



'ESSENTIAL'

SOLUTIONS
FOR A SAFER
SOCIETY

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RESPONDING WITH FOCUS

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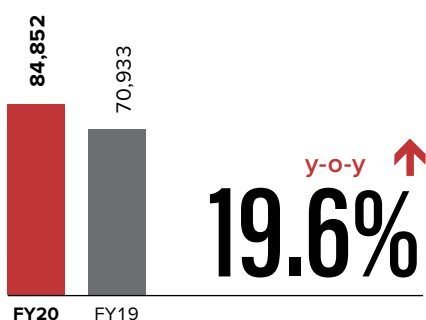
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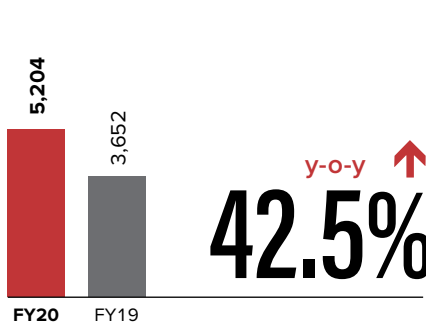
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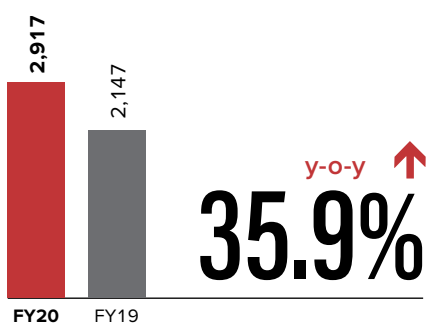
Revenue (₹ in Mn)



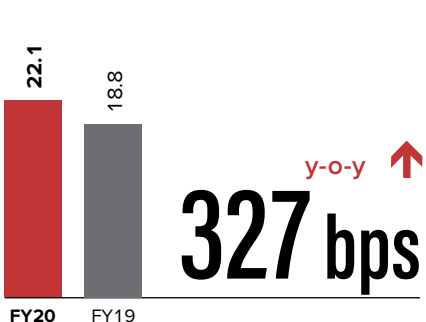
EBITDA (₹ in Mn)



Profit after tax* (₹ in Mn)



RoE/RoNW* (%)



Growth in FY20 over FY19 ↑
*based on pro-forma PAT

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We are proud to serve the nation's economic and social recovery through our essential services and vast branch network and hugely dedicated frontline staff.

MR. RAVINDRA KISHORE SINHA
Chairman

”

Our newer solution offerings coupled with the resilience of our demand and strong balance sheet place us on a strong footing to further consolidate market share.

MR. RITURAJ KISHORE SINHA
Group Managing Director



Check our website to get to know us better



We serve economies and society as a backbone, addressing safety and hygiene concerns through our wide range of solutions. The criticality of our services was reinforced during the COVID-19 lockdown period when the Ministry of Home Affairs (MHA) and various state regulatory bodies included our offerings in the 'essential' services mandate. Whether it was India or Australia or Singapore, our solutions were indispensable during this phase. From businesses that were running such as hospitals, e-commerce, logistics, FMCG companies to those that were closed – we were safeguarding

people and property across the nook and corner of the markets we serve.

We were able to respond quickly to the fast-changing environment, which coupled with our vast branch network, extraordinary commitment and creative solutions enabled us to address the business contingency issues that our clients faced every day. Our demand inelasticity was proved once more, and we are proud to have played a vital role in keeping the wheels of our economy constantly moving over the past few months.

SIS IS A BUSINESS ENABLER AND A PROXY FOR THE INDIAN ECONOMY SERVICING EVERY BUSINESS SEGMENT, THROUGH AN ASSET-LIGHT MODEL THAT DELIVERS STRONG AND PREDICTABLE RETURNS.

Corporate Identity

A TRUE MARKET LEADER

SIS provides security, facility management and cash logistics services, which are essential to the functioning of a vibrant and healthy economy. We have emerged as a trusted leader across these business segments in India and other geographies in the Asia Pacific region.

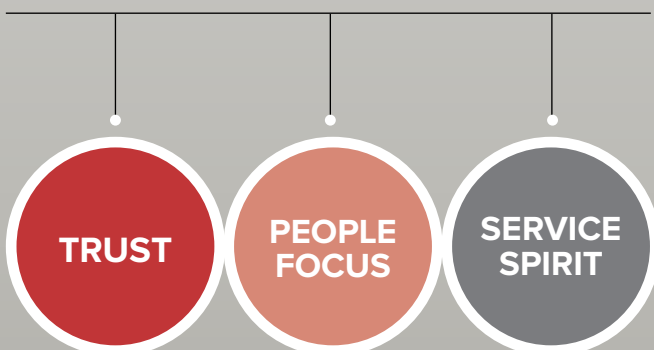
Over the years, we have gained deep insights about our key markets—India and Australia—which have enabled us to leverage opportunities across geographies.

Our brands have become synonymous with quality solutions in these markets. With over three decades of experience, in-house end-to-end bandwidth and proficiency across sectors, we are addressing diverse and dynamic business needs of our clients, while at the same time growing our market share.

We are deepening our customer relationships and scope of engagement through our integrated solutions portfolio. Our single point of contact for multiple solutions allows us to drive high customer retention.

Our operational effectiveness stems from centralised key functions like finance and sales, along with other administrative functions.

OUR VALUES



SECURITY SOLUTIONS

Leading security solutions provider in India and Asia-Pacific (APAC) offering the assurance of a safe and secure workplace to businesses, governments and consumers. Combines the best-in-class technology with a highly trained workforce to offer the most efficient security solutions.

INDIA



An SIS Group Enterprise

Largest security solutions provider in India, offering the widest reach and most comprehensive range of solutions.



Complete suite of electronic security solutions.



Comprehensive suite of electronic security solutions.

41.2%

Contribution to revenue in FY20

APAC



Largest Security Solutions provider across all market segments in Australia.



Leading mobile patrol company in Australia.



One of Singapore's leading security companies.



Specialist Security Solutions provider in New Zealand.

43.7%

Contribution to revenue in FY20

DIVER
SERV
AN
MAR

FACILITY MANAGEMENT

Fastest growing facility management company in India offering deep cleaning, disinfection and hygiene management solutions to customers across India with special expertise in the fields of healthcare, pharma, hospitality.



15.1%

Contribution to revenue in FY20

CASH LOGISTICS

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



Provider of comprehensive range of Cash Logistics solutions in India.

US\$ 1.2+ BILLION
In revenue (among global top 10)

2,40,462
Trained workforce

#1
Security solutions company in India

#1
Security solutions company in Australia

#2
Facility management solutions company in India

#2
Cash logistics company in India

SIFIFIED
VICES
ND
KETS

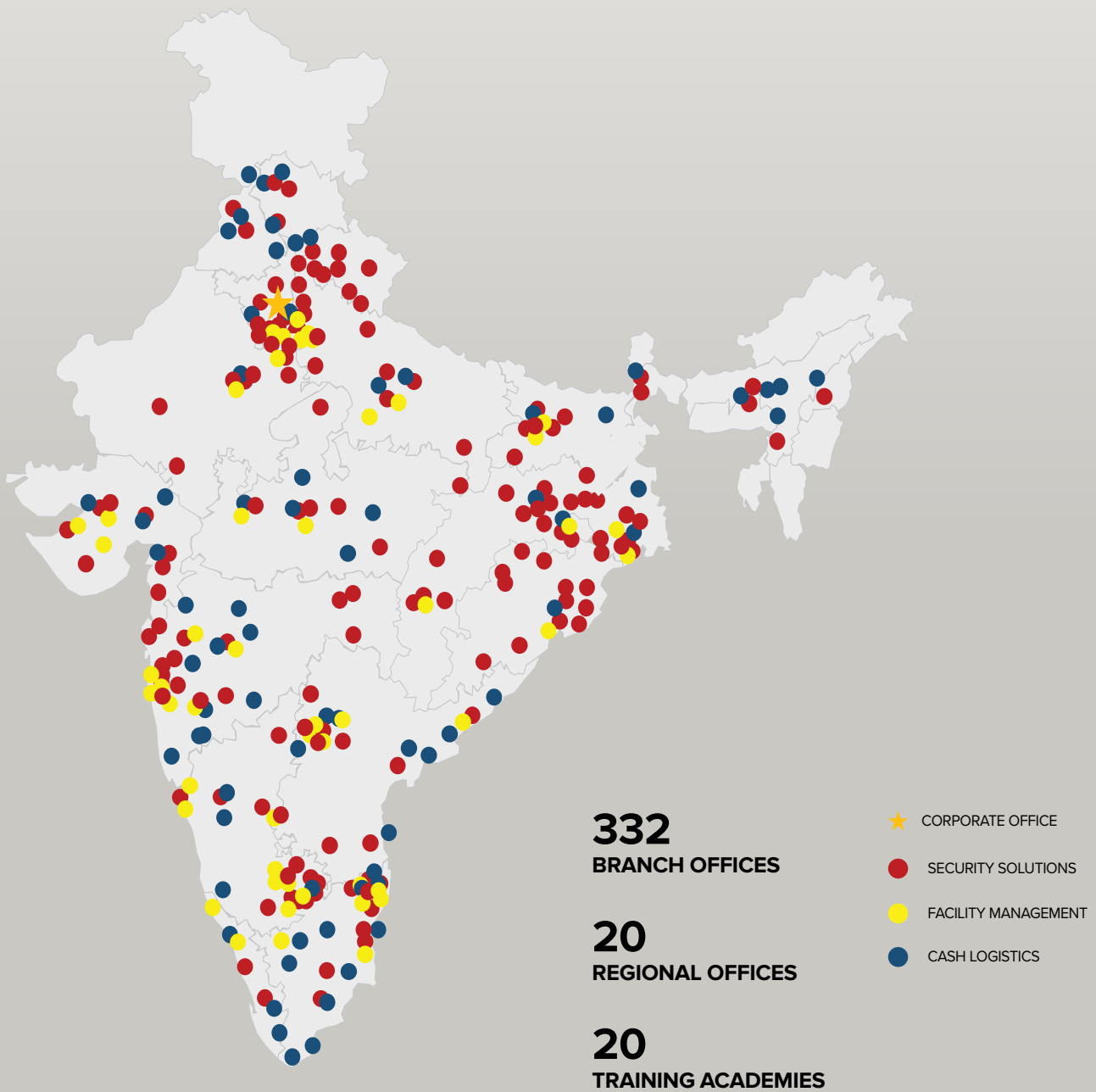
Our Reach

GLOBAL EXPERTISE, LOCAL PRESENCE

APAC PRESENCE



INDIA PRESENCE



Execution Demonstrated

PROACTIVE MEASURES FOR CRITICAL TIMES

The pandemic has taken a huge toll on lives and livelihoods across the world; and the closest parallel to the economic havoc it has caused, is the Great Depression of 1929, which happened over 90 years ago.

On the positive side, India controlled the speed of the infection by imposing one of the stringent lockdowns in the world, while at the same time ensuring that essential services continued uninterrupted. The challenge to keep operations running was a demanding task for us; and we were able to marshal all our branches, key managers and human resources teams to ensure that there was no disruption in operations.

We learned best practices from our New Zealand and Australia operations on the communication and prevention protocols to ensure that our employees and customers are supported and cared for.

The SIS Group was able to garner outstanding customer goodwill by supporting businesses through this crisis, often going beyond our brief and contract terms.

We continued to serve our customers across various industries to ensure smooth functioning of various solutions across India during the 'Great Lockdown'. We primarily supported hospitals, retail chains that sell essentials, enabled manufacturing, facilitated banking and ATM services and assisted in upholding law and order. Our 30-day COVID Response Plan has been appreciated by all stakeholders and emerged as a benchmark in the industry.

Chronology of steps undertaken for BCP at SIS

| Date | Initiative |
|-------------------|---|
| February 11, 2020 | <ul style="list-style-type: none"> WHO declares COVID-19 a pandemic |
| March 6, 2020 | <ul style="list-style-type: none"> Initiates BCP actions to support customers and employees, COVID strategy team, awareness advisories |
| March 24, 2020 | <ul style="list-style-type: none"> India announces country-wide lockdown Ministry of Home Affairs (MHA), Government of India declares private security, cash logistics, hygiene and sanitisation as essential services Group-wide calls on plan of action: communication/ payroll/client engagement/supplies/passes/ regulatory letters etc. |
| March 25, 2020 | <ul style="list-style-type: none"> COVID strategy discussion with all business unit (BU) leaders Financial empowerment to branch heads and regional heads for PPE kits and supplies Daily operations report, rostering, COVID MIS |
| March 26, 2020 | <ul style="list-style-type: none"> Salary advance to frontline staff, along with provision of rations and accommodation Extensive customer support operations |
| March 30, 2020 | <ul style="list-style-type: none"> Inform employees on PF advance withdrawal |
| March 31, 2020 | <ul style="list-style-type: none"> Detailed instructions on invoicing and wage processing |
| April 2, 2020 | <ul style="list-style-type: none"> Continues with new business wins Commences scenario analysis of Q1 and FY21 |
| April 6, 2020 | <ul style="list-style-type: none"> Announces 100-day plan six-point agenda |
| April 15, 2020 | <ul style="list-style-type: none"> Initiates retraining of frontline employees for post-COVID operations |
| April 20, 2020 | <ul style="list-style-type: none"> Launches 'COVID Circle of Safety' customer outreach programme |

Considering the general economic outlook for FY21, the SIS management has also created a 100 Day Plan to organically pivot to the post COVID era. The six-point agenda focuses on operations continuity, prioritising employee health and safety, P&L preservation, cash maximisation (without affecting employee costs). It also encompasses actions to re-position SIS' offerings through our unique Circle of Safety Programme and accelerated digital transformation.

01

**OPERATIONS
NORMALISATION**

Awareness training,
COVID training, supply
chain management
and COVID relief fund

02

**P&L
PRESERVATION**

Revenue protection
actions and margin
protection training

03

**CASH FLOW
MANAGEMENT**

Extract, increase and
contain

SIX POINT COVID RESPONSE PLAN

04

**COST
MANAGEMENT**

Non-employee cost-
optimisation programme

05

**SEIZE DEMAND
RECOVERY**

Reposition SIS for the
post-COVID world,
expand wallet share
and cross-sell with
existing customers

06

**DIGITAL
TRANSFORMATION**

Strengthen IT
infrastructure,
accelerate business
process re-engineering
(BPR) and contactless
onboarding/training





'Appreciate the good support during this national crisis and for keeping us safe and being careful on work site.'



"Truly appreciate the uninterrupted & best solutions by SIS."



"We would like to praise SIS for their uninterrupted and commendable services."



"Thank you for your consistent support and cooperation during this crucial situation."



"Would like to thank SIS for ensuring the work and security at PNB Metlife Ltd. Indore (MP) Excellent work done."



"Thanks for the security support received during this unprecedented lockdown due to COVID-19"



"Appreciate your entire team. Your custodians are real heroes."



"Thanks for the security support received during this unprecedented lockdown situation of managing COVID-19"



"Appreciate the support rendered by team in this crisis situation."



"It's heartening to note the proactive approach you as a team are taking to keep in control of the situation."



"We appreciate the effort taken by SIS to keep the clients safe and ensure the routine goes smooth."



"Thank you for all the actions your team is taking during this situation. Keep up the good work."



"Proud that SIS is one of those sentinels who is guarding us by providing the security services."



"Your efforts are Much appreciated."

INSPI



"We appreciate the efforts and security support that we are getting from SIS"



"We are very grateful to the entire team who have been giving such excellent services at all areas of the campus."



"We would like to thanks and put our special regards to SIS team serving nation during this time of crisis."



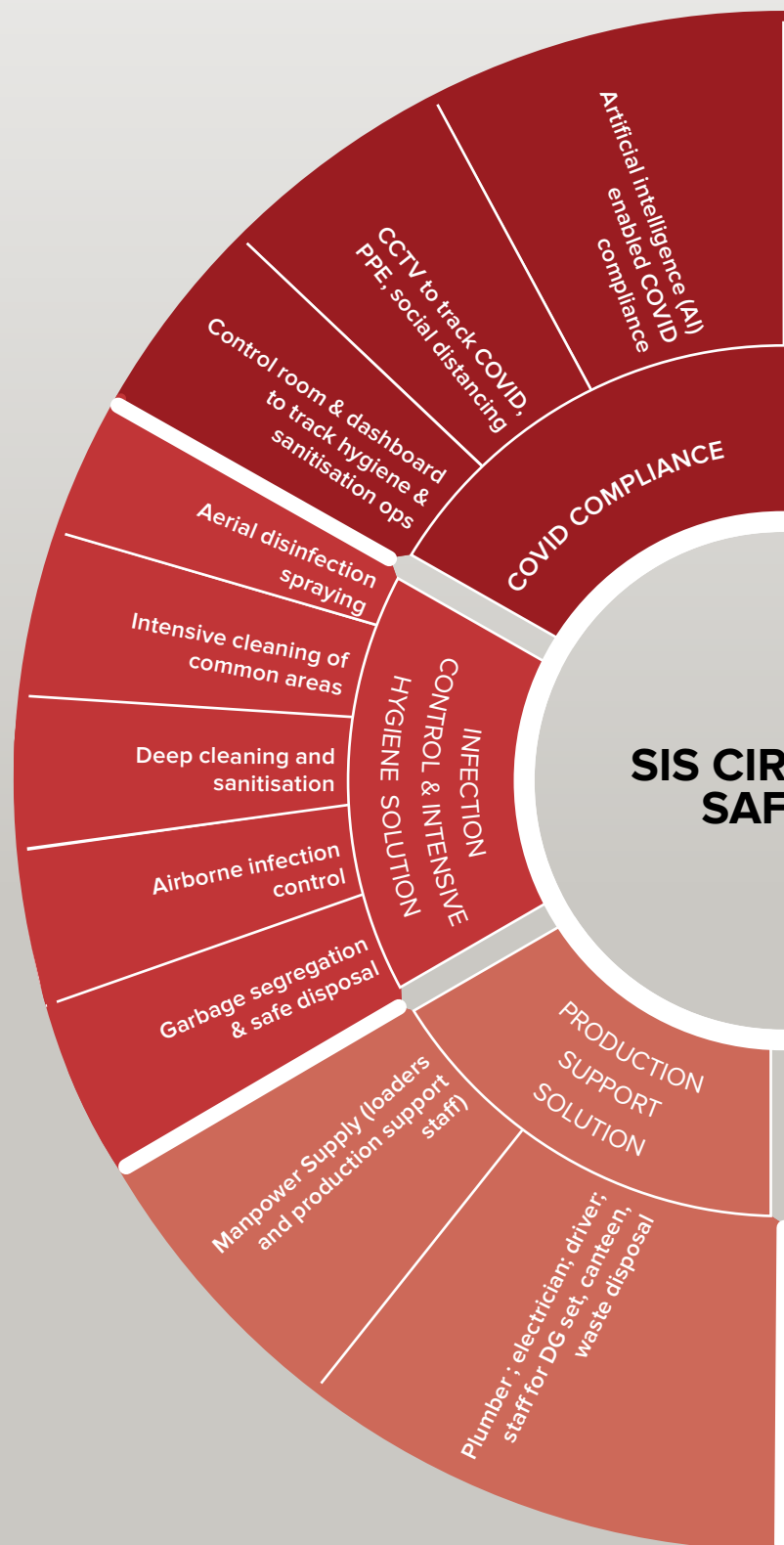
RATION

THAT KEEPS US GOING



NEW SOLUTIONS FOR THE NEW NORMAL

SIS has always been at the forefront of designing refreshing solutions and processes for the customers – many of which have now gone ahead to become benchmarks for the industry. We realise that the post-COVID era is going to be very different from the pre-COVID era, in every respect from hiring to training to sales to running operations. What is fundamentally going to change is the nature of solutions that companies are going to ask for.



