility management services.	80.00%	N.A.	20.00%	N.A.
Uniq Detective and Security Services Private Limited	India	Providing Security Services.	51.00%	N.A.	49.00%	N.A.
Uniq Detective and Security Services (AP) Private Limited*	India	Providing Security Services.	51.00%	N.A.	49.00%	N.A.
Uniq Detective and Security Services (Tamilnadu) Private Limited*	India	Providing Security Services.	51.00%	N.A.	49.00%	N.A.
Uniq Facility Services Private Limited*	India	Providing facility management services.	51.00%	N.A.	49.00%	N.A.
SIS International Holdings Limited	British Virgin Islands	Holding company	100.00%	100.00%	0.00%	0.00%
SIS Asia Pacific Holdings Limited	Malta	Holding company	100.00%	100.00%	0.00%	0.00%
SIS Australia Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	0.00%	0.00%
SIS Australia Group Pty Ltd**	Australia	Holding company	100.00%	100.00%	0.00%	0.00%



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company		Ownership interest held by the non-controlling interest	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
SIS Group International Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	0.00%	0.00%
MSS Strategic Medical and Rescue Pty Ltd	Australia	Provision of paramedic and emergency response services	100.00%	100.00%	0.00%	0.00%
SIS MSS Security Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%	0.00%	0.00%
MSS Security Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	0.00%	0.00%
Australian Security Connections Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	0.00%	0.00%
MSS AJG Pty Ltd	Australia	Provision of services relating to all aspects of physical security	100.00%	100.00%	0.00%	0.00%
SX Protective Holdings Pty Ltd*** (Formerly known as Andwills Pty. Limited)	Australia	Holding company	42.36%	42.36%	57.64%	57.64%
SX Protective Services Pty. Ltd.	Australia	Holding company	45.56%	45.56%	44.44%	44.44%
Southern Cross Protection Pty. Ltd.	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Southern Cross FLM Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Southern Cross Loss Prevention Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Cage Security Alarms Pty. Limited****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Cage Security Guard Services Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Eymet Security Consultants Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Askara Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Charter Customer Services Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Charter Security Protective Services Pty Ltd****	Australia	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Charter Security (NZ) Pty Limited****	New Zealand	Loss prevention, asset protection and security services	51.01%	51.01%	48.99%	48.99%
Platform 4 Group Limited	New Zealand	Guard services, patrols and monitoring services and event services	51.00%	N.A.	49.00%	N.A.
SIS Henderson Holdings Pte Ltd	Singapore	Holding company	60.00%	N.A.	40.00%	N.A.
Henderson Security Services Pte Ltd	Singapore	Manned Guarding Services	60.00%	N.A.	40.00%	N.A.
Henderson Technologies Pte Ltd	Singapore	Providing a building mechanical & electrical services	60.00%	N.A.	40.00%	N.A.

\* Wholly owned subsidiaries of Uniq Detective and Security Services Private Limited

\*\*41% ownership interest is held through SIS Group International Holdings Pty Ltd, Australia, a step-down subsidiary of the Company.

\*\*\* Apart from Ordinary shares, SIS Australia Group Pty Ltd., also holds D class shares in SX Protective Holdings Pty Ltd (formerly known as Andwills Pty Limited) effectively giving it 51.01% voting power in that company and in Southern Cross Protection Pty limited and its subsidiaries.

\*\*\*\* Wholly owned subsidiaries of Southern Cross Protection Pty limited.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## Associates

The Associates considered in the preparation of these Consolidated financial statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company	
			March 31, 2019	March 31, 2018
SIS Cash Services Private Limited	India	Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%
SIS Prosecur Holdings Private Limited *	India	Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion	49.00%	49.00%
SIS Prosecur Cash Logistics Private Limited **	India	Providing business support services	49.00%	49.00%

\* Wholly owned subsidiary of SIS Cash Services Private Limited

\*\* wholly owned subsidiary of SIS Prosecur Holdings Private Limited w.e.f. December 11, 2018

## Joint ventures in which the Group is a joint venturer

The joint ventures considered in the preparation of these Consolidated Financial Statements are:

Name	Principal place of business and country of incorporation	Principal activities	Ownership interest held by the Company	
			March 31, 2019	March 31, 2018
SIS Prosecur Alarm Monitoring & Response Services Private Limited	India	Alarm Monitoring and Response Services	50.00%	50.00%
Habitat Security Pty Ltd	Australia	Provision of services relating to all aspects of physical security	49.00%	49.00%

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## ADDITIONAL INFORMATION UNDER GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013:

	Name of the Entity	Net Assets, i.e. total assets minus liabilities as at		Share in Profit or (Loss) for the year ended	Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended
		As a % of consolidated Net Assets	Amount (in ₹ million)	As a % of consolidated profit	Amount (in ₹ million)	As a % of consolidated other comprehensive income	As a % of consolidated total comprehensive income
<b>Parent Co</b>	<b>Security &amp; Intelligence Services (India) Limited</b>	58.3%	7,284.10	55.3%	1,192.61	-80.9%	60.4%
<b>Subsidiaries (Group's share)</b>	<b>Indian</b>						
	Service Master Clean Limited	10.0%	1,249.89	5.0%	108.84	3.8%	5.1%
	Tech SIS Limited	0.2%	20.23	-1.2%	(26.75)	-0.2%	-1.3%
	Terminix SIS India Private Limited	0.1%	6.90	-1.1%	(22.76)	0.3%	-1.1%
	Dusters Total Solutions Services Private Limited	11.4%	1,426.73	22.3%	480.77	-0.2%	23.1%
	SIS Business Support Services Private Limited	0.0%	0.13	0.0%	0.07	0.0%	0.0%
	SISCO Security Services Private Limited	0.0%	0.14	0.0%	0.07	0.0%	0.0%
	SLV Security Services Private Limited	-1.3%	(156.55)	2.7%	58.41	30.5%	1.6%
	Rare Hospitality and Services Private Limited	0.1%	13.85	0.7%	14.68	2.2%	0.6%
	Uniq Detective and Security Services Private Limited	2.3%	284.61	1.2%	25.48	0.0%	1.2%
	Uniq Detective and Security Services (AP) Private Limited	-0.1%	(6.68)	0.0%	(0.10)	0.0%	0.0%
	Uniq Detective and Security Services (Tamilnadu) Private Limited	0.0%	(4.43)	0.0%	(0.00)	0.0%	0.0%
	Uniq Facility Services Private Limited	0.0%	(3.61)	0.1%	1.28	0.0%	0.1%
<b>Joint Venture (investment as per equity method)</b>	<b>Indian</b>						
	SIS Alarm Monitoring and Response Services Private Limited	1.3%	156.63	-5.4%	(115.59)	-0.6%	-5.5%
<b>Associates (investment as per equity method)</b>	<b>Indian</b>						
	SIS Cash Services Private Limited	11.1%	1,387.25	-4.8%	(103.47)	-1.2%	-4.9%
	SIS Prosecur Holdings Private Limited	11.4%	1,430.75	-3.4%	(74.10)	-6.2%	-3.3%
	SIS Prosecur Cash Logistics Private Limited	5.5%	690.08	0.1%	2.06	-0.4%	0.1%

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Name of the Entity	Net Assets, i.e. total assets minus liabilities as at		Share in Profit or (Loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As a % of consolidated Net Assets	Amount (in ₹ million)	As a % of consolidated profit	Amount (in ₹ million)	As a % of consolidated other comprehensive income	Amount (in ₹ million)	As a % of consolidated comprehensive income	Amount (in ₹ million)
<b>Subsidiaries</b>	<b>Foreign</b>							
SIS International Holdings Limited	1.6%	195.62	4.5%	96.34	0.0%	-	4.6%	96.34
SIS Asia Pacific Holdings Limited	1.6%	195.65	4.5%	96.34	0.0%	-	4.6%	96.34
SIS Australia Holdings Pty. Ltd.	1.7%	208.29	5.5%	117.71	0.0%	-	5.7%	117.71
SIS Australia Group Pty. Ltd.	10.5%	1,313.58	11.0%	236.48	4.1%	(3.28)	11.2%	233.21
SIS Group International Holdings Pty. Ltd.	0.5%	58.47	2.0%	43.09	0.0%	-	2.1%	43.09
MSS Strategic Medical and Rescue Pty. Ltd.	0.8%	95.48	0.4%	8.87	0.0%	-	0.4%	8.87
SIS MSS Security Holdings Pty. Ltd.	11.0%	1,375.86	16.7%	361.36	0.0%	-	17.4%	361.36
MSS Security Pty. Ltd.	42.7%	5,343.38	36.2%	780.78	2.7%	(2.11)	37.5%	778.67
Australian Security Connections Pty. Ltd.	0.0%	0.49	0.0%	-	0.0%	-	0.0%	-
SX Protective Holdings Pty Ltd (Formally known as Andwills Pty. Limited)	0.0%	0.12	0.0%	0.01	0.0%	-	0.0%	0.01
SX Protective Services Pty. Ltd.	0.1%	18.39	0.0%	0.01	0.0%	-	0.0%	0.01
Southern Cross Protection Pty. Ltd.	3.2%	397.10	7.5%	162.87	0.0%	-	7.8%	162.87
Southern Cross FLM Pty. Ltd.	0.0%	(4.50)	0.0%	-	0.0%	-	0.0%	-
Southern Cross Loss Prevention Pty. Ltd.	0.1%	18.60	0.0%	-	0.0%	-	0.0%	-
Cage Security Alarms Pty. Ltd.	1.2%	149.57	-0.1%	(1.67)	0.0%	-	-0.1%	(1.67)
Cage Security Guard Services Pty. Ltd.	0.4%	45.39	0.0%	(0.19)	0.0%	-	0.0%	(0.19)
Eymet Security Consultants Pty. Ltd.	0.0%	2.50	0.0%	(0.45)	0.0%	-	0.0%	(0.45)
Askara Pty. Ltd.	0.0%	4.38	0.0%	0.38	0.0%	-	0.0%	0.38
Charter Customer Services Pty. Ltd.	0.8%	96.80	0.0%	0.02	0.0%	-	0.0%	0.02
Charter Security Protective Services Pty. Ltd.	1.3%	167.26	0.6%	12.33	0.0%	-	0.6%	12.33
Charter Security (NZ) Pty. Ltd.	0.4%	47.28	0.3%	6.35	0.0%	-	0.3%	6.35
MSS AJG Pty. Ltd.	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Platform 4 Group Limited	-0.1%	(11.61)	0.1%	3.23	0.0%	(0.01)	0.2%	3.21
SIS Henderson	6.9%	858.70	0.0%	(0.43)	0.0%	(0.00)	0.0%	(0.43)
Henderson Security Services Pte Ltd	5.8%	731.36	0.0%	0.68	-0.2%	0.14	0.0%	0.82
Henderson Technologies Pte Ltd	1.0%	123.69	0.1%	2.58	0.0%	0.01	0.1%	2.59
<b>Joint Venture</b>	<b>Foreign</b>							
Habitat Security Pty Ltd	0.1%	7.25	0.2%	4.75	0.0%	-	0.2%	4.75
Adjustments arising out of consolidation		(12,713.25)		(1,326.15)		(115.65)		(1,441.80)
Less: Minority Interest in all subsidiaries	0.0%	3.45	-0.5%	(11.38)	0.2%	(0.13)	-0.6%	(11.51)
<b>Total</b>	<b>100.0%</b>	<b>12,502.38</b>	<b>100.0%</b>	<b>2,158.17</b>	<b>100.0%</b>	<b>(79.05)</b>	<b>100.0%</b>	<b>2,079.12</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 39. INTERESTS IN OTHER ENTITIES

### a) Non-controlling interests (NCI)

Particulars	March 31, 2019	March 31, 2018
Share capital/investment	112.48	112.48
Retained earnings	(109.03)	(98.79)
<b>Total non-controlling interests</b>	<b>3.45</b>	<b>13.69</b>