COVID impact on consumer demand

01 From procurement driven to C-level driven

The decision-making on security and hygiene which was hitherto being managed by admin/procurement heads is becoming a business continuity imperative that is a KRA for senior leadership and HR department.

02 Increasing operational expenditure

For most businesses as there is greater intensity and new service requirements on hygiene, sanitisation, infection control, safe and secure access control, and social distancing management, among others.

03 Strong preference for quality providers

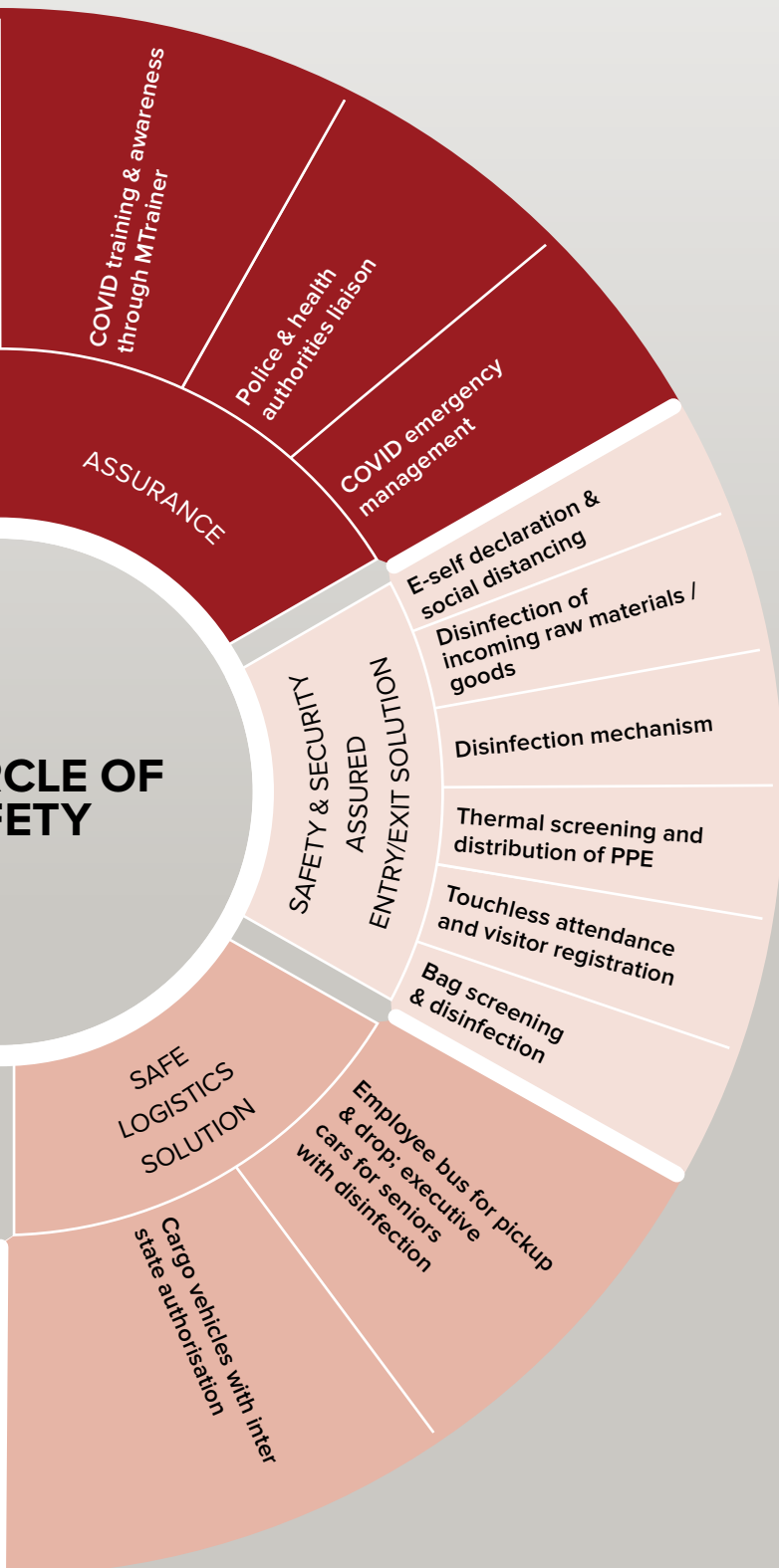
Companies are likely to prefer solution providers who can think innovatively, provide holistic solutions, better equipment, and high-quality materials, and for subject matter experts. Consequently, leading brands are going to gain market share from smaller, unorganised, people-shops.

04 Convergent solutions

Hygiene/access control/disinfection are going to be blended seamlessly to create a safer workplace and customer environments. Greater focus on outcome-based solutions and technology usage. Convergence will add further muscle to our One SIS programme and create enhanced opportunities to cross-sell and bundle to increase share of wallet

05 Consolidation

Significant inorganic consolidation opportunities to emerge in next 12-24 months as weaker players face stress on working capital and inability to deliver complex solutions

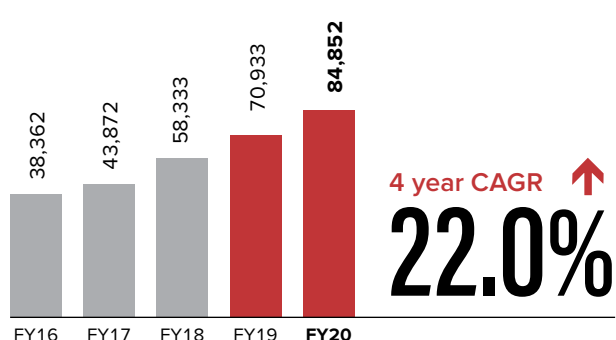


Key Performance Indicators

RESILIENT DEMAND, PREDICTABLE OUTCOMES

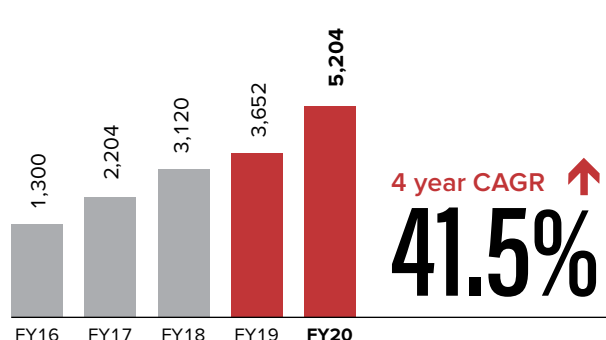
Group revenues

(₹ in Mn)



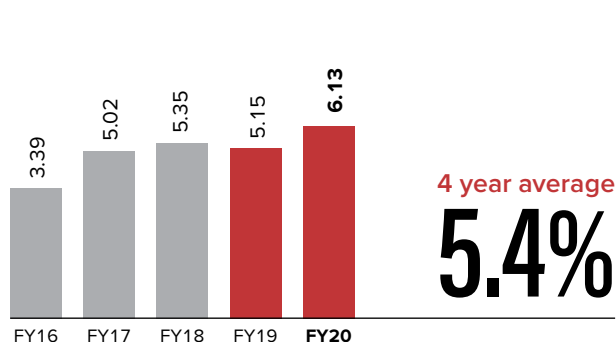
Group EBITDA

(₹ in Mn)



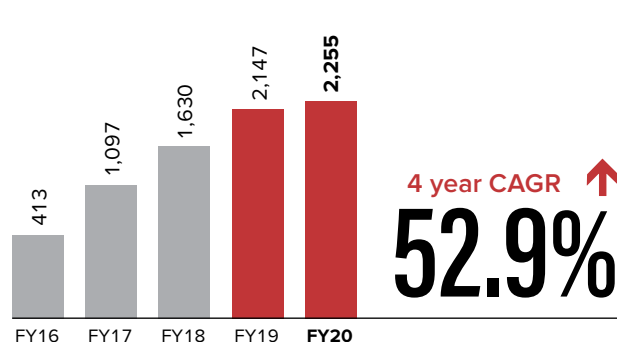
Group EBITDA margin

(%)



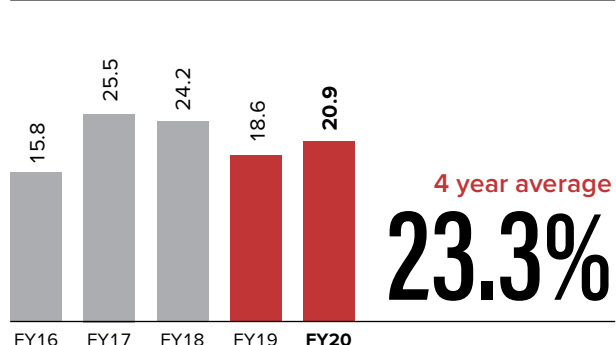
Group PAT

(₹ in Mn)



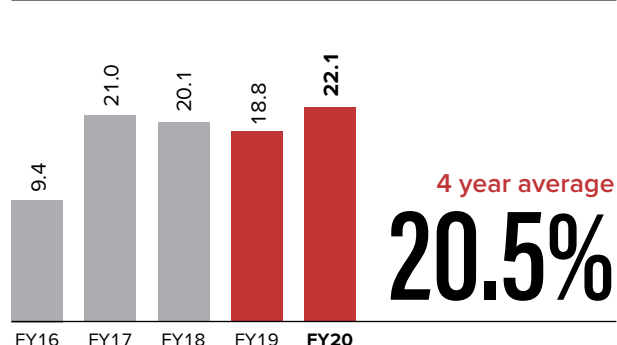
Return on average capital employed (ROCE)

(%)

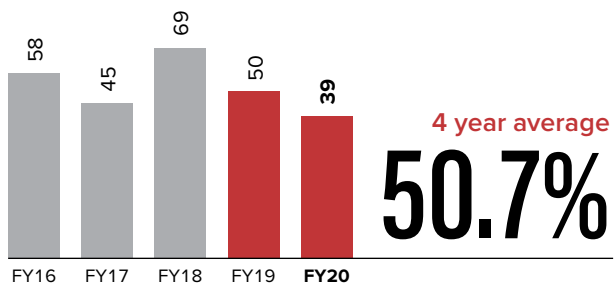


Return on net worth (RONW)

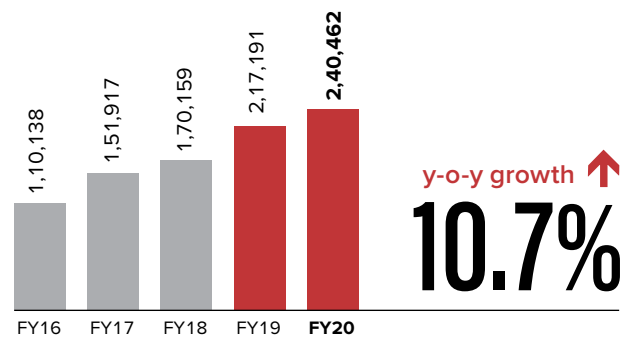
(%)



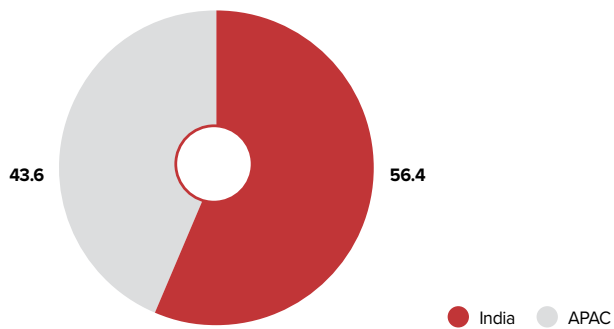
Operating cash flow (OCF)/EBITDA (%)



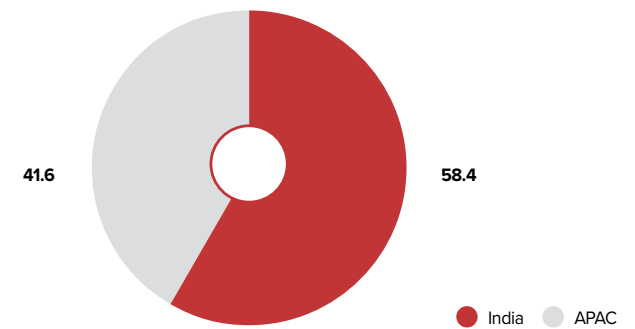
Employees (Number)



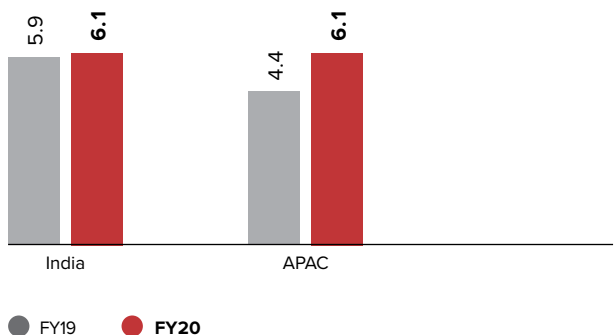
EBIDTA contribution by geography in FY20 (%)



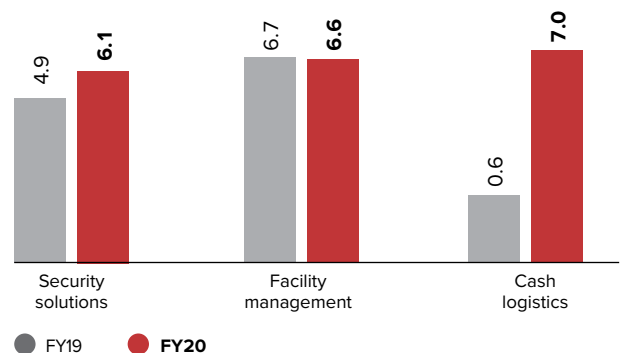
EBIDTA contribution by geography in FY19 (%)



EBIDTA margin by geography (%)



EBIDTA margin by business segment (%)



Chairman's Communique

CRISIS REVEALS TRUE LEADERSHIP



”

We, at SIS, are committed to playing a pivotal role in the critical economic lifeline of nations. Our interventions are classified as essential solutions and we ensured that even during the lockdown all our clients, especially those dealing with healthcare, consumer goods, banks, modern retail, public utilities, e-commerce, and logistics and so on, could continue to function without disruption.



Growth for us is non-negotiable; and we have fast-tracked our growth over the years, without compromising on employee welfare and benefits.

DEAR FRIENDS,

It is indeed difficult for me to pen down my thoughts on the year gone by, when the last few weeks of the fiscal saw the outbreak of the pandemic, unprecedented in its intensity and scale. India has been navigating through a challenging macro-economic environment over the preceding two to three years, which has now been compounded by the pandemic. It is heartening to note that governments across markets—India and the Asia Pacific region—have announced significant fiscal measures to get the economies buzzing with activity, and hopefully, we will see a quick economic recovery.

We, at SIS, are committed to playing a pivotal role in the critical economic lifeline of nations. Our interventions are classified as essential services and we ensured that even during the lockdown all our clients, especially those dealing with healthcare, consumer goods, banks, modern retail, public utilities, e-commerce, and logistics and so on, could continue to function without disruption.

The indispensable nature of our industry and its vitality was praised by our Honourable Prime Minister as well as other key legislative and regulatory bodies. Despite operating challenges during the lockdown, we rose to the occasion with all the might of our branches across 630 districts to ensure that clients do not face disruption and the wheels of the economy keep moving. I am especially grateful to all the frontline staff working at over 300 hospitals, who took great risk in conducting their duties in the larger interest of the society and economy.

Our international markets—Australia, Singapore and New Zealand—have

been far less impacted and have managed to get the economy back on track, despite the onslaught of the COVID-19 pandemic, thereby providing a good counter-balance to the increased volatility in the Indian market.

FY20 was a year of new milestones for the SIS Group. We crossed ₹ 8,400 Crore in revenues and 240,000 in employee base. During the year, we consolidated our credentials as one of the leading business solutions players in APAC. This has been the result of relentless efforts of everyone in SIS – from business leaders to all our security and housekeeping staff. I am happy to share that SIS is among the top 5 private employers in India and we provide regular, sustainable livelihood to millions of households across the country. Growth for us is non-negotiable; and we have fast-tracked our growth over the years, without compromising on employee welfare and benefits. This is key to our ability to hire and retain the best talent. We have undertaken relevant initiatives to digitise our training programmes. This has helped us run our trainings remotely, even during the COVID-induced lockdown.