### b) Interest in associates and joint ventures

#### Associates

The Group holds 49% interest in SIS Cash Services Pvt. Ltd., SIS Prosegur Cash Logistics Pvt. Ltd., SIS Prosegur Holdings Pvt. Ltd. SIS Prosegur Cash Logistics Pvt. Ltd. and SIS Prosegur Holdings Pvt. Ltd. are subsidiaries of SIS Cash Services Pvt. Ltd. The Group's interest in these entities are accounted for using the equity method in the consolidated financial statements. Moreover, Southern Cross Protection Pty Ltd, which was earlier treated an associate of the Group on March 31, 2018, has become a subsidiary effective July 01, 2017 with 51% of the shares and voting rights held by the Group effective that date,

#### Joint ventures

The Group holds 50% interest in SIS Prosegur Alarm Monitoring & Response Services Pvt. Ltd. and 49% interest in Habitat Security Pty Ltd and exercises joint control over these entities. The Group's interest in these entities are accounted for using the equity method in the consolidated financial statements.

Name of entity	Place of business	% of ownership interest	Relationship	Accounting method	Carrying amount	
					March 31, 2019	March 31, 2018
SIS Cash Services Private Limited	India	49.00%	Associate	Equity method	455.20	537.70
SIS Prosegur Alarm Monitoring Response Services Pvt. Ltd.	India	50.00%	Joint venture	Equity method	78.31	134.18
Habitat Security Pty Ltd.	Australia	49.00%	Joint venture	Equity method	4.90	2.06
<b>Total equity accounted investments</b>					<b>538.41</b>	<b>673.94</b>

The share of profits from associates and joint ventures recognised by the Group is given below:

Particulars	March 31, 2019	March 31, 2018
Share of profits from associates	(82.50)	(91.06)
Share of profits from joint ventures	(52.89)	(26.80)
<b>Total share of profits from associates and joint ventures</b>	<b>(135.39)</b>	<b>(117.86)</b>

Aggregate amount of share of those joint ventures and associates	Joint ventures		Associates		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(a) Profit or loss from continuing operations.	(55.12)	(28.80)	(83.61)	(92.09)	(138.73)	(120.89)
(b) Post-tax profit or loss from discontinued operations.	-	-	-	-	-	-
(c) Other comprehensive income.	2.23	2.00	1.11	1.03	3.34	3.03
(d) Total comprehensive income.	(52.89)	(26.80)	(82.50)	(91.06)	(135.39)	(117.86)

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 40. RELATED PARTY TRANSACTIONS

Note 38 above provides the information about the Group's structure

### Names of related parties

Key Management Personnel and their relatives	Mr. Ravindra Kishore Sinha (Chairman)
	Mr. Uday Singh - Non- Executive Director
	Mr. Rituraj Kishore Sinha (Managing Director)
	Mr. Arvind Kumar Prasad (Director - Finance)
	Mrs. Rita Kishore Sinha – Non-Executive Director
	Mr. Arun Batra – Independent Director
	Mr. Amrendra Prasad Verma – Independent Director
	Mr. T C A Ranganathan – Independent Director
	Mr. Devdas Apte – Independent Director
	Mr. Rajan Krishnanath Medhekar – Independent Director
	Ms. Renu Mattoo – Independent Director
	Mr. Devesh Desai (Chief Financial Officer)
	Mr. Brajesh Kumar (Chief Financial Officer – Indian Security and Facility Management)
	Ms. Pushpalatha Katkuri (Company Secretary)
Associates/Joint Venture entities	Southern Cross Protection Pty Ltd. (Associate till 30 June 2017)
	SIS Prosegur Alarm Monitoring & Response services Private Limited (Joint venture)
	Habitat Security Pty Ltd (Joint venture)
	SIS Cash Services Private Limited (Associate)
	SIS Prosegur Holdings Private Limited (Associate)
Enterprises owned or Significantly influenced by group of individuals or their relatives who have control or significant influence over the Company	SIS Prosegur Cash Logistics Private Limited (Associate)
	Saksham Bharat Limited
	Security Skills Council India Limited
	SIS Group Enterprises Limited
	Mahamanav Mritunjay Institute of Yoga & Alternative Medicine Limited
	Mritunjay Educational Foundation Limited
	Rituraj Resorts Limited
	Superb Intelligence Services Private Limited
	Lotus Learning Private Limited
	Sunrays Overseas Private Limited w.e.f January 18, 2018)
	Vardan Overseas Private Limited w.e.f January 18, 2018)
	SIS Asset Management Company Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Joint venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group companies	Total
<b>Transactions during the year</b>						
Investments made	Mar-19	100.00	50.00	-	-	150.00
	Mar-18	90.00	100.00	-	-	190.00
Fixed Assets purchased/(sold)	Mar-19	0.08	-	-	-	0.08
	Mar-18	(0.08)	-	-	-	(0.08)
Interest Received on Bonds; Debentures and loans	Mar-19	0.55	28.83	-	2.24	31.62
	Mar-18	-	1.30	-	0.16	1.46
Service charges / Expenses paid	Mar-19	0.32	0.60	-	311.71	312.63
	Mar-18	0.30	1.42	-	225.20	226.92
Service charges / other Income received	Mar-19	2.36	14.47	-	30.77	47.60
	Mar-18	4.65	18.53	-	76.99	100.17
Salary & remuneration paid	Mar-19	-	-	64.11	-	64.11
	Mar-18	-	-	65.70	-	65.70
Rent paid	Mar-19	-	-	18.32	45.93	64.25
	Mar-18	-	-	19.04	3.84	22.88



# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

		Joint venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group companies	Total
Demerger of consultancy and investigation business	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	156.96	156.96
<b>Balances outstanding at end of the year</b>						
Investment in shares	Mar-19	83.21	455.20	-	-	538.41
	Mar-18	136.26	537.70	-	-	673.96
Other payables and accruals	Mar-19	-	0.13	-	66.97	67.10
	Mar-18	-	0.18	-	20.05	20.23
Other receivables and accruals	Mar-19	2.05	143.40	-	114.07	259.52
	Mar-18	1.03	87.24	-	83.01	171.28
Bonds and Debentures	Mar-19	100.00	297.00	-	-	397.00
	Mar-18	-	247.00	-	-	247.00

## Terms and conditions of transactions with related parties

Transactions relating to dividends paid, subscription for new equity shares were on the same terms and conditions that applied to other shareholders.

Refer note 13 in respect of demerger of consultancy and investigation business.

The sales to, and purchases from, related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances at the year-end are unsecured and carry interest equivalent to market rate, where specified, in terms of the transactions and settlement occurs in cash. For the year ended March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

## 41. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support the financing of the operations of its subsidiaries, joint ventures and associates. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations and loans, security and other deposits.

The Group's operations expose it to market risk, credit risk and liquidity risk. The Group's focus is to reduce volatility in

financial statements while maintaining balance between providing predictability in the Group's business plan along with reasonable participation in market movement. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

## Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, loans and deposits given, FVTOCI investments and derivative financial instruments.

## Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates which arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency revenue and cash flows. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The Group has limited foreign currency transactions and has limited exposure to foreign currency assets and liabilities resulting in the foreign currency risk being low.

The exchange rate between the Indian Rupee and foreign currencies has fluctuated in recent years and may continue to do so in the future. Consequently, the results of the Group's operations may be affected as the Indian Rupee appreciates/depreciates against these currencies.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

Particulars	Financial Liabilities	
	March 31, 2019	March 31, 2018
<b>Respective Foreign Currency Risk in ₹</b>		
AUD	2,055.59	2,038.27
SGD	3,434.28	-
NZD	492.87	-
USD	10.33	4.40
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>5,993.07</b>	<b>2,042.67</b>

## Sensitivity

The sensitivity of profit or loss to change in the exchange rates arises mainly from foreign exchange denominated financial instruments are as follows:

Particulars	Impact on profit after tax	
	March 31, 2019	March 31, 2018
Increase by 5%	299.65	102.13
Decrease by 5%	(299.65)	(102.13)

## Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2019	March 31, 2018
Variable rate borrowings:		
- Loans repayable on demand	3,341.85	1,597.82
- Loans	4,562.79	3,817.23
- others	14.14	-
Fixed rate borrowings		
- Loans	339.65	154.08
- NCD	1,490.75	-
<b>Total borrowings</b>	<b>9,749.18</b>	<b>5,569.13</b>