Our efforts to continuously improve our technology and solutions have been gaining momentum. Post-COVID, the way we live and work would witness a fundamental shift and we are working to devise newer solutions to ensure that our workplaces provide a safe and hygienic working environment for our employees.

As an industry leader, we shoulder a greater responsibility, especially in times of crisis like this, where we need to take the whole industry along and build a common protocol to ensure that the lives and assets of our society are

protected. The leader has to shape the future of the industry and to this end, I urge our employees to maintain the highest standards of ethics, corporate governance and civic responsibility.

The COVID-19 impact will continue to have a bearing on the ensuing months and our grit will be tested time and again. However, I am confident that the SIS culture that has been instilled and nurtured over the past many years, will hold us in good stead as we navigate through this challenging marathon. I do believe that the resilience of our team will rise to the fore, and we will come out of this crisis safe and stronger than ever.

On behalf of the Board and the entire leadership team, I thank all our stakeholders for their continued belief in the SIS story. We believe that the key blocks are in place for our future success, and we are poised to show sustained high growth in India as well as APAC.

Warm regards,

RAVINDRA KISHORE SINHA
Chairman

Managing Director's Message

RESILIENCE AND READINESS ARE TWIN ASSETS



HOW WILL YOU DESCRIBE 2020 IN A NUTSHELL?

India has been going through an economically turbulent phase over the past two years. Despite the broad-based slowdown across sectors, we have acquired market dominance, besides consolidating our market share during this phase.

FY20 is a testament to two aspects – a) the fundamental demand resilience for security, facility management and cash logistics solutions and b) the excellent execution and management capabilities across the organisation from senior leadership to individual branch managers.

The recession resistant nature of our business is a key takeaway of FY20. To be showing a revenue growth of 20% and an EBITDA growth of 42%, when the overall GDP growth in India has been below 5% and the international market economies recorded less than 2%, is a credit to the SIS platform.

”

Our strong balance sheet will enable us to tide over this comfortably and we believe that we will be better placed to service additional growth that is likely to come our way from stressed and weaker competitors.

WHAT WENT WELL IN FY20 AND WHAT COULD HAVE BEEN BETTER?

We have performed very well in all key financial metrics that we track.

- Revenues were up ~20% over FY19, which is especially creditable when viewed against the subdued macro backdrop
- EBITDA is up 42% – with a strong increase in overall EBITDA margin from 5.1% in FY19 to 6.1% in FY20. The EBITDA margin on our international business is a matter of pride, particularly as the margins have increased from 4.4% to 6.1%, proving once again that our international expansion strategy is a clear winner
- Our adjusted RONW is 22.1%, which has helped us maintain our strong track record on capital efficiency
- The last few weeks of disruption in March 2020 hurt our collections and cash flows. Nearly ₹ 80 Crore cash flows were delayed till April 2020, thereby resulting in our OCF/EBITDA for FY20 coming at 38% which, in ideal circumstances, would have been between 55-60%

All these numbers are in line with our long-term guidance on revenue and return ratios.

While we would have liked a faster traction for the solutions business, we believe that we are in the evangelisation phase here, as many customers are not aware of the solutions we provide, and therefore, we are engaged in a constant process of education and knowledge sharing.

FY20 ALSO MARKED THE FINAL LEG OF YOUR VISION 2020 5-YEAR PLAN ANNOUNCED IN 2015. LOOKING BACK, DID THE COMPANY MEET ITS MEDIUM-TERM PLAN GOALS?

The five years from 2015 to 2020 were a period of transformation at SIS. We scaled up our Facility Management business and added another growth engine. We pivoted the business increasingly to an India-centric platform, entered new geographies in Singapore and New Zealand, went public, and more importantly, we created thousands of additional jobs, besides contributing to the economic growth of the country.

Revenues have increased from ₹ 3,500 Crore in FY15 to ₹ 8,500 Crore in FY20,

leading to a CAGR of 19%. EBITDA has increased at a CAGR of 25% to reach ₹ 520 Crore in FY20. Our employee base has increased from just 98,000 in FY15 to 2,40,000 in FY20.

More significant is the increase in market share and position. From being a No. 2 in India security solutions, at a distance from the No.1, we are now the clear and dominant leader in Indian security solutions. Similarly, from only being a top 10 player in Facility Management in FY15 to the No. 2 player in FY20 is a testimony to our strong organic and inorganic successes.

We are glad to have met all the goals that we set out for ourselves, when we charted our Vision 2020 roadmap.

THE COVID-19 CRISIS IS THE BIGGEST CRISIS WITNESSED IN A LONG TIME. HOW ARE YOU HANDLING IT AND WHAT ARE THE POTENTIAL IMPACTS IN FY21?

COVID-19, which hit India towards the end of the fiscal, has undoubtedly upended all strategies and growth plans that we had been working on for years. It has caused the biggest economic and social upheaval in several decades and would have significant impact on every facet of our lives and work, both in the short and long terms.

Our solutions comprising security solutions, facility management and cash logistics have been classified as essential solutions (along with segments like pharma, e-commerce, banking etc.) and have consequently been less impacted due to COVID-19.

0-3 months impact: The biggest positive during the first three months was our ability to run operations without disruption. This was a test of our team's dedication, our processes and strong work culture. We instituted a plan to ensure that we are able to capture the demand recovery when that happens. We were prepared that there would be stress on collections and one-off costs due to provision of healthcare equipment and PPE kits to our staff would be on the rise. We envisioned that EHS and the staff at hospitals would be under stress and therefore were prepared to have a large part of our workforce at hospitals.

Short- to medium-term (3-24 months) impact: In the medium term, companies would grapple with a new set of trying circumstances such as adapting to new methods of working, introducing more

efficient solutions and pushing vendors to build additional capabilities and niche skills to deliver healthy workplaces.

Long-term impact: It would undoubtedly be positive for our solutions as customers would look towards greater dependency on high-quality vendors to deliver the most hygienic and safe workplaces for bringing in healthy and efficient practices in their productions and operations.

HOW DO YOU SEE YOUR BALANCE SHEET POSITIONED TO TACKLE THE COVID-19 CRISIS?

Our leverage levels are comfortable with Interest Coverage at over 4.5X and Net Debt/EBITDA at 1.1X (excluding lease liability) and 1.35X with lease liability. Our average cost of debt is 7.1%. We do believe that during FY20, because of the stressed financial condition that many clients will be under, there is likely to be additional working capital requirements. Our strong balance sheet will enable us to tide over this comfortably and we believe that we will be better placed to service additional growth that is likely to come our way from stressed and weaker competitors.

HOW ARE YOU EVOLVING ON YOUR SOLUTION BUILDING AND DELIVERY CAPABILITY?

COVID-19 will undeniably accelerate, consumer demand, which is oriented towards more integrated solution providers, who can offer the entire gamut of solutions to provide a safe and hygienic workplace. Being the largest security and facility management company in India, we are uniquely placed to offer these solutions. We have the widest branch network, a large client base and the largest sales force, which we would leverage to spur cross-functional growth and enhance our wallet size with our vast client base.

COVID-19 has helped in clearly differentiating us from service providers and gain a stronghold as problem solvers. COVID-19 transformed our Security Solutions to Safe & Secure Access Control solutions, Facility Management to Hygiene & Smart Surface Disinfection. With a greater focus on outcome-based solutions and technology usage, we believe that the industry is poised for an inflection point, away from traditional delivery models. (see more on Page 10)

Warm regards,

RITURAJ KISHORE SINHA

Operating Trends

OPPORTUNITIES BEYOND ADVERSITY

Despite stress in our global operating environment, we are crafting relevant strategies to take the fastest lane to opportunities on the horizon. Our principal value proposition comes from the fact that we belong to the essential solutions category.

SECURITY SOLUTIONS LANDSCAPE

LOW PER CAPITA EXPENDITURE ON SECURITY SOLUTIONS

India has the lowest per capita spend on security solutions among most countries – at ₹ 597 per year vis-à-vis ₹ 3,000 for Turkey.

Per Capita Security Services Spends

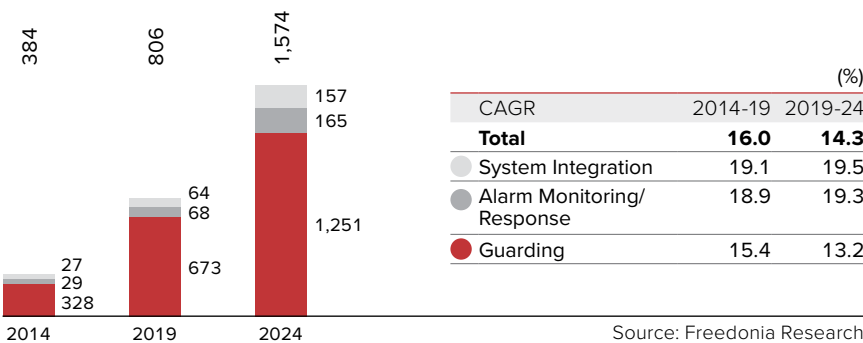
| Country | Security Services |
|----------------------|-----------------------|
| | ₹/Capita Value (₹) |
| India | 597 |
| Developed Countries | |
| France | 5,695 |
| Germany | 6,879 |
| Italy | 2,382 |
| South Korea | 7,560 |
| UK | 6,046 |
| USA | 13,326 |
| Developing countries | |
| Brazil | 3,898 |
| Malaysia | 4,720 |
| Poland | 3,862 |
| South Africa | 3,035 |
| Turkey | 2,999 |

STRONG GROWTH DRIVERS FOR INDIA'S SECURITY SOLUTIONS

Factors such as faster urbanisation, increased focus on infrastructure creation and smart cities, inadequate police infrastructure and a steady GDP growth over time will ensure a sustained expansion in security solutions. Moreover, the industry is witnessing a transition from the unorganised to organised sector.

Growth trajectory

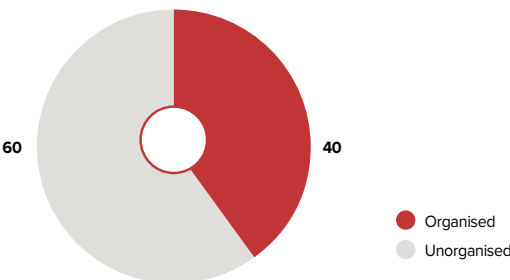
(₹ in Billion)



Source: Freedonia Research

Unorganised to organised shift in FY20

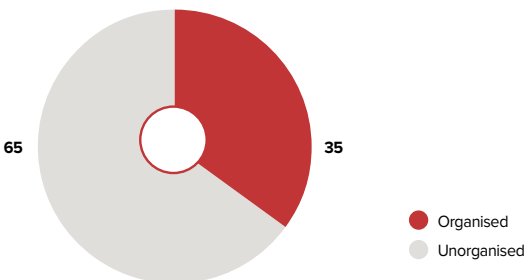
(%)



Source: Freedonia Research

Unorganised to organised shift in FY19

(%)



FACILITY MANAGEMENT SOLUTIONS LANDSCAPE

LOW PER CAPITA EXPENDITURE ON FACILITY MANAGEMENT SOLUTIONS

India has the lowest per capita spend on facility management among most countries – at ₹ 781 per year as against ₹ 2,710 for a country like Brazil.

Per Capita Facility Management Spends

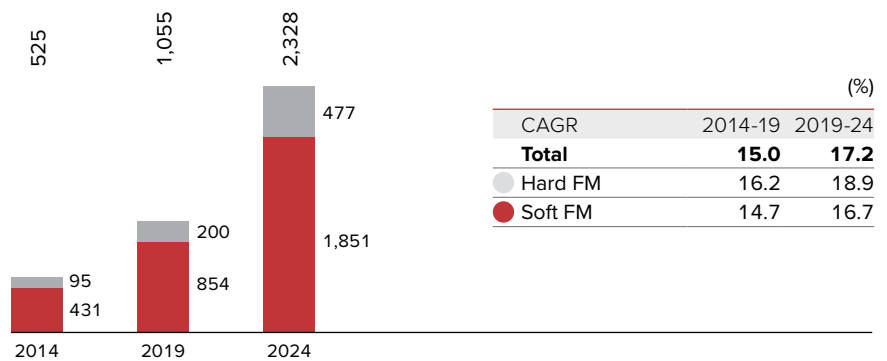
| Country | Facilities Management |
|-----------------------------|-----------------------|
| | ₹/Capita Value(₹) |
| India | 781 |
| Developed Countries | |
| France | 36,494 |
| Germany | 35,971 |
| Italy | 26,564 |
| South Korea | 14,314 |
| UK | 33,485 |
| USA | 36,366 |
| Developing countries | |
| Brazil | 2,710 |
| Malaysia | 6,543 |
| Poland | 6,501 |
| South Africa | 4,854 |
| Turkey | 3,511 |

STRONG GROWTH DRIVERS FOR INDIA'S FACILITY MANAGEMENT

The need for professional facilities management solutions is consistently on the rise. With sharper focus on hygiene and safety, enhanced outsourcing to more professional vendors, increased government spend and outsourcing and commercial construction and urbanisation to grow apace. Moreover, the industry is witnessing a steady transition from the unorganised to organised sector.

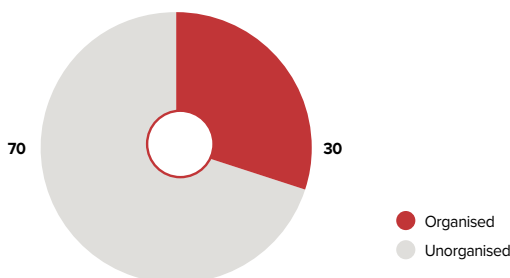
Growth trajectory

(₹ in Billion)



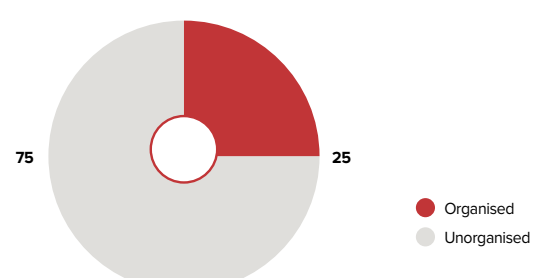
Source: Freedonia Research

Unorganised to organised shift in FY20 (%)



Source: Freedonia Research

Unorganised to organised shift in FY19 (%)



Inorganic Engine

SEAMLESS INTEGRATION FOR BETTER OUTCOMES

After the completion of our FY19 acquisitions, when we acquired five companies across three geographies, the focus in FY20 was on the integration of all these acquired entities. We are glad that all our acquired entities are performing in accordance with the plan and are contributing immensely to our overall portfolio by adding unexplored geographies, new capabilities and skillsets to our offerings.

STRATEGY

Geography

The security solutions industry has many regionally strong players with a strong client profile, compliance record and good brand recognition, but most of them have become fatigued and stagnant in their evolution.

SIS' strategy is to buy some of these regionally strong players to increase market share and leadership in key geographic verticals, especially the regions with robust economic and industrial activity. Our acquisitions of SLV and Uniq in FY19 were a step in this direction, as we increased our market share in Delhi-NCR and Bangalore, respectively.

Over the near term, we will focus on India for inorganic growth. We believe that consequent to the COVID-19 shutdown, a lot of firms will be under stress due to working capital constraints and cash flow issues.

Skill sets

Customers are looking at specialised skill sets from their service providers. We are keen to acquire niche skills that bolster our expertise in a few select areas. Segments like healthcare for

instance, though small, would offer large-scale potential and high margins. A case in point was our acquisition of Rare Hospitality in FY19, which offered strong capabilities in the healthcare field. These skill sets have now acquired greater significance as we look to provide more solutions to the healthcare field, post-COVID. We also acquired a small asset in FY20 – Adis Enterprises that specialises in the field of production support and operations & maintenance for the pharma sector. These skill sets are also proving immensely useful in the current environment.

Approach

Our approach to Mergers and Acquisitions (M&A) is strongly focused on alignment of interests between SIS and the sellers. We aim to build partnerships with the sellers so that any transition to SIS is seamless, while also ensuring continued participation of sellers in the economic upside.

Our acquisition of DTSS is a perfect demonstration of this. We completed the last tranche buyout from the sellers in July 2019. Similarly, we secured 16.35% additional equity in SLV as an adjustment of the initial tranche

payment. Discussions are currently on for settlement of the upfront tranche at Uniq.

Seamless integration

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

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

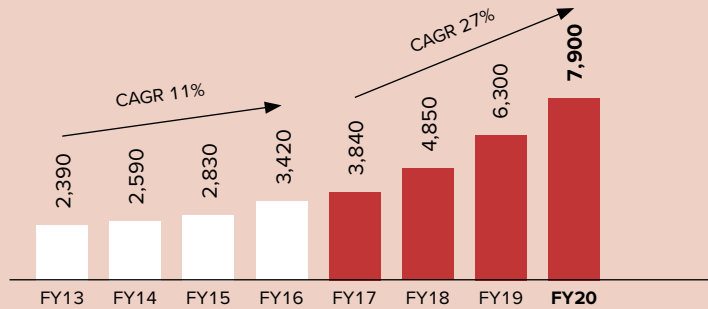
A detailed 100-day and six-month plan, with appropriate prioritisation, is prepared involving various functional leaders to bring the acquired company into the SIS way as early as possible.

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.

DTSS DEAL SUCCESS REAFFIRMS OUR M&A DISCIPLINE

Revenues

(₹ in Mn)

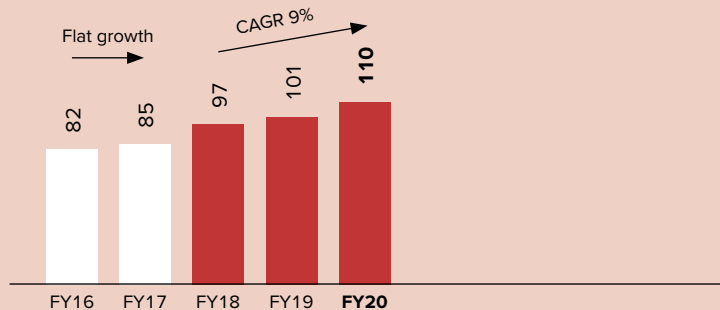


COMPANY GREW 2X IN REVENUES AND 3X IN EBITDA SINCE ACQUISITION OF DTSS

CAPABILITY ADDITION AND SEGMENT PENETRATION THROUGH SXP

Revenues

(AUD Mn)



SXP IS THE LARGEST MOBILE PATROLLING COMPANY IN AUSTRALIA - IT ADDED VALUABLE CAPABILITY TO OVERALL SOLUTIONS OFFERING



Business segment review



India's largest security solutions company, SIS further consolidated market share in FY20. Working in recession resistant 'essential' solutions space has helped us show steep revenue growth, despite troubling macro factors.

We offer the most comprehensive suite of security solutions covering security personnel both for traditional guarding, and also specialised guarding, technical solution or e-surveillance, system integration, alarm monitoring and responses services, and so on.

We have been consistently innovating to deliver more efficient solutions to our global clients and believe that our solution offerings are the most advanced in the industry and we have constantly been setting new benchmarks for service customisation and delivery.

India's security solutions market has been seeing strong and steady growth aided by increasing urbanisation and infrastructure spends, growing concerns about crime, terrorism and inadequate public safety measures. The industry is forecast to grow from ₹ 806 Billion in FY19 to ₹ 1,574 Billion in FY24E, at a CAGR of

#1

Security solutions company in India

157,590+

Employees in India

18,500+

Operating sites

170+

Branches (pan India)

5,900+

Customers

94%

Customer retention

14% (Source: Freedonia Report on India Security Solutions and Facility Management, March 2020).

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



ESSENTIAL SERVICES DURING A NATIONAL CRISIS

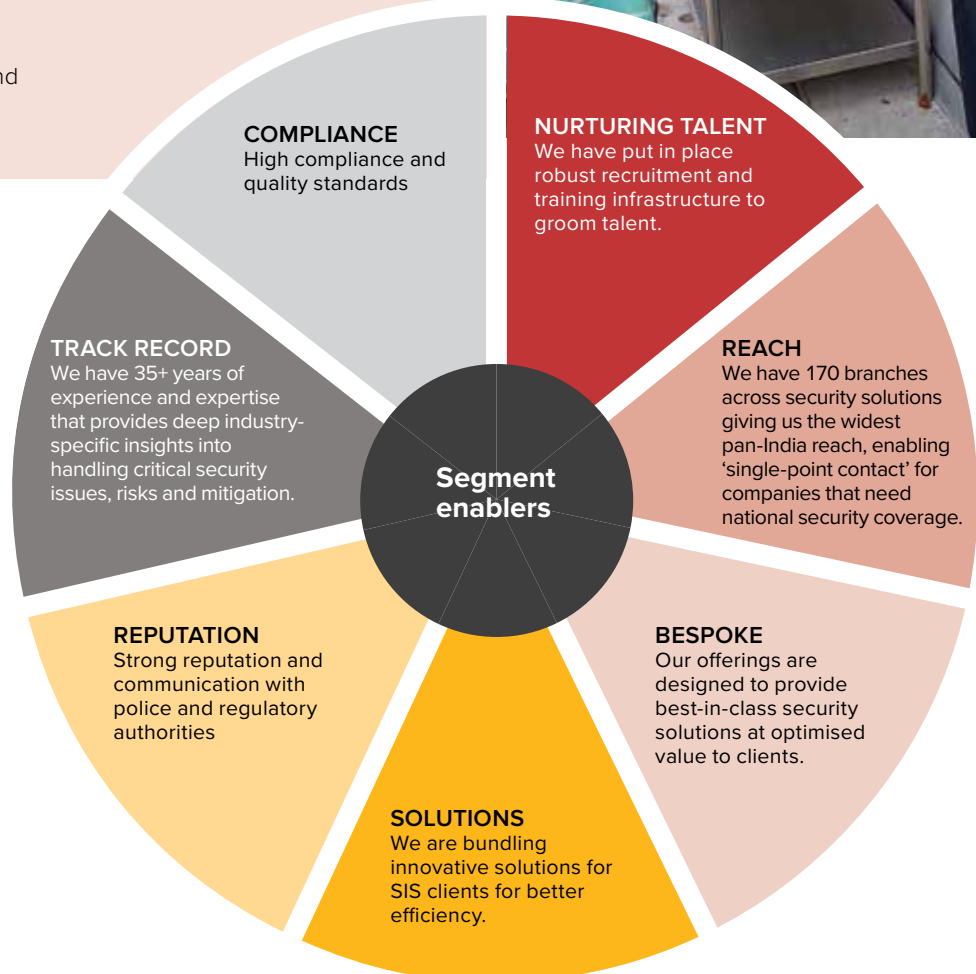
Private security solutions have been classified as 'essential services' by the Ministry of Home Affairs (MHA), Government of India during the COVID-19 pandemic. We take great pride in the efforts taken by our courageous and committed frontline employees backed by a supportive and committed branch staff, who rose to the occasion during the crisis and helped our customers to continue functioning efficiently.

- Our front-line employees have been on the ground right from the date of lockdown with minimal disruption
- SIS was the first line of defence offering support in medical screening, support to local police, and ensuring social distancing was maintained
- We were able to use our large branch network to ensure that all our frontline staff were adequately equipped with PPE kits, medical equipment, sanitisers and other hygiene kits
- We service over 300 hospitals across the country for security solutions and our employees took great risk in providing continued solutions there at a time of significant increase in footfalls and emergency care
- Our solutions were lauded by our clients, who have been appreciative of our responsiveness, support and empathy



KEY SOLUTIONS

- Security guards/officers
- Armed guards
- 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





REVISITING AN EVENTFUL FY20

- The segment crossed ₹ 35,000 Million in revenues this year with organic growth at 19.3% and overall growth at 30.1%
- Margin uptick by 40 basis points from 5.6% in FY19 to 6% in FY20 – a result of operating leverage and an improved solution mix. Margin has increased despite additional cost of ₹ 50 Million that we incurred in March for PPE kits, medical kits, training and transportation for employees, on account of the COVID-induced lockdown
- SLV and Uniq are performing in line with the plans at the time of the acquisition and have helped us consolidate market share in Delhi-NCR and Bangalore, respectively
- Ended the year at a monthly revenue run rate of ₹ 3,026 Million in March 2020 as against ₹ 2,650 Million in March 2019
- Registered customer retention ratio at 94%



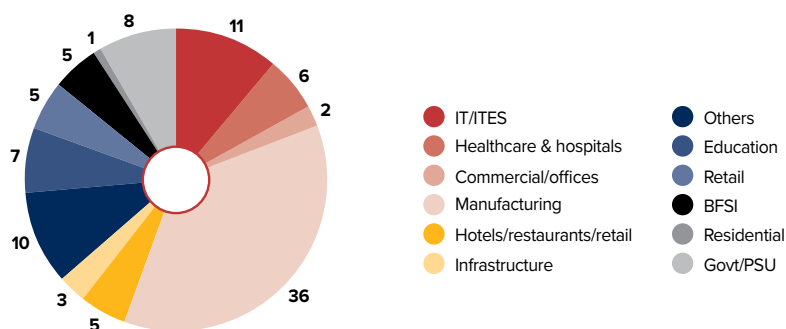
Financial progress

(₹ in Mn)

| Security Solutions – India | March 31, 2020 | March 31, 2019 |
|---------------------------------------|----------------|----------------|
| Revenue from operations | 35,280 | 27,123 |
| EBITDA | 2,109 | 1,519 |
| EBITDA (%) | 6.0 | 5.6 |
| Revenue share in overall business (%) | 41.2 | 38.2 |
| EBITDA share in overall business (%) | 40.5 | 41 |

De-risking through diverse end-use segments

(%)



Low exposure in high risk segments (Hotels, restaurants and retail, among others)

WAY FORWARD

The post-COVID world will present new challenges and opportunities. Clients will expect us to provide a more holistic safety solutions to make their workplaces safer and more secure for their employees. There will be a shift to complex solutions – that blend facility management and security solutions together, giving rise to seamless workplace security and efficiency offerings. We have already launched solutions to cater to these unfolding requirements and look forward to scaling them up over the coming quarters.



We launched VProtect in FY17, in association with Prosegur, a Spanish global player in alarm monitoring. Through this business segment, we provide a state-of-the-art video-verified and integrated security response service.

We acquired the stake held by Prosegur in April 2019, consequently owning 100% of the company. The service primarily caters to both B2B (BFSI, retail, warehousing and logistics and SMEs) and residential dwellings 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.

VProtect offers peace of mind to our end users, besides providing easy-to-use applications and a fast response. We provide our customers a comprehensive mobile app that enhances efficiency and facilitates usage.

ADVANTAGES OF VPROTECT

- **Protects your valuables:** The 24-hour monitoring capability is useful in providing protection to valuables and family/staff. In case of break-ins, the alarm goes off immediately.
- **Prevents crime in the 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 do not have a system but live in the same locality are safer.
- **Provides remote access:** A person can monitor a property, even when far away from it. One can

install hidden cameras at locations of one's choice. One can also control and adjust the locks, lights, among others, remotely even from a considerable distance.

- **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.

KEY SOLUTIONS

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



REVISITING AN EVENTFUL FY20

- Provided customised solution for various verticals (Banks/ ATM, warehousing, education institutions and offices)
- Introduced AI-based platform for CCTV solution
- Successfully implemented OTP solution through remote monitoring for Gold Loan branches
- Introduced wired solution for larger office area
- Implemented alarm on a CCTV platform for 400+ branches of a leading financial institution successfully
- Integration of existing deployment with 'VProtect' monitoring services.
- Customised iOPS platform for 'VProtect' application
- Retained 95% B2C customers

- Planned for FY21
 - Focused on banking/ATM and logistics sector
 - Explored opportunities for monitoring services from pre-deployed sites
 - Developed solutions for small retail and condominiums
 - Focused on implementing AI-based Smart CCTV solutions
- Enhanced system efficiencies
- Achieved 98% on response service level agreement (SLA)

WAY FORWARD

During the COVID-19 pandemic, we showcased our business continuity

assurance under VProtect. All our systems were continually operating during the two months of stringent lockdown, thus reinforcing the 24/7 nature of the alarm monitoring business to our clients. We believe that the COVID-19 pandemic has provided us with the opportunity to present next-generation security solutions to the client, where e-surveillance will perform majority of functions that traditional physical guarding was achieving, in a more efficient way. We will continue to focus on the B2B segment, especially with the strong traction we have built in FY20, which has given us a solid platform to further grow the business in segments like BFSI, retail, education, logistics etc.

Business Segment Review



Among the largest security solutions providers in APAC, SIS witnessed the international markets as relatively immune to the COVID crisis providing a strong counterbalance to the Indian market.

We cater to key customers in Australia's aviation, defence, healthcare, mining, natural resources, manufacturing, education, and heavy construction industries, besides providing solutions to several government organisations.

In Singapore, we operate Henderson Security Solutions, wherein we have a 60% stake. It is a premium security company with over 200 sites in Singapore and earning revenue of ~S\$ 57 Million for FY20. Primary customer segments include residential condominiums, public transport, and commercial spaces.

In New Zealand, we operate Platform 4 Group Ltd., wherein we have a 51% stake. It provides security solutions, alarm monitoring, mobile patrols and event related solutions to the New Zealand market. During FY20, we acquired Triton Security Solutions Ltd., a Christchurch-based alarm monitoring solutions player.

These new acquisitions in New Zealand have enabled us to deepen our footprint across the region, with a larger suite of security solutions. With these growth opportunities in place, we have reinforced our position as Australia's largest and fastest growing security solutions company.

#1

Security solution company in Australia

Among

TOP 3

Players in Singapore and New Zealand

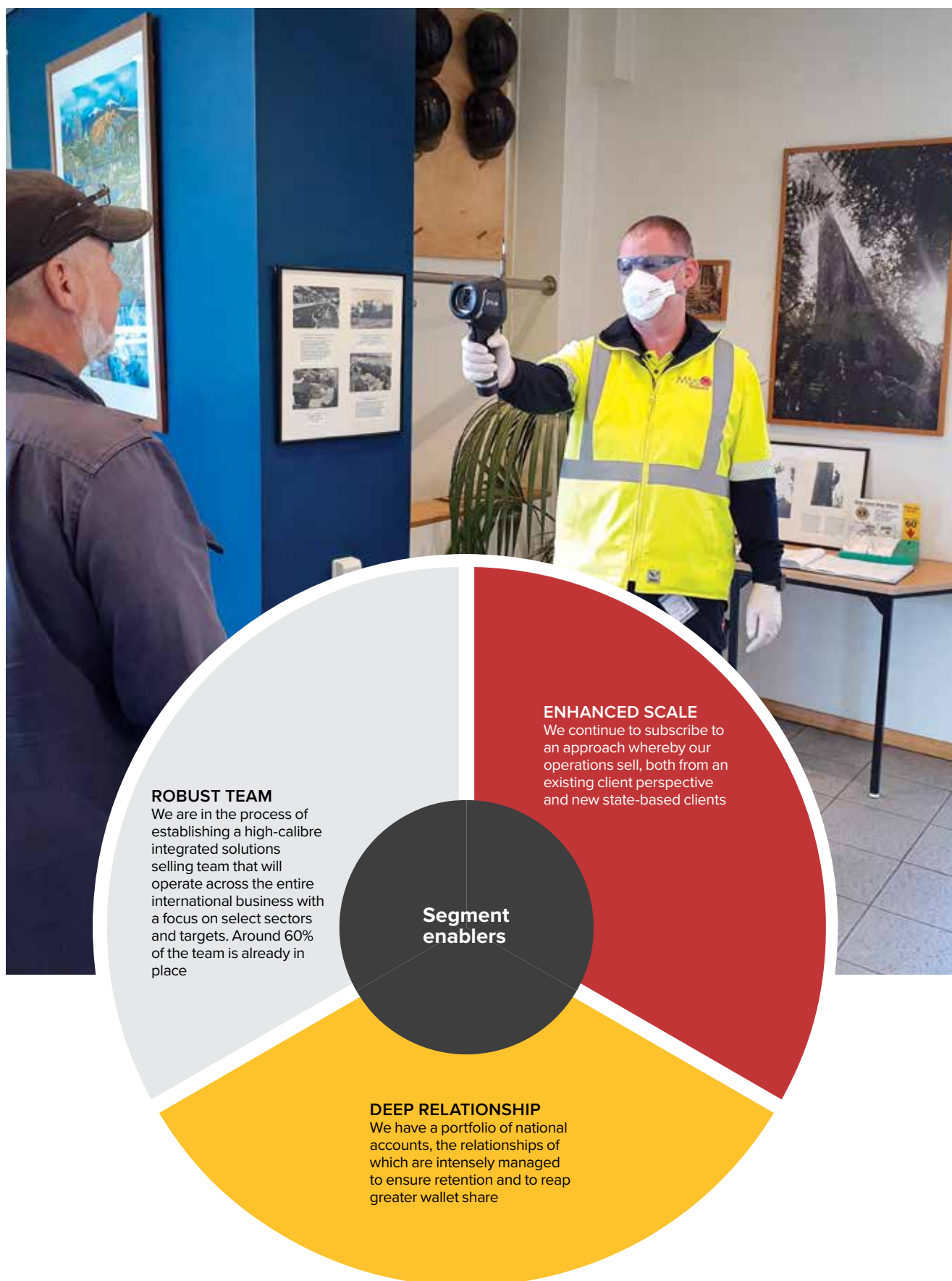
9,500

Employees



KEY SOLUTIONS

- 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
- Alarm monitoring
- Access control/entry automation
- Closed-circuit television (CCTV)
- Intrusion detection
- Fire detection



REVISITING AN EVENTFUL FY20

- The segment crossed ₹ 35,000 Million in revenues this year with organic business growth of 2.8% on a constant currency basis, and an overall international business growth of 11.7% on a constant currency basis (and 7.2% in INR).
- Margin uptick at over 1.7% from 4.4% in FY19 to 6.1% in FY20 – a result of full year impact of our acquisitions in Singapore and New Zealand, which were made in early 2019, along with results of significant profit improvement initiatives.
- Henderson and P4G are performing in line with the plans at the time of the acquisition and have helped us gain a strong presence in the Singapore and New Zealand markets, respectively.
- With the acquisition of Triton Security in New Zealand in July 2019, we began offering alarm monitoring solutions, in the New Zealand market.
- We ended the year at a monthly revenue run rate of ₹ 3,090 Million in March 2020 as against ₹ 3,160 Million in March 2019, the decrease primarily attributing to loss of events business in the New Zealand market during the months of February and March 2020 due to the COVID-19 lockdown.
- Organic growth of 3% achieved, despite a poor economy and loss of some aviation business.
- International Business has been de-risked through regional diversification. Australian exposure was 100% in FY19. Currently 9% of revenues and 13% of EBITDA comes from businesses outside Australia.

Australia

- Efficiency gains in labour costs and overheads combined to increase margins by over 1%
- Rollcall 2.0 project completed and rolled out across the

business, which has started delivering results.

- National Operations Centre fully operational and servicing NSW, Aviation (nationally) and after hours for NSW, Aviation, ACT, Qld, WA.
- Received two Employer of Choice Awards – The Australian Business Awards and the Australian HR Awards

Singapore

- First full-year contribution of revenue and EBITDA with double digit margins

New Zealand

- Under P4G, we completed acquisition of Triton
- Post Triton, our NZ business has been generating revenues upwards of A\$ 1 Million monthly

- Relocated to new premises, including additional space to accommodate acquired entities
- Renewed the entire motor vehicle fleet
- Fast-tracking on various transformative initiatives that will benefit the operations team, customer and employees such as the Rollcall Speed Project, Employee self-service and attendance portal, Rollout of F&A ERP, Automation of customer invoicing
- Integration of Henderson and P4G has been smooth with great collaborative work shown by MSS IT and F&A teams. P4G has also been moved to the SXP platforms.