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind-AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	March 31, 2019	March 31, 2018
Interest rates - increase by 25 basis points *	19.80	15.71
Interest rates - decrease by 25 basis points *	(19.80)	(15.71)

\*Holding all other variables constant

## Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle their obligations as agreed resulting in a financial loss. The primary exposure to credit risk arises from Trade receivables and Unbilled revenue amounting to ₹ 9,529.61 million and ₹ 4,501.46 million respectively as at March 31, 2019 (₹ 6,242.71 million and ₹ 4,005.57 million respectively as at March 31, 2018). These are unsecured and are managed by the Group through a system of periodically assessing the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts

receivables. No single customer accounted for more than 10% of the accounts receivable as of March 31, 2019 and March 31, 2018, respectively and revenues for the year ended March 31, 2019 and March 31, 2018, respectively. There is no significant concentration of credit risk. The Group uses the expected credit loss ("ECL") method to assess the loss allowance for Trade receivables and Unbilled revenue taking into account primarily the historical trends and analysis of bad debts. The Group does not expect any credit risk or impairment in respect of amounts lent to its subsidiaries, associates and joint ventures.

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

The credit risk for financial assets other than bank balances and trade receivables are considered low.

## Significant estimates and judgements

### Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions. The Group estimates loss arising on trade receivables as a percentage of sales based on past trends and such loss is directly debited to revenue instead of creating a provision for impairment of receivables.

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are invested in bank fixed deposits or used to temporarily reduce the balance of cash credit accounts to optimize interest costs.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities.

The Group consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet its financial obligations and maintain adequate liquidity for use.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, shareholder equity, and finance leases.

Approximately 3.94% of the Group's long term debt will mature in less than one year at March 31, 2019 (March 31, 2018: 4.98%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and significant portion of short term debt maturing within 12 months can be rolled over with existing lenders. The Group believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

## Year ended March 31, 2019

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	3,355.99	236.71	188.70	6,141.60	-	9,923.00
Other financial liabilities	-	3,497.44	2,323.98	21.38	-	5,842.80
Trade payables	-	661.42	-	-	-	661.42
Contingent consideration	-	-	-	7,836.28	-	7,836.28

## Year ended March 31, 2018

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	1,597.82	72.13	156.06	3,763.23	-	5,589.24
Other financial liabilities	-	2,411.43	1,815.96	30.84	-	4,258.23
Trade payables	-	806.36	-	-	-	806.36
Contingent consideration	-	-	-	2,664.81	-	2,664.81

As a matter of policy, the Group does not carry out any hedging activities.

There has been no default in servicing borrowings and/ or breaches in loan covenants.

The Group has the following financial assets which are subject to the impairment requirements of Ind AS 109. On assessment of the future cash flows arising from these assets, the Group believes that there is no provision required to be made for impairment losses on these assets.

Particulars	As at	
	March 31, 2019	March 31, 2018
<b>Financial Assets:</b>		
Investments in bonds and debentures	397.00	247.00
Trade receivables	9,529.61	6,242.71
Other financial assets	5,515.98	4,851.07
<b>Total</b>	<b>15,442.59</b>	<b>11,340.78</b>

# Notes to the financial statements

All amounts in ₹ million, unless stated otherwise

## 42. ADDITIONAL CAPITAL DISCLOSURES

For the purpose of the Group's capital management, capital includes issued equity capital, share premium, all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximise shareholder value and support its strategies and operating requirements. The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with a focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements for the Group's operations are generally met through operating cash flows generated and supplemented by long-term and working capital borrowings from banks.

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to optimise the cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants to which it is subject. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is Net Debt divided by EBITDA. The Group defines Net Debt as borrowings less cash and cash equivalents, excluding discontinued operations, but including bank balances and deposits irrespective of their duration / maturity.

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Borrowings (refer note 16)	9,497.59	5,361.05
Current portion of long-term debt (refer note 16)	251.59	208.08
Less: Cash and cash equivalents (refer note 12), other bank balances and deposits (including margin money)	5,579.79	4,947.03
<b>Net Debt</b>	<b>4,169.39</b>	<b>622.10</b>
<b>EBITDA</b>	<b>3,651.59</b>	<b>3,119.62</b>
Gearing ratio	1.14	0.20

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it simultaneously meets financial covenants attached to its borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the current period.