Financial progress

(₹ in Mn)

| Security Solutions – International | March 31, 2020 | March 31, 2019 |
|---------------------------------------|----------------|----------------|
| Revenue from operations | 37,055 | 34,580 |
| EBITDA | 2,270 | 1,521 |
| EBITDA % | 6.1 | 4.4 |
| Revenue share in overall business (%) | 43.7 | 48.8 |
| EBITDA share in overall business (%) | 43.6 | 41.6 |

WAY FORWARD

Major challenges to the business during the COVID-19 lockdown situation have been related primarily to managing and communicating with our employee base, in cases where clients have needed to reduce their requirements.

Another significant achievement during the COVID-19 lockdown was enabling 280 office-based managerial employees to be able to work safely and efficiently from their homes. Our IT team did a tremendous job in acquiring all the necessary hardware and deploying it to employee homes. This clearly has demonstrated that our business continuity plans are robust and effective.

Post COVID-19, we anticipate the readiness of a few impacted sectors such as aviation (especially International), sporting venues and major events to bounce back and resume normal operations.

We expect tender activity will be reduced in Australia for at least the next two quarters, which is a positive sign for the existing client base as it will result in fewer client movements. On the flip side, this will reduce new business opportunities. We also expect a subdued wage case decision from Fair Work Australia this year.

Business segment review



India's second largest facility management company with a 5-year CAGR of over 80%, SIS is poised to capture the strong upside in hygiene and disinfection in the post-COVID environment.

The unorganised market is gradually getting organised with rapid professionalism entering the segment to meet client expectations. There is demand for greater mechanisation, trained workforce, high-quality material usage and more efficient solutions.

92

Branches

64,500

Employees

300

Hospitals serviced

The industry is forecast to grow from ₹ 1055 Billion in FY19 to ₹ 2328 Billion in FY24E, at 17% CAGR (Source: Freedonia Report on India Security Solutions and Facility Management, March 2020). The above market size includes housekeeping solutions, technical/hard facility management, landscaping, catering and even solutions provided by OEM vendors under their service contracts.

The facility management segment comprises DTSS, SMC, RARE Hospitality and TerminixSIS. We are the second largest and fastest growing Facility Management business in the country with a five-year revenue CAGR of 86%. We offer integrated facility management solutions supported by the strongest management team in the industry, robust processes and the use of superior quality machinery and technology.

KEY SOLUTIONS

Hard Solutions

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

Soft solutions

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

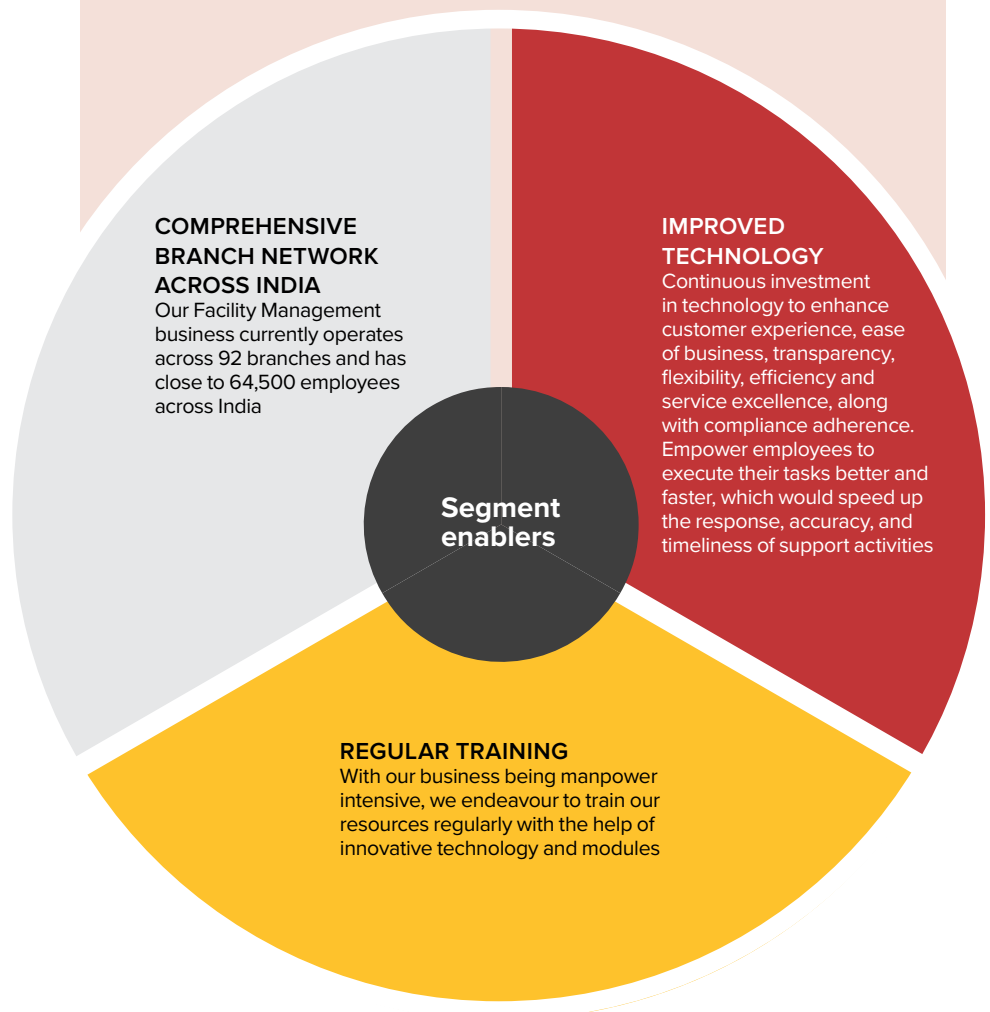


ENSURING SAFETY OF OUR PEOPLE FOR UNINTERRUPTED CLIENT SERVICES

We are proud that our frontline staff provided yeoman solutions during the COVID-19 pandemic. Our staff, especially those working at the 300 hospitals we service across the country, deserve the highest appreciation for their dedication and commitment during the crisis. Our people culture came to the fore during this phase with the constant engagement, re-training and welfare schemes helping our employees work tirelessly during this phase. All our branches were running during the lockdown phase with minimal disruption.

We ensured that our employees were not short of PPE kits, sanitisers, and other hygiene requirements. Similarly, we also took care of temporary accommodation and food for those who stayed close to their operating sites, on account of transport restrictions.

Our wide branch network and strong procurement team and funding availability ensured that we were able to provide PPE kits, chemicals and other sanitisation requirements of clients. To take care of the increased hygiene requirements, we launched new solutions under the Circle of Safety umbrella to provide a more holistic, outcome-oriented workplace and employee safety programme.



- The revenue for Facility Management segment is ₹ 1,280 Crore with organic growth of 29.6% and overall growth of 34.8% in FY20 on the back of strong wins in healthcare, integrated facility management solutions and continuous thrust in the railway segment
- We added to our healthcare and pharma expertise with the niche acquisition of Adis Enterprise, which brings valuable clients and knowledge base in the field of pharma O&M
- Set up sector specialist champions in retail, healthcare, manufacturing, IFM (internet of things (IoT) based CMMS)
- Created new Airborne Prevention and Control Systems Vertical, strong progress made in creating awareness in the Ministry of Health
- Indigenously created new applications such as I-Porter and I-track app that will help enhance customer experience in healthcare and other sectors
- Adoption of E-attendance (now at 98% of the sites), E-invoicing and Digital Training helped us seamlessly work through the COVID-19 lockdown phase with minimal disruption
- Ended the year at a monthly revenue run rate of ₹ 1160 Million in March 2020 as against ₹ 910 Million in March 2019



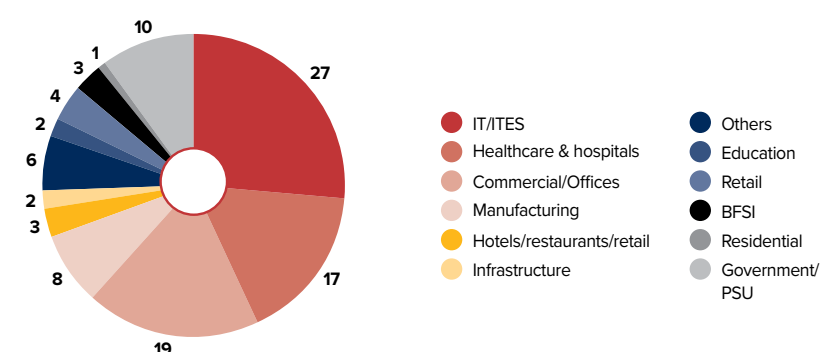
Financial progress

(₹ in Mn)

| Facility Management | March 31, 2020 | March 31, 2019 |
|---------------------------------------|----------------|----------------|
| Revenue from operations | 12,802 | 9,499 |
| EBITDA | 843 | 640 |
| EBITDA (%) | 6.6 | 6.7 |
| Revenue share in overall business (%) | 15.1 | 13.4 |
| EBITDA share in overall business (%) | 16.2 | 17.5 |

De-risked customer profile

(%)



Low exposure in high-risk segments (Hotels, restaurants and retail among others)

WAY FORWARD

The COVID-19 crisis is an inflection point in the facility management sector in India. We are already witnessing significant enhancement in the safety and hygiene specifications which will lead to a greater reliance on professional, high-quality vendors as against unorganised service providers. The HSE requirements are going to be a priority for top managements and not an administrative/procurement decision.

Clients will look to consolidate vendors and prefer novel business model/solutions rather than just manpower provision and plain-vanilla services. There is going to be a heightened effort on deep cleaning and intensity on measures like infection control, sanitisation, etc. Digitisation will also acquire prominence across all spheres – from training, onboarding, payroll, quality assurance to ensure

minimal physical intervention and also for greater productivity. Our Circle of Safety solutions are aimed at bringing a seamless experience to the clients covering these new specifications arising out of COVID-19.

In the medium term, with the enhanced requirements, digitisation and greater productivity, we believe that we will be able to sustain the short term fluctuations due to COVID-19 and come out stronger than before due to our expansive network and loyal customer base backed by a solid management team.

TERMINIX SIS

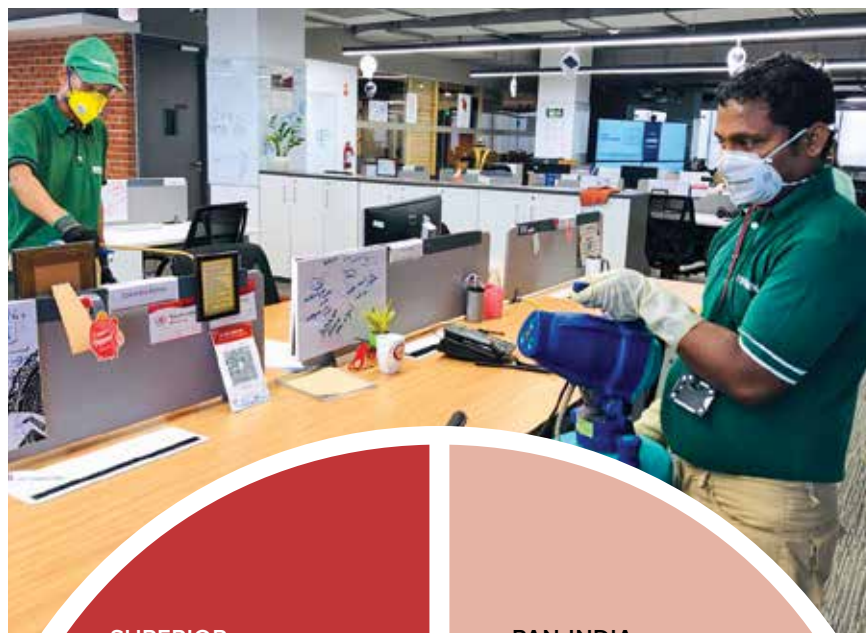
Terminix SIS is one of the leading pest control companies in India with among the widest network across the country. Pest control solutions are a part of essential solutions under the government directives during the COVID-19 pandemic. Our pest control business has seen significantly increased traction since the COVID-19 crisis as companies have increased their requirements, specifications and intensity of disinfection solutions. During the crisis phase too, we were able to operationally deliver across the country, despite our employees facing several logistical challenges. This will hold us in good stead as we look to bag accounts which were with competition earlier.

KEY SOLUTIONS

- Pest control
- Termite control

REVISITING AN EVENTFUL FY20

- Strong revenue growth of 46% as compared to last year in the face of tough competition. Focus remained on recurring accounts and continuous stable one-time orders through the year
- Gross margin of 50% maintained through continuous margin improvement measures and operating leverage
- Delivered an EBITA of 5% for the entire year and 9% EBITDA in the last quarter with a model which has 95% commercial
- Steady revenue of more than 20 % from large Facility Management players through SAP relationships
- Excellent results achieved by using a transparent Branch Score Card to monitor, review and manage performance of branches. HY BM meet to drive H2 goals
- Quality initiatives and customer satisfaction drive helped reduce quality-related disbandment



WAY FORWARD

Pest Management prospects look extremely promising with the realisation that pests are the biggest carriers of disease-causing pathogens. Small players will use the opportunity as the market booms, but knowledge and technical superiority will play a key role in differentiating players like Terminix SIS from the rest. We will have greater focus on segments like food processing plants, food retail, hotels, healthcare segments where there is higher need and affordability. We will also target higher wallet share from existing customers through value added solutions to existing clients like rodent entry closures, termite and disinfection solutions, pest control will also be a vital part of our Circle of Safety offerings and will be the crux around which many of our other offerings will be designed.

Business segment review



The cash logistics business is a JV with Prosegur of Spain, a world leader in cash solutions. We have a 49% holding in the JV which is the second largest cash logistics business in India. FY20 was a year of turnaround with a steep increase in profitability and strategic repositioning of the business.

FY20 was a mixed year – the business was able to generate the highest EBITDA margins in many years ending the year at 7% margin, which is among the highest in the Group. This has been done with a strategic focus on non-ATM business and reduction in the overall ATM business by a portfolio rationalisation and weeding out of unviable contracts and routes. The ATM business is currently only 27% of the overall cash logistics business.

#2

Largest cash logistics company in India

+8,800

Employees in India

+54

Vaults/strong rooms (Pan India)

+2,300

Cash vans

**REVISITING AN EVENTFUL FY20**

- EBIDTA increased from 0.6% in FY19 to 7% in FY20 on account of increase in tariffs, project efficiencies and strategic focus on non-ATM business
- Strategic revenue mix change, aided by productivity improvement measures and cost optimisation have helped the segment improve margins
- Higher volumes from IDBI and UBI for winning the tender for the CIT and DSB business
- Tariff increase exercise successfully concluded with major non-ATM customers, contributing to overall margin improvement
- Strong growth in CIT business has contributed to in higher margin in current years.
- Continuous technological improvements:
 - SCO deployment – gives us real-time visibility of the routes and their progress across the organisation
 - CYCLO for tracking reconciliation as well as shortages and losses
 - Fleet APP rolled out to track all the fleet related data across India

However, the macro picture continues to be weak with little movement on the pricing front on the ATM contracts and we continue to be pessimistic about the ATM business until there is a clear movement on this front. Compliance with the Reserve Bank of India (RBI) and Ministry of Home Affairs (MHA) norms announced in April 2018 is going to see additional costs over the coming 1-2 years and we are gearing up for that.

KEY SOLUTIONS

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

**WAY FORWARD**

We continue to be cautiously optimistic though there has not been any material movement on ATM pricing front though it has been close to two years since the RBI-MHA regulations were passed. The cassette swap process is especially important for reconciliation and reduction of pilferage risk.

We are seeing a slow but steady consolidation in the industry – some players have gone out of the market while some have started focusing on specific niches. ATM customers want to work with as few as possible CIT companies, indicating a shift in strategic alignment, rather than having a vendor/ pricing driven approach.

During FY21, our focus will remain on improving prices and entering profitable service solutions. We aim to provide integrated currency chest solutions to make deeper headway into cash processing business and Cash Deposit Machine (CDM) solutions. Currency chest and cash deposit machine both are part of integrated solutions, along with DSB as an additional business.

Financial progress

(₹ in Mn)

| Cash Logistics | March 31, 2020 | March 31, 2019 |
|-------------------------|----------------|----------------|
| Revenue from operations | 3,272 | 2,873 |
| EBITDA | 229 | 17 |
| EBITDA % | 7.0 | 0.6 |

Teamwork

DEPENDABLE PEOPLE STRENGTHEN US

We are among India's top 5 private sector employers, providing livelihood opportunities to over 2,40,000 people. We are also the country's fastest growing private sector employer and have managed to combine an increase in scale without any dilution in employee culture and values.



CREATE AN ENABLING WORK ENVIRONMENT

Our people practices are devised to develop a work environment that motivates them and supports their growth. The following procedures help us enhance our workforce:

- Designed and implemented robust HR policies and processes for onboarding of billable employees and their background verification
- Focused on talent management by developing internal talent tool and ensuring business continuity and succession planning
- Launched HRMS across group companies to automate all HR operations and enhance employee experience
- Improved communication with employees through regular events and weekly meetings
- Facilitated channels where each employee can raise issues and provide regular feedback

We also launched tools such as FYLE for expense management, implementation of M-Trainer in Facility Management business and introduced CHAPS for tracking internal recruitment.

We combine strong welfare policies with a visible career path, which has helped us attract and retain the best industry talent in the sector. We are proud of our team members, especially our dedicated frontline staff who enable us to grow further.

Our focus is on providing our people the right platform to grow and upskill, while they continuously learn and evolve according to the business' dynamic requirements.

UPSKILLING OUR TEAMS

We concentrate on training and development of our people with a focused approach. We have undertaken several training initiatives with:

- Strong focus on development of leadership and sales skills
- Regular training for the leadership team with management development programmes and other initiatives

During the year, we organised a special training programme for our staff working in the healthcare sector with special measures regarding COVID-19.

MOTIVATING OUR PEOPLE WITH REWARDS AND BENEFITS

We have several programmes that motivate our people. During the year, we:

- Initiated monthly reward and recognition programme at customer sites for billable employees
- Introduced employee health and wellness awareness programmes in branches and offices
- Rolled out Employee Referral Policy to hire quality resources and build a better culture in the organisation

PROGRAMMES TO SAFEGUARD OUR PEOPLE DURING COVID-19 PHASE

The health and safety of our people is a priority for us. After the outbreak of COVID-19 in our key markets, we undertook several initiatives to ensure the safety of our people, especially the frontline workers. During this time, we:

- Created COVID-19 awareness programme through regular communication for our people
- Provided logistics and infrastructure support to ensure business continuity
- Developed a COVID fund to help ensure safety of our people and provided advance to all COVID positive cases
- Established an internal escalation protocol to track COVID cases and ensure we provide timely support as required

WAY FORWARD

In the upcoming period, our key focus will remain on health and safety of our people. We are looking forward to enhancing our business productivity through automation and moving to digital platform across the Group. We continue to make efforts towards employee skills development through regular training programmes.

BOARD OF DIRECTORS



RAVINDRA KISHORE SINHA
Chairman

Mr. RK 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 240,000 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 71 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 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., besides serving as Director and Business Head at Praxair Carbon Dioxide Private Limited. He has also served as the CEO of SIS till April 2018.



AMRENDRA PRASAD VERMA
Independent Director

Mr. Amrendra Prasad Verma, aged 67 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 as the Deputy Managing Director in the GE Mid Corporate Group.



DEVDAAS APTE
Independent Director

Mr. Devdas Apte, aged 85 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 66 years, is an Independent Director. He holds a bachelor's degree in Arts (Economics) from St. Stephen's College and a master's degree in Arts (Economics) from the 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.



ARVIND KUMAR PRASAD
Director – Finance

Mr. Arvind Kumar Prasad, aged 63 years, is the Director – Finance. He holds a bachelor's degree in Commerce from the University of Calcutta and has acquired an intermediate degree from the Institute of Chartered Accountants of India (ICAI). He comes with an experience of over 33 years.



RITA KISHORE SINHA
Non-executive Director

Mrs. Rita Kishore Sinha, aged 66 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 over 33 years of experience in the legal field, and is currently enrolled with the Supreme Court Bar Association.



RAJAN KRISHNANATH MEDHEKAR
Independent Director

Mr. Rajan Krishnanath Medhekar, aged 68 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. He 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 74 years, is an English (Honours) from the University of Delhi and a post-graduate from Xavier School of Management (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 ~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.



SUNIL SRIVASTAV
Independent Director

Mr. Sunil Srivastav is a graduate of the University of Delhi and has an MBA degree from BHU Hindu University. With a long career in banking, he retired as Deputy Managing Director at SBI. In his 4 decade career, he has acquired a rich experience in all areas of banking and is a keen analyst and commentator on the banking and financial sector. Post retirement in April 2018, he has been engaged as a Senior Advisor with Edelweiss Global Wealth and Asset Management, and a Senior Advisor to the World Bank. He previously served on the Boards of Gillanders Arbuthnot Ltd., West Bengal Financial Development Corp., National Payments Corporation of India and Member Global Advisory Board of Mastercard.

LEADERSHIP TEAM



MR. RITURAJ KISHORE SINHA
Group Managing 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

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. 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. Sunil Srivastav
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. 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

Directors Report

To the Members,

Your Directors have pleasure in presenting the Thirty Sixth Annual Report on the business and operations of the Company together with the audited financial statements for the year ended March 31, 2020.

RESULTS

The Company's operations during the year ended March 31, 2020 are summarized in the table below:

All amounts in ₹ million except share data

| | Standalone | | Consolidated | |
|--|--|--|--|--|
| | Financial Year 2019-20 ("FY 20") | Financial Year 2018-19 ("FY 19") | Financial Year 2019-20 ("FY 20") | Financial Year 2018-19 ("FY 19") |
| Net Revenue | 29,958.81 | 25,035.17 | 84,851.66 | 70,932.73 |
| Revenue Growth % | 19.67 | 17.26 | 19.62 | 21.60 |
| Earnings before financial charges, depreciation & amortization, and taxes (EBITDA) | 1,911.69 | 1,433.15 | 5,203.93 | 3,651.58 |
| Depreciation & Amortization | 534.79 | 295.10 | 1,283.41 | 659.51 |
| Financial charges | 756.36 | 475.43 | 1,517.23 | 938.34 |
| Others (Other income & other entries arising from business combination) | 449.15 | 214.88 | 531.45 | 176.91 |
| Share of Profit / (Loss from Associates) | - | - | (44.03) | (135.39) |
| Reported Earnings/Profit before taxes (PBT) | 1,069.69 | 877.50 | 2,890.71 | 2,095.25 |
| Tax Expenses | (293.47) | (315.11) | (25.83) | (51.54) |
| Pro-forma Earnings / Profit after taxes (PAT) | 1,363.16 | 1,192.61 | 2,916.54 | 2,146.79 |
| Add / (Less): One-off adjustments | (499.88) | - | (662.01) | - |
| Reported Net Earnings/Profit after tax (PAT) | 863.28 | 1,192.61 | 2,254.53 | 2,146.79 |
| Earnings Per Share (Basic) in ₹ | 5.89 | 8.14 | 15.38 | 14.74 |
| Earnings Per Share (Diluted) in ₹ | 5.79 | 8.01 | 15.13 | 14.51 |
| Pro-forma Earnings Per Share (Basic) in ₹ | 9.30 | 8.14 | 19.89 | 14.74 |
| Pro-forma Earnings Per Share (Diluted) in ₹ | 9.15 | 8.01 | 19.58 | 14.51 |

On a standalone basis, the Company's revenues, at ₹ 29,958.81 Million during the year under review, increased by 19.7%, EBITDA at ₹ 1,911.69 Million increased by 33.4% and, proforma profit after tax at ₹ 1,363.17 Million increased by 14.3%, 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), at 23.7%, continues to average more than 20%, and we continue to be the fastest growing company in security solutions in India. The Pro-forma Earnings Per Share (Basic) for the year under review was ₹ 9.30 when compared to ₹ 8.14 for the previous year, representing an increase of 14.3%.

On a consolidated basis, during the year under review, the SIS Group's revenues at ₹ 84,851.66 Million increased by 19.6%, EBITDA at ₹ 5,203.93 Million increased by 42.5% and, proforma profit after tax at ₹ 2,916.54 Million increased by 35.9%, as compared to the previous year. The SIS Group's rapid growth continues and revenue CAGR over the last 5 years has averaged 19.0%. The Pro-forma Earnings Per Share (Basic) for the year under review was ₹ 19.89 when compared to ₹ 14.74 for the previous year, representing an increase of 34.9%.

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 more than the industry growth rate.

SIGNIFICANT DEVELOPMENTS

Acquisition of additional shareholding in SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosegur Alarm Monitoring and Response Services Private Limited)

Effective May 1, 2019, the Company acquired an additional 50% of the voting rights and shares (in addition to the 50% already held, directly and indirectly, in SIS Alarm Monitoring and Response Services Private Limited ("SIS Alarms") for an aggregate consideration of ₹ 200 Million. SIS Alarms was formerly a joint venture between the Company and Singpai Alarms Private Limited, and as a result of this acquisition, it has become a wholly owned subsidiary of the Company. The acquisition would result in a greater alignment with the group's strategy and would also enable the integration of the business of SIS Alarms with the existing business.

Acquisition of Triton Security Services Limited by Platform 4 Group Limited, a subsidiary of the Company

Effective July 1, 2019, Platform 4 Group Limited, a subsidiary of the Company, acquired 100% of the outstanding equity shares of Triton Security Services Limited (Triton), New Zealand for an

aggregate consideration of NZD 5.58 Million. Triton provides alarm monitoring services in New Zealand. The acquisition has helped Platform 4 Group Limited and SIS Group to add alarm monitoring offerings to its service portfolio in the New Zealand market.

Acquisition of additional shareholding of Dusters Total Solutions Services Private Limited

Effective July 30, 2019, the Company acquired the remaining shareholding of 6.94% in Dusters Total Solutions Services Private Limited ("DTSS"), a subsidiary of the Company, for an aggregate consideration of ₹ 525.95 Million which resulted in DTSS becoming a wholly owned subsidiary of the Company.

Acquisition of Adis Enterprises Private Limited by Dusters Total Solutions Services Private Limited ("DTSS"), a wholly owned subsidiary of the Company

Effective February 1, 2020, the Company, through DTSS, its wholly owned subsidiary, acquired 51% of the outstanding equity shares of Adis Enterprises Private Limited ("AEPL"), for an aggregate consideration of ₹ 8.61 Million. AEPL provides operations & maintenance services in Western India (predominantly in the state of Maharashtra). The acquisition provides DTSS a gateway into the Hard Facility Management Services market, establishes relationships with some of the top pharmaceutical players, compliments and enhances our offerings in the pharmaceutical industry.

Acquisition of additional shareholding of SLV Security Services Private Limited

Effective February 10, 2020, the Company acquired an additional shareholding of 39.01% in SLV Security Services Private Limited ("SLV"), a subsidiary of the Company, for an aggregate consideration of ₹ 254 Million. The Company now holds 90.01% stake in SLV as at March 31, 2020.

OPERATIONS AND BUSINESS PERFORMANCE

Security Solutions

Security Solutions – India

During the year under review, we consolidated our position as the largest security solutions company in India. Despite a challenging macro-economic climate marked by slow GDP growth, we have been able to grow at over 5X GDP. This reflects our strong execution capabilities which we have built over the years and a success of our M&A program.

During the year under review, the SIS Group's security solutions business in India established a few landmarks:

- a. We crossed ₹ 35,000 Million revenue size this year which makes us the leader by far in India.
- b. Both the acquisitions that we completed in FY19, SLV Security Services Private Limited (SLV) and Uniq Detective and Security Services Private Limited (Uniq), were smoothly integrated and both the companies have registered strong business growth since the acquisition of majority shareholding by the SIS Group.
- c. Towards the end of the FY2020, when the Government announced the COVID-19 lockdown, all our businesses were listed as an essential service provider by the government through various notifications both at Central and State level and, as a result, the SIS Group

continued providing uninterrupted services throughout the lockdown period to ensure that our customers could continue running their business smoothly. In several instances, we were also assisting multiple government agencies in discharging their duties successfully. The Group proactively implemented several measures to ensure the safety and welfare of our employees at our offices and client sites and were able to ensure uninterrupted operations at client sites too.

The consolidated results reflect the full effect of acquisitions of SLV Security Services Private Limited & Uniq Detective and Security Services Private Limited made in FY19.

The number of security personnel employed by the Group in India as on March 31, 2020 was 1,54,376. Significant operational improvements were achieved by leveraging technology-based solutions and it has contributed to the growth in productivity and operating profits for the year under review.

The Group has been planning and implementing several productivity measures over the last few years and the implementation of these measures are delivering productivity and financial improvements, which can be seen in the improved EBITDA margins this year. The EBITDA of the security solutions business in India, improved from 5.6% at ₹ 1,514 Million in FY19 to 6.0% at ₹ 2,109 Million in FY20.

Security Solutions – International

The Group provides security solutions internationally through its subsidiaries in Australia, Singapore, and New Zealand. In Australia, we operate through MSS Security Pty Ltd ("MSS") and Southern Cross Protection Pty Ltd ("SXP"). FY2020 saw the full year impact of the acquisitions completed in the latter part of FY2019, which included Henderson Group (Henderson) in Singapore and Platform 4 Group Limited (P4G).

On a consolidated basis, the Security services – International segment, comprising MSS, SXP, Henderson Group and P4G recorded revenues of AUD 765 Million during the year under review against AUD 685 Million in the previous year. This represents a growth of 11.7% (on a constant currency basis) over the previous year. In Australia, our revenues grew by 2.8%, which is 1.5x the GDP growth. Due to one of our clients restructuring their operations, we suffered a loss of a portion of our revenues from the Aviation business. Our Singapore business generated SGD 57.3 Million of revenues in the first full year of operations under SIS ownership.

P4G enhanced its market share and service portfolio in New Zealand by acquiring Triton Security Services Limited, which will add alarm monitoring to the security solutions being offered by us.

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

- a. We continue to be No.1 in Australia with over 21% market share, outpacing market growth
- b. Despite low general economic growth, both the Australia and Singapore businesses showed strong margin improvements on the back of profit improvement initiatives and productivity measures.

- c. The EBITDA for the segment was AUD 45 Million (5.9% of revenues) against AUD 31.5 Million (4.6% of revenues) for FY19 representing a 43.2% increase over the previous year.

Electronic Security Solutions

1. **ManTech** - Our electronic security business recorded a revenue of ₹ 200.49 Million during the year under review compared to ₹ 240.20 Million in the previous year. FY2020 recorded a decrease in revenue when compared to FY 2019, due to deferment in completion and handing over of certain projects in the month of March-20 on account of COVID-19 lockdown imposed in March 2020. We continue to sell and provide technology-based security solutions to our customers, and in by doing so, we are innovating our modes of solution delivery.

Whilst we are making continued investments and improvements in our internal systems to improve operational productivity, we also look to expand our security business in a non-linear manner, thereby reducing dependency on manpower and deploying customized solutions.

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. During the year under review, we expanded our presence in the B2B space by winning marquee customers and a significant volume of new orders in the BFSI sector.

We have clearly established our capability of providing monitoring and response services to customer locations and sites pan-India and the number of sites secured by us, increased from 1,350 (as on March 2019) to reach 2,741 sites as on March 2020. We are confident of strengthening our presence further in this space with the BFSI sector constantly looking at innovative solutions to help their security needs. We are continuing to invest in the latest Artificial Intelligence and Machine Learning technology to give us an added technological advantage over our competitors.

Facility Management

The Group's facility management business comprises:

- 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;
- Terminix SIS India Private Limited ("Terminix SIS"), a joint venture with Terminix, in the pest control business; and
- Adis Enterprises Private Limited ("Adis"), specializing in Operations & Maintenance in the Pharmaceutical vertical.

The Facility Management business is the fastest growing vertical in the group's portfolio. The year saw a significant increase in our facility management business with revenues going up from ₹ 9,499 Million in FY19 to ₹ 12,802 Million in FY20, an increase of 34.8 %.

The healthcare expertise in our facility management businesses has been particularly useful during the COVID-19 pandemic as our hospital and pharmaceutical clients utilized our services for their deep cleaning, disinfection, sanitation, and other surge work.

Our B2G business with our Railways vertical continues to expand with more services and more stations under coverage.

Terminix SIS delivered a strong performance in FY20 and has recorded a revenue growth of 44% over FY19 with an EBITDA % of 5.3% for FY20. The business is also looking at a stronger FY21 with newer solutions being designed and sold during COVID-19 times, where disinfection and hygiene requirements are taking more precedence than usual.

The consolidated EBITDA of the facility management segment went up from ₹ 640 Million in FY19 to ₹ 843 Million in FY20, an increase of 31.8%, and the EBITDA margin reduced marginally from 6.7% in FY19 to 6.6% in FY20.

The One SIS programme, which was launched originally as Totally Facility Management (TFM) programme in FY19, is spearheaded primarily by the FM business. It aims to provide integrated solutions comprising security solutions, facility management, pest control and other allied services to the clients, under a common contractual arrangement.

Cash Logistics (a joint venture with Prosecur)

On a consolidated basis, the cash logistics business' revenues increased by 13.9% over the previous year. We continue to focus on the non-ATM business, which includes retail banking and cash-in-transit business. We now operate over 889 cash vans, service 11,432 ATMs and provide doorstep banking services across 11,183 pickup points and operate 59 vaults and strong rooms across the country.

The migration to the Reserve Bank of India ('RBI') and the Ministry of Home Affairs ('MHA') guidelines announced during FY19 has been slow, but we continue to be optimistic that the banks are taking note of the vital solutions we are offering during the COVID-19 crisis, and would be more amenable to a price revision in the near to medium term.

OUTLOOK

The industries we operate in are closely linked to the overall economic growth of the country. India's economy has been on a downtrend for the past 8 quarters and this is only likely to worsen further with the steep economic shocks due to the COVID-19 crisis. Various economic research houses forecast a 0-1% growth for the Indian economy this year. While the underlying economic growth is bound to be the weakest we have seen in many years, at SIS we are buffeted from the storms by the essential and relatively resilient nature of our solutions. Even a closed factory or mall would need to be safeguarded and that gives us confidence that we will be able to weather the storms in the immediate future.

The longer-term trends, however, continue to be robust with the underlying drivers all showing the right momentum. In the security solutions vertical, this growth comes on the back of continued urbanization, higher threat perception, inadequate police force and shift from less-organized local players to well-organized national players. The Freedonia Group (a

business research company) ("Freedonia"), in its March 2019 report has forecasted that the India security industry will grow from ₹ 80,000 Crores in FY19 to ₹ 157,000 Crores by FY24 at a CAGR of ~14%. Out of this, the technology led security solutions segment is estimated to grow at over 19% during this period.

Similarly, in the Facility Management ('FM') vertical, increased focus on health, hygiene, and sanitation in the post-COVID-19 times, will lead to newer solutions, more intensified cleaning, reliance on professional vendors and greater outsourcing etc. Freedonia has forecasted that the FM vertical will grow from ₹ 100,000 Crores in FY19 to ₹ 230,000 Crores by FY24 at a CAGR of ~19%.

We also believe that the ongoing COVID-19 crisis will provide us opportunities to increase our market share due to our proven delivery capability and our unique ability to design solutions to meet our clients' requirements. 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.

Our International 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 in Australia. All our international businesses are likely to see short term uncertainty on account of the poor macro-economic scenario arising out of COVID-19.

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 slow but steady adoption of the RBI regulations and MHA guidelines that were announced in FY19.

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 can 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

There have been no significant matters from the end of financial year.