### Dividends

The Parent declares and pays dividends in Indian Rupees. According to the Companies Act, 2013 any dividend should be declared only out of accumulated distributable profits. A Company may, before the declaration of any dividend, transfer a percentage of its profits for that financial year, as it may consider appropriate, to the reserves.

The Parent's Board, at its meeting dated May 02, 2019, has proposed a final dividend of ₹ 3.50 per share aggregating

to ₹ 256.59 million for the year ended March 31, 2019 (March 31, 2018: ₹ 1.50 per share aggregating to ₹ 109.78 million). This dividend has not been recognised as a distribution to shareholders at the end of the reporting period.

Also, refer to note no 13, regarding demerger of certain business to SIS Asset Management Private Limited.

The Board of Directors, at their meeting held on September 21, 2016 had approved the issue of bonus shares in the proportion of 10:1, i.e. 10 (ten) equity shares of ₹ 10 each for every 1 (one) fully paid-up equity share held as on September 15, 2016 pursuant to resolution passed by the shareholders on July 27, 2016. The Parent has not issued any bonus shares out of capitalisation of its revaluation reserves or unrealised profits.

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

**CA. D.K. Saxena**  
(Partner)  
Membership No. 082118

Place: Hyderabad  
Date: May 02, 2019

For and on behalf of the Board

**Ravindra Kishore Sinha**  
Chairman  
(DIN: 00945635)

**Devesh Desai**  
Chief Financial Officer

**Rituraj Kishore Sinha**  
Managing Director  
(DIN: 00477256)

**Brajesh Kumar**  
Chief Financial Officer  
(Security solutions & FM)

**Arvind Kumar Prasad**  
Director – Finance  
(DIN: 02865273)

**Pushpalatha Katkuri**  
Company Secretary

## Notes

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# Corporate Information

## BOARD OF DIRECTORS

**Mr. Ravindra Kishore Sinha**  
Chairman

**Mr. Rituraj Kishore Sinha**  
Group Managing Director

**Mr. Arvind Kumar Prasad**  
Director-Finance

**Mr. Uday Singh**  
Non-Executive Director

**Mrs. Rita Kishore Sinha**  
Non-Executive Director

**Mr. Arun Kumar Batra**  
Independent Director

**Mr. Amrendra Prasad Verma**  
Independent Director

**Mr. T C A Ranganathan**  
Independent Director

**Mr. Devdas Apte**  
Independent Director

**Mr. Rajan Krishnanath Medhekar**  
Independent Director

**Ms. Renu Mattoo**  
Independent Director

## COMPANY SECRETARY

**Ms. Pushpalatha Katkuri**

## BANKERS

State Bank of India

IDBI Bank Limited

Axis Bank Limited

ICICI Bank Limited

Yes Bank Limited

Kotak Mahindra Limited

Standard Chartered Bank

IDFC Bank Limited

HDFC Bank Limited

## GROUP MANAGEMENT

**Mr. Uday Singh**

**Mr. Rituraj Kishore Sinha**

**Mr. Arvind Kumar Prasad**

**Mr. Dhiraj Singh**

**Mr. Tapash Chaudhri**

**Mr. Mike McKinnon**

**Mr. Devesh Desai**

**Mr. Brajesh Kumar**

**Mr. Vamshidhar Guthikonda**

## AUDITORS

**Saxena and Saxena**  
Chartered Accountants

**Registered Office**  
Annapoorna Bhawan,  
Telephone Exchange Road, Kurji  
Patna – 800 010

**Corporate Office**  
A-28 & 29, Okhla Industrial  
Area, Phase-1  
New Delhi – 110 020

**Corporate Identity Number**  
L75230BR1985PLC002083

**Website**  
[www.sisindia.com](http://www.sisindia.com)





**Group Enterprises**

A Market Leader in  
Security, Cash Logistics  
& Facility Management

**Registered Office**

Annapoorna Bhawan, Telephone  
Exchange Road, Kurji, Patna

**Corporate Office**

A-28 & 29 Okhla industrial Area, Phase-1,  
New Delhi - 110020