DIVIDEND AND TRANSFER TO RESERVES

For the financial year FY20, based on the Company's performance, the Board, in its meeting held on February 20, 2020, had declared an interim dividend of 40% i.e. ₹ 2.00 per equity share. The total cash outflow amounted to ₹ 353.57 Million including dividend distribution tax.

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, which is uploaded on the Company's website <https://sisindia.com/investors/policies-and-code-of-conduct>.

CREDIT RATING

The latest ICRA Ltd. ("ICRA") ratings assigned to your Company during FY20 are as follows:

- Assigned a credit rating of [ICRA] A+ to Secured Redeemable Rated Listed Non-Convertible Debentures,
- Assigned a long-term rating of [ICRA] A+ and short-term rating of [ICRA] A1+ for the line of credit from banks.

SHARE CAPITAL

During the year under review, 6,314 equity shares of ₹ 10 each were allotted upon exercise of options by the employees under the Company's Employee Stock Option Plans.

Pursuant to an Ordinary Resolution passed by the shareholders by way of postal ballot on December 17, 2019, the Company has sub-divided 1 (one) equity share of face value of ₹ 10 each, fully paid up into 2 (two) equity shares of face value of ₹ 5 each, fully paid up, effective from January 16, 2020 as the record date. Consequent to the sub-division of equity shares, the outstanding 73,318,987 equity shares of face value of ₹ 10 each have been sub-divided into 146,637,974 equity shares of face value of ₹ 5 each.

As on March 31, 2020, the authorised capital of the Company is ₹ 1,350.00 Million divided into 270,000,000 equity shares of ₹ 5 each, and the paid-up equity share capital of the Company is ₹ 733.19 Million consisting of 146,637,974 equity shares of ₹ 5 each.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186 of the Companies Act, 2013 ("the Act"), the particulars of loans, guarantees and investments have been disclosed in 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 240,000 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 our employees subscribe to the philosophy of compassionate care. We believe that a business must 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 formalized 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 recognize 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.

All SIS Group employees are currently covered under ESIC/ Medical Insurance Cover, and State/ Central Governments have also announced various measures to assist Corona affected citizens. During such a critical time, the Company has created a welfare fund worth ₹ 50 Million, in order to ensure all family members of SIS Staff on duty are adequately protected in financial terms in addition to the existing medical and health policies.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company as adopted by the Board and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure- I**. The CSR Policy is available on <https://sisindia.com/investors/policies-and-code-of-conduct>.

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 in compliance with the provisions of the Act. During the year under review, the Company has received six complaints out of which three complaints have been resolved and the internal review for the three complaints is under progress.

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 endeavors 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 available on the Company's website <https://sisindia.com/investors/policies-and-code-of-conduct/>.

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 by your Company with related parties, were on an arm's length basis and in the ordinary course of business, and did not consummate material transactions with any related party as defined in the Act. All related party transactions, entered for the year under review, have been approved by the Audit Committee, wherever 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 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, 2020, are given in the standalone financial statements forming part of this Annual Report.

The Policy on related party transactions is available on the Company's website, <https://sisindia.com/investors/policies-and-code-of-conduct>.

RISK MANAGEMENT

Risk management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events to of maximize the realization of opportunities. During the year under review, the Company has prepared a comprehensive risk assessment and minimization procedure. These procedures are meant to ensure that executive management controls risk through means of a properly defined framework. The major risks are in the process of being identified and compiled by the Company and its mitigation process/measures formulated in areas of operations, recruitment, financial processes and reporting, human resources, and statutory compliance are being documented.

The Board of Directors have formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee 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 Committee is responsible for monitoring and reviewing the strategic risk management plans of the Company and ensuring its effectiveness.

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, minimized 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 to deliver timely and relevant information to various stakeholders 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 emphasized 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 Officers 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 the 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, 2020, the Company has 43 subsidiaries, 3 associates and 1 joint venture.

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

- a. Effective May 1, 2019, the Company acquired an additional 50% of the voting rights and shares (in addition to the 50% (direct/indirect) already held) in SIS Alarm Monitoring and Response Services Private Limited.
- b. Effective July 1, 2019, the Company, through its wholly owned subsidiary, acquired 100% of the outstanding equity shares of Triton Security Services Limited along with its subsidiary, The Alarm Centre Limited, New Zealand.
- c. On March 11, 2020, the Company incorporated a wholly owned subsidiary, One SIS Solutions Private Limited.
- d. Effective February 1, 2020, the Company, through DTSS, its wholly owned subsidiary, acquired 51% of the outstanding equity shares of Adis Enterprises Private 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 <https://sisindia.com/investors/policies-and-code-of-conduct>.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements and separate audited financial statements in respect of subsidiaries, are available on the website of the Company <https://sisindia.com/investors/financials-subsidiary-companies>.

PEOPLE AND TRAINING

We continue to improve and develop tools and processes, to recognize and reward employees at all levels across the Company. We deeply value their contribution to the Company's performance every year by investing in their training and development programmes, in addition to the leadership development programmes. The newly implemented Performance Management Process ("PMP") tool across the Group is designed to scientifically measure and track the performance of employees at all levels and we believe this will help us to recognize 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 240,000.

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)

To reward employees for their contribution to your Company and to provide an incentive for their continuous contribution to the organization's success, the Company has instituted an employee stock option scheme, namely, ESOP 2016 on July 27, 2016. ESOP 2016 envisages the grant of such number of options (together with exercised options) enabling the eligible employee stock option holders the right to apply for Equity Shares of the Company.

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, <https://sisindia.com/investors/investor-information/company-announcement>.

The Company's Auditors, Saxena and Saxena have certified that the Employee Stock Option Plans 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")

- a. Mr. Arun Kumar Batra resigned as a Director effective October 24, 2019, citing personal consideration, family compulsions and extensive travelling, for his resignation. There is no other material reason for his resignation. The Board places on record its appreciation for the valuable contribution made by Mr. Batra during his tenure.
- b. Mr. Sunil Srivastav was appointed as an Additional Director (Independent) of the Company effective October 24, 2019 to hold office upto the date of the ensuing Annual General Meeting (AGM).
- c. The Board at its meeting held on April 30, 2020, on the recommendation of the Nomination and Remuneration Committee, recommended for approval of the members, the re-appointment of Mr. Rajan Krishnanath Medhekar and Mrs. Renu Mattoo as Independent Directors for a period of 2 years effective September 25, 2020 and January 29, 2021 respectively.
- d. The Board at the said meeting, on the recommendation of the Nomination and Remuneration Committee, recommended for approval of the members, the continuation of Mrs. Renu Mattoo as a Non-Executive Director.
- e. Mr. Ravindra Kishore Sinha, Chairman and Mrs. Rita Kishore Sinha, Non-Executive Director, retire by rotation at the ensuing AGM and being eligible, offer themselves for reappointment. The Board has recommended their re-appointment.
- f. Appropriate resolutions seeking approval of the members forms part of the Notice convening the 36th AGM of the Company.
- g. Pursuant to the provisions of Section 149 of the Act, all the Independent Directors have submitted declarations confirming their criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the

SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

COMMITTEES OF THE BOARD

As on March 31, 2020, the Board constituted the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and a Risk Management 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 under review, six meetings of the Board were held on the following dates:

May 2, 2019, June 28, 2019, July 24, 2019, October 24, 2019, January 29, 2020, and February 20, 2020.

BOARD EVALUATION

The Board of Directors have carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

For details, please refer to the Corporate Governance Report, which forms part of this report.

AUDITORS AND AUDIT REPORTS

At the 33rd annual general meeting held on September 25, 2017, the members approved the appointment of M/s. Saxena and Saxena, Chartered Accountants (Firm Registration No. 006103N) as Statutory Auditors of the Company to hold office for a period of 5 years from the conclusion of that AGM till the conclusion of 38th AGM, subject to ratification of their appointment by members at every AGM.

The requirement to place the matter relating to appointment of auditors for ratification by members at every AGM has been done away by the Companies (Amendment) Act, 2017 effective May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

The Auditors' Report do not contain any qualifications, reservations or adverse remarks 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, to conduct secretarial audit of the Company for the financial year ended March 31, 2020.

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

The Secretarial Audit Report do not contain any qualifications, reservations, or adverse remarks.

COMPLIANCE WITH THE 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 Companies Act, 2013 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 follows:

| All amounts in ₹ million | |
|------------------------------|---------|
| Particulars | 2019-20 |
| Foreign exchange earnings | 163.50 |
| Foreign exchange expenditure | 94.35 |

ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and the rules made thereunder, the extract of the annual return for FY20 is available on <https://sisindia.com/investors/investor-information/company-announcement>.

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 a Vigil Mechanism in place 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 under review, 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/policies-and-code-of-conduct>.

REPORTING OF FRAUDS

There were no instances of frauds during the year under review, which required the statutory auditors to report the Audit Committee and/or the Board under Section 143(12) of the Act and the Rules made thereunder.

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, 2020 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; and
- 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

Members may note that the Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.

Members may also note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.sisindia.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL www.evotingindia.com.

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 dematerialized 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 especially during the COVID-19 times for their continued & 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

Noida
April 30, 2020

Ravindra Kishore Sinha
Chairman

ANNEXURE I**Annual Report on Corporate Social Responsibility (CSR) Activities****1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS:****a. Brief outline of CSR Policy:**

The Corporate Social Responsibility (CSR) Policy of the Company has been formalized 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 is available on the Company's website at <https://sisindia.com/investors/policies-and-code-of-conduct>.

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/ programs 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 summarized 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 Programs 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 programs.
- iv. **Health:** Local community health check camps, Building hospitals, clinics, diagnostic centres and associated infrastructure, Blood donation camps and other specific ailment camps, Other programs 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, Programs 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:

The Company has a CSR Committee of directors comprising:

- 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: ₹ 892.20 Million**4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE): ₹ 17.84 Million****5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:**

- (a) Total amount spent for the Financial Year: ₹ 51.25 Million

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the Financial Year : Annexed

| Sl. No. | CSR Project or activity Identified | Sector in which the Project is covered | Projects or Programs (1) Local area or other (2) Specify the State or district where Projects or Programs was undertaken | Amount outlay (budget) Project or Program wise (in ₹ Million) | Amount spent on the Projects or Programs | | Cumulative expenditure up to the reporting period (in ₹ Million) | Amount spent: Direct or through implementing agency (in ₹ Million) |
|---------|--|--|--|---|--|--------------------------|--|--|
| | | | | | Direct exp. (in ₹ Million) | Overheads (in ₹ Million) | | |
| 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 | Bihar, Gujarat, Uttar Pradesh, New Delhi, Chhattisgarh, Maharashtra, Madhya Pradesh and Uttarakhand | 1.20 | 0.00 | 1.20 | 1.20 | Through implementing agency |
| 2 | Promotion of Sports, culture and research activities | Promoting Sports | Haryana | 5.72 | 5.72 | - | 5.72 | Direct |
| 3 | Local community health check camps, Building hospitals, clinics, diagnostic centers and associated infrastructure, Blood donation camps and other specific ailment camps. | Medical relief | New Delhi and Madhya Pradesh. | 11.50 | - | 11.50 | 11.50 | Through implementing agency |
| 4 | Protection of national heritage | Preserving Environment | West Bengal and Maharashtra | 1.50 | 1.50 | - | 1.50 | Direct |
| 5 | Programmes in connection with rural development | Rural Development | Uttarakhand | 2.50 | 2.50 | - | 2.50 | Direct |
| | | | | 51.25 | 35.75 | 15.50 | 51.25 | |

The CSR committee confirms that the implementation and monitoring of CSR Policy are 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

All amounts in ₹ million

| Sl. No. | Name of the Subsidiary | Reporting Currency | Closing exchange rate | Financial period ended | Share Capital | Reserve and surplus | Total Assets | Total Liabilities | Turnover | Profit / (loss) before tax | Provision for tax | Profit / (loss) after tax | Proposed Dividend * shareholding % of |
|---------|--|--------------------|-----------------------|------------------------|---------------|---------------------|--------------|-------------------|----------|----------------------------|-------------------|---------------------------|---------------------------------------|
| 1 | Service Master Clean Limited | INR | NA | 31-Mar-20 | 19513 | 1,193.41 | 3,026.42 | 1,637.88 | 3,662.27 | 91.29 | (20.24) | 111.53 | - 100.00 |
| 2 | Tech SIS Limited | INR | NA | 31-Mar-20 | 73.00 | (71.49) | 423.21 | 421.70 | 200.49 | (54.70) | (20.38) | (34.32) | - 100.00 |
| 3 | Terminix SIS India Private Limited | INR | NA | 31-Mar-20 | 225.00 | (218.98) | 193.77 | 187.75 | 234.23 | (1.57) | (1.40) | (0.17) | - 50.01 |
| 4 | Dusters Total Solutions Services Private Limited | INR | NA | 31-Mar-20 | 28.02 | 1,673.74 | 3,111.47 | 1,409.71 | 7,897.79 | 456.67 | (14.21) | 470.88 | 140.08 100.00 |
| 5 | SIS Business Support Services Private Limited | INR | NA | 31-Mar-20 | 010 | 0.03 | 015 | 0.02 | 0.07 | 0.01 | 0.02 | (0.01) | - 100.00 |
| 6 | SISCO Security Services Private Limited | INR | NA | 31-Mar-20 | 010 | 0.03 | 016 | 0.03 | 0.07 | 0.01 | 0.02 | (0.01) | - 100.00 |
| 7 | SLV Security Services Private Limited | INR | NA | 31-Mar-20 | 25.00 | (149.56) | 995.49 | 1,120.05 | 3,047.65 | 59.84 | 28.29 | 31.55 | - 90.01 |
| 8 | Rare Hospitality and Services Private Limited | INR | NA | 31-Mar-20 | 11.69 | (8.48) | 458.53 | 455.32 | 1,000.18 | 10.43 | 3.04 | 7.39 | - 82.89 |
| 9 | Uniq Detective and Security Services Private Limited | INR | NA | 31-Mar-20 | 18.00 | 397.87 | 737.97 | 322.10 | 1,767.19 | 120.15 | (3.85) | 124.00 | - 51.00 |
| 10 | Uniq Detective and Security Services (AP) Pvt. Ltd. | INR | NA | 31-Mar-20 | 010 | (3.66) | 13.28 | 16.84 | 40.58 | 173 | 0.65 | 1.08 | - 51.00 |
| 11 | Uniq Detective and Security Services (Tamilnadu) Private Limited | INR | NA | 31-Mar-20 | 010 | (312) | 6.11 | 9.13 | 19.99 | 0.41 | 0.17 | 0.24 | - 51.00 |
| 12 | Uniq Facility Services Private Limited | INR | NA | 31-Mar-20 | 1.00 | (1.41) | 48.01 | 48.42 | 137.68 | 2.17 | 1.39 | 0.78 | - 51.00 |
| 13 | SIS Alarm Monitoring & Response Services Private Limited (formerly known as SIS Prosecur Alarm Monitoring & Response Services Private Limited) | INR | NA | 31-Mar-20 | 400.00 | (332.65) | 364.62 | 297.27 | 113.75 | (107.72) | (22.20) | (85.52) | - 100.00 |
| 14 | Adis Enterprises Private Limited | INR | NA | 31-Mar-20 | 010 | 7.28 | 14.00 | 6.62 | 7.04 | 0.53 | (0.14) | 0.67 | - 51.00 |
| 15 | ONE SIS Solutions Private Limited | INR | NA | 31-Mar-20 | 010 | (0.03) | 0.11 | 0.04 | - | (0.04) | (0.01) | (0.03) | - 100.00 |
| 16 | SIS International Holdings Limited | AUD | 0.022 | 31-Mar-20 | 185.08 | 0.02 | 185.23 | 0.13 | - | 153.75 | - | 153.75 | 153.75 100.00 |
| 17 | SIS Asia Pacific Holdings Limited | AUD | 0.022 | 31-Mar-20 | 185.08 | 0.05 | 185.27 | 0.14 | - | 153.75 | - | 153.75 | 153.75 100.00 |
| 18 | SIS Australia Holdings Pty Ltd | AUD | 0.022 | 31-Mar-20 | 185.08 | 38.43 | 866.47 | 642.96 | - | 154.08 | (26.09) | 180.17 | 153.75 100.00 |
| 19 | SIS Australia Group Pty Ltd | AUD | 0.022 | 31-Mar-20 | 731.08 | 727.44 | 8,042.84 | 6,584.32 | - | 441.98 | (17.29) | 459.27 | 250.37 100.00 |
| 20 | SIS Group International Holdings Pty Ltd | AUD | 0.022 | 31-Mar-20 | 0.46 | 95.09 | 3,760.99 | 3,665.44 | - | 39.39 | (0.83) | 40.22 | - 100.00 |
| 21 | MSS Strategic Medical and Rescue Pty Ltd | AUD | 0.022 | 31-Mar-20 | 0.46 | 149.20 | 407.22 | 257.56 | - | 1,632.22 | 27.15 | 59.31 | - 100.00 |
| 22 | SIS MSS Security Holdings Pty Ltd | AUD | 0.022 | 31-Mar-20 | 694.06 | 608.46 | 2,719.73 | 1,417.21 | - | 445.26 | 1.39 | 443.87 | 443.24 100.00 |
| 23 | MSS Security Pty Ltd | AUD | 0.022 | 31-Mar-20 | 462.71 | 4,907.91 | 10,218.38 | 4,847.76 | - | 1,096.52 | 330.87 | 765.65 | 443.81 100.00 |
| 24 | Australian Security Connections Pty Ltd | AUD | 0.022 | 31-Mar-20 | 0.46 | - | 0.46 | - | - | - | - | - | - 100.00 |
| 25 | MSS AUG Pty Ltd | AUD | 0.022 | 31-Mar-20 | - | - | - | - | - | - | - | - | - 100.00 |

All amounts in ₹ million

| Sl. No. | Name of the Subsidiary | Reporting Currency | Closing exchange rate | Financial period ended | Share Capital | Reserve and surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit / (loss) before tax | Provision for tax | Profit / (loss) after tax | Proposed Dividend * | % of shareholding |
|---------|---|--------------------|-----------------------|------------------------|---------------|---------------------|--------------|-------------------|-------------|----------|----------------------------|-------------------|---------------------------|---------------------|-------------------|
| 26 | SX Protective Holdings Pty Ltd (Formally known as Andwills Pty Limited) | AUD | 0.022 | 31-Mar-20 | - | 0.11 | 0.12 | 0.01 | - | - | 47.38 | - | 47.38 | 47.39 | 42.36 |
| 27 | SX Protective Services Pty Ltd. | AUD | 0.022 | 31-Mar-20 | 11.57 | 5.83 | 17.40 | - | 16.33 | - | 55.76 | - | 55.76 | 55.75 | 45.56 |
| 28 | Southern Cross Protection Pty Ltd. | AUD | 0.022 | 31-Mar-20 | 95.92 | 386.74 | 1,235.91 | 753.25 | 30.59 | 5,028.74 | 337.27 | 113.24 | 224.03 | 61.95 | 51.01 |
| 29 | Southern Cross FLM Pty Ltd | AUD | 0.022 | 31-Mar-20 | - | (4.26) | - | 4.26 | 14.81 | - | - | - | - | - | 51.01 |
| 30 | Southern Cross Loss Prevention Pty Ltd | AUD | 0.022 | 31-Mar-20 | - | 17.60 | 17.60 | - | 136.22 | - | - | - | - | - | 51.01 |
| 31 | Cage Security Alarms Pty. Limited | AUD | 0.022 | 31-Mar-20 | 0.05 | 140.58 | 163.18 | 22.55 | - | 0.35 | (1.28) | (0.38) | (0.90) | - | 51.01 |
| 32 | Cage Security Guard Services Pty Ltd | AUD | 0.022 | 31-Mar-20 | - | 42.95 | 43.21 | 0.26 | - | - | - | - | - | - | 51.01 |
| 33 | Eymet Security Consultants Pty Ltd | AUD | 0.022 | 31-Mar-20 | - | 1.95 | 4.90 | 2.95 | - | - | (0.59) | (0.18) | (0.41) | - | 51.01 |
| 34 | Askara Pty Ltd | AUD | 0.022 | 31-Mar-20 | - | 4.34 | 26.61 | 22.27 | - | 182.52 | 0.41 | 0.20 | 0.21 | - | 51.01 |
| 35 | Charter Customer Services Pty Ltd | AUD | 0.022 | 31-Mar-20 | - | 91.59 | 91.59 | - | - | - | - | - | - | - | 51.01 |
| 36 | Charter Security Protective Services Pty Ltd | AUD | 0.022 | 31-Mar-20 | - | 160.00 | 259.33 | 99.33 | - | 324.33 | 2.47 | 0.74 | 1.73 | - | 51.01 |
| 37 | Charter Security (NZ) Pty Limited | AUD | 0.022 | 31-Mar-20 | - | 51.12 | 53.76 | 2.64 | - | 68.98 | 7.49 | 1.99 | 5.50 | - | 51.01 |
| 38 | Platform 4 Group Limited | NZD | 0.022 | 31-Mar-20 | 17.91 | (173.00) | 318.86 | 473.95 | - | 489.48 | (50.16) | (2.95) | (47.21) | - | 51.00 |
| 39 | Triton Security Services Limited | NZD | 0.022 | 31-Mar-20 | - | 101.21 | 127.84 | 26.63 | - | 109.43 | 30.18 | 8.46 | 21.72 | - | 51.00 |
| 40 | The Alarm Center Limited | NZD | 0.022 | 31-Mar-20 | 0.05 | 7.11 | 10.18 | 3.02 | - | 11.45 | 0.46 | 0.12 | 0.34 | - | 51.00 |
| 41 | SIS Henderson Holdings Pte Ltd | SGD | 0.019 | 31-Mar-20 | 812.92 | 90.59 | 904.03 | 0.52 | - | - | (0.76) | (0.13) | (0.63) | - | 60.00 |
| 42 | Henderson Security Services Pte Ltd | SGD | 0.019 | 31-Mar-20 | 72.20 | 894.32 | 1,221.45 | 254.93 | - | 2,393.53 | 327.51 | 47.17 | 280.34 | - | 60.00 |
| 43 | Henderson Technologies Pte Ltd | SGD | 0.019 | 31-Mar-20 | 0.48 | 193.80 | 242.87 | 48.59 | - | 441.66 | 72.88 | 12.04 | 60.84 | - | 60.00 |

* It includes dividend declared/distributed/paid during the year

Notes:

Turnover represents revenue from operations

- Names of subsidiaries which are yet to commence operations: ONE SIS Solutions Private Limited
- Names of subsidiaries which have been liquidated or sold during the year: None

PART B: ASSOCIATES AND JOINT VENTURES

All amounts in ₹ million

| Name of the associates / joint ventures | Latest audited balance sheet date | Share of Associates/Joint Ventures held by the Group 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 | Extend of holding | | | | Considered in consolidation | Not Considered in consolidation |
| 1 SIS Cash Services Private Limited | 31-Mar-20 | 97,08,696 | 377.31 | 49% | Associate company | NA | 666.58 | 4.26 | 4.43 |
| 2 SIS Prosegur Holdings Private Limited * | 31-Mar-20 | NA | NA | NA | Associate company | NA | NA | NA | NA |
| 3 SIS Prosegur Cash Logistics Private Limited ** | 31-Mar-20 | NA | NA | NA | Associate company | NA | NA | NA | NA |
| 4 Habitat Security Pty Ltd | 31-Mar-20 | 49 | 2.72 | 49% | Joint Venture company | NA | 5.99 | 1.50 | 1.56 |

* Wholly owned subsidiary of SIS Cash Services Private Limited

** Wholly owned subsidiary of SIS Prosegur Holdings Private Limited

@ Net worth considered for SIS Cash Services Private Limited, consolidated group of entities.

Notes:

- Names of associates or joint ventures which are yet to commence operations: Nil
- Names of associates or joint ventures which have been liquidated or sold during the year: As a result of acquisition additional 50% of the voting rights and shares, in SIS Alarm Monitoring and Response Services Private Limited has become a wholly owned subsidiary of the Company.

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 the financial year 2019-20, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20:

| Name of Director/Key Managerial Personnel and Designation | Remuneration drawn in FY 2019-20 (in INR) # | Ratio of the remuneration of each Director to the Median Remuneration of Employees for the financial year 2019-20 | % Increase in Remuneration in the financial year 2019-20 |
|---|---|---|--|
| Mr. Ravindra Kishore Sinha, Chairman | 22,516,172 | 136:1 | 6.25 |
| Mr. Rituraj Kishore Sinha, Managing Director | 9,606,112 | 58:1 | 5.80 |
| Mr. Arvind Kumar Prasad, Director – Finance | 5,175,094 | 31:1 | 5.00 |
| Mrs. Rita Kishore Sinha, Non-Executive Director | 375,000 | ^ | ^ |
| Mr. Uday Singh, Non-Executive Director | 600,000 | ^ | ^ |
| Mr. Devdas Apte, Independent Director | 675,000 | ^ | ^ |
| Mr. Amrendra Prasad Verma, Independent Director | 1,275,000 | ^ | ^ |
| Mr. Tirumalai Cunnavakaum Anandanpillai Ranganathan, Independent Director | 1,125,000 | ^ | ^ |
| Mr. Rajan Krishnanath Medhekar, Independent Director | 1,725,000 | ^ | ^ |
| Mr. Sunil Srivastav, Additional Director (Independent)* | 150,000 | ^ | ^ |
| Mr. Devesh Desai, Chief Financial Officer | 11,125,243 | 67:1 | 4.80 |
| Mr. Brajesh Kumar, Chief Financial Officer (Security Solutions and Facility Management) | 6,332,022 | 38:1 | 6.00 |
| Ms. Pushpalatha K, Company Secretary | 3,337,714 | 20:1 | 7.00 |

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

^Since the remuneration to Non-Executive and Independent Directors includes only sitting fee for attending meetings of the Board and Committees, the ratio of their remuneration to median remuneration and percentage increase in remuneration is not comparable and hence, not stated.

* Mr. Sunil Srivastav was appointed as Additional Director (Independent) effective October 24, 2019

2. The percentage increase in the median remuneration of employees in the financial year 2019-20 is 6.73%.
3. There were 135,464 permanent employees on the rolls of Company as on March 31, 2020.
4. Average percentage increase made in the salaries of employees, other than the managerial personnel in the financial year 2019-20, was 6.88 % 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 5.68%.
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 | Remuneration received (Gross in INR) | Qualification | Experience (In Years) | Date of Commencement of employment | Previous employment/ Position held |
|--|-----|---|-----------------------------------|--------------------------|---------------------------------------|--|
| TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN. | | | | | | |
| Mr. Ravindra Kishore Sinha, Chairman | 68 | 22,516,172 | B.A. | 34 | 02-Jan-1985 | Security & Intelligence Services proprietorship- Proprietor |
| Mr. Vamshidhar Guthikonda, President (M & A) and Investor Relations | 44 | 13,306,165 ⁽¹⁾ | B. Com (Hons.), ICWA and PGDM | 19 | 04-Apr-2016 | SEDEX- Founder and CEO |
| Mr. Dhiraj Singh, CEO (Facility Management & Emerging Business) | 50 | 13,017,659 | B Tech & MBA | 26 | 21-Oct-2013 | Telamon Investment Advisors and Consultants Pvt. Ltd.- Director |
| Mr. Devesh Desai, Chief Financial Officer | 51 | 11,125,243 | B. Com. & C.A. | 22 | 01-Sep-2008 | Deccan Aviation Limited- VP Finance & Controller |
| Mr. Rituraj Kishore Sinha, Managing Director | 39 | 9,606,112 | B.A. from Leeds University | 17 | 08-July-2002 | Halifax Bank UK |
| Mr. Tapash Chaudhuri, Chief Operating Officer (Security Solutions) | 60 | 8,956,516 | B.E. | 39 | 08-July-2013 | G4S Secure Solutions India Pvt. Ltd.- CEO |
| Mr. R S Murali Krishna, Executive Vice President | 39 | 8,036,912 | CA and PGDM from ISB Hyderabad | 18 | 07-Sep-2017 | Ernst & Young LLP- Manager – Transactional Advisory Group |
| Mr. Vasu Sudharshan Reddy Yeddula, President | 50 | 7,625,418 | M.A., MBA. | 26 | 03-Oct-2018 | Securitas Systems (India) Pvt. Ltd.- President P & L Management for South and West |
| Mr. Brajesh Kumar, Chief Financial Officer (Security Solutions & Facility Management) | 50 | 6,332,022 | B. Com., C.A. & DISA | 24 | 05-Nov-2004 | PB& Co., Chartered Accountants- Partner |
| Mr. Vinaya Kumar Srivastawa, President (Security Solutions) | 57 | 5,775,049 | B.Com. | 34 | 01-May-1986 | N.A. |

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: Remuneration includes salary, allowances, performance linked incentive and perquisite value of stock options exercised during the period.

The nature of employment for the above-mentioned employees is contractual.

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.

Except the Mr. Ravindra Kishore Sinha, Chairman and Mr. Rituraj Kishore Sinha, Managing Director, none of the employees mentioned above hold 2% or more of the paid-up equity share capital of the Company

(1) Remuneration includes ₹ 52,02,298 on account of exercise of options during the financial year 2019-20

ANNEXURE IV

Secretarial Audit Report

for the Financial Year Ended on March 31, 2020

[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 authorized 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, 2020, 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 the Company for the financial year ended on March 31, 2020 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, 2018;
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (No instances for compliance requirements during the year); and
- (i) 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

It may be noted that, as reported in my previous year report, status of Directors Identification Number (DIN) of one of the director was marked as disqualified u/s 164 (2) of the Act. After representations before the Registrar of Companies, Mumbai, the same was removed and changed back to active status, as there was no disqualification under Section 164(2). However, there was an adjudication order made against the said director by the Registrar of Companies, Karnataka for exceeding the maximum number of directorships under Section 165(6) of the Act, which has been challenged by the said director before the Regional Director, South East Region and the same is pending for hearing.

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 6,314 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. The following items were approved by the shareholders by passing an ordinary resolution through postal ballot effective December 17, 2019:
 - a) Sub-division of equity shares of the Company having a face value of ₹ 10 each to 2 equity shares of face value of ₹ 5 each.
 - b) Alteration of Capital Clause, viz., Clause V of the Memorandum of Association of the Company, by replacing with new Clause V. Consequent to this, the authorised Share Capital of the Company stands at ₹ 1,35,00,00,000 (Rupees one hundred and thirty-five crores only) divided into 27,00,00,000 (Twenty-seven crore) Equity Shares of ₹ 5 each.
3. Upon subdivision as above the existing paid up capital of ₹ 73,31,89,870 as on record date January 16, 2020 was divided into 14,66,37,974 equity shares of ₹ 5/- each.

Sudhir Vishnupant Hulyalkar

Company Secretary in Practice

FCS No.: 6040 CP No.: 6137

UDIN: F006040B000198496

Place: Bengaluru

Date: April 30, 2020

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 a 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

- i. As on March 31, 2020, the Company has 11 Directors. Of the 11 Directors, 8 are Non-Executive Directors (including 2 woman directors), out of which 6 are Independent 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.
- ii. 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. None of the Directors of the Company serves as an Independent Director in more than seven listed companies.

iii. 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.

iv. 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 have confirmed that all the Independent Directors 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.

v. Independent Directors have also confirmed that in terms of the provisions of Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have included their names in the data bank maintained by the Indian Institute of Corporate Affairs.

b) Number of Board meetings

During the year under review, the Board of Directors met 6 times on May 2, 2019, June 28, 2019, July 24, 2019, October 24, 2019, January 29, 2020, and February 20, 2020. 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

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year under review and at the last Annual General Meeting ("AGM"), names of the other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships/Memberships held by them in other public limited companies as on March 31, 2020 are given below.

| Name of the Director | Category | Number of board meetings during the year 2019-20 | | Whether attended last AGM held on June 28, 2019 | Number of Directorships in other Companies (including the Company)* | | Number of the Committee positions held in other Companies (including the Company)† | | Directorships in other listed entity (Category of Directorship) |
|---|----------------------------|--|----------|---|---|--------|--|--------|---|
| | | Held | Attended | | Chairman | Member | Chairman | Member | |
| Mr. Ravindra Kishore Sinha (Chairman) | Promoter, Executive | 6 | 5 | Yes | 1 | 9 | - | - | |
| Mr. Rituraj Kishore Sinha (Managing Director) | Promoter, Executive | 6 | 6 | Yes | - | 9 | - | 1 | |
| Mr. Uday Singh | Non-Executive | 6 | 6 | Yes | - | 9 | - | - | |
| Mr. Arvind Kumar Prasad (Director – Finance) | Executive | 6 | 6 | Yes | - | 4 | - | - | |
| Mrs. Rita Kishore Sinha | Non-Executive | 6 | 5 | No | - | 9 | - | - | |
| Mr. Devdas Apte | Independent, Non-Executive | 6 | 4 | No | - | 3 | - | 2 | |

| Name of the Director | Category | Number of board meetings during the year 2019-20 | | Whether attended last AGM held on June 28, 2019 | Number of Directorships in other Companies (including the Company)* | | Number of the Committee positions held in other Companies (including the Company)† | | Directorships in other listed entity (Category of Directorship) |
|---|----------------------------|--|----------|---|---|--------|--|--------|---|
| | | Held | Attended | | Chairman | Member | Chairman | Member | |
| Mr. Amrendra Prasad Verma | Independent, Non-Executive | 6 | 6 | Yes | - | 5 | 4 | 3 | 1. Electro Steel Castings Limited (Independent) 2. Solar Industries India Limited (Independent) |
| Mr. Tirumalai Cunnavakaum Anandanpillai Ranganathan | Independent, Non-Executive | 6 | 6 | Yes | - | 2 | 1 | 1 | 1. Orient Electric Limited (Independent) |
| Mr. Rajan Krishnanath Medhekar | Independent, Non-Executive | 6 | 6 | Yes | - | 1 | - | 2 | |
| Mrs. Renu Mattoo | Independent, Non-Executive | 6 | 3 | No | - | 2 | 1 | 1 | |
| Mr. Sunil Srivastav® | Independent, Non-Executive | 6 | 2 | N.A. | - | 5 | 1 | 2 | 1. Paisalo Digital Limited (Independent) 2. Eros International Media Limited (Independent) 3. Star Paper Mills Limited (Independent) 4. Solar Industries India Limited (Independent) |
| Mr. Arun Kumar Batra§ | Independent, Non-Executive | 6 | 3 | 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. Sunil Srivastav was appointed as Additional Director (Independent) effective October 24, 2019.

§ Mr. Arun Kumar Batra resigned from the Board effective October 24, 2019 due to personal consideration, family compulsions and extensive travelling. Mr. Batra has confirmed that there are no other material reasons for his resignation other than those mentioned above.

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

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

e) Remuneration of Directors

(i) Details of remuneration paid to Executive Directors during the year under review are given below:

| Name of the Director | Salary | Perquisites, allowances, and benefits | Performance linked incentive | Stock Option details, if any, | (in INR) |
|--|------------|---------------------------------------|------------------------------|-------------------------------|------------|
| | | | | | Total |
| Mr. Ravindra Kishore Sinha, Chairman | 12,512,000 | 10,004,172 | - | - | 22,516,172 |
| Mr. Rituraj Kishore Sinha, Managing Director | 4,380,000 | 5, 226,112 | - | - | 9,606,112 |
| Mr. Arvind Kumar Prasad, Director – Finance | 2,380,000 | 2,795,094 | - | - | 5,175,094 |

Notes:

- The above figures do not include provision for gratuity, leave encashment and premium paid for health insurance and the contribution paid by the Company towards provident fund
- There is no provision for payment of severance pay.

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

| Name of the Director | (in INR) | |
|--|------------|---------------|
| | Commission | Sitting Fees* |
| Mrs. Rita Kishore Sinha, Non-Executive Director | - | 375,000 |
| Mr. Uday Singh, Non-Executive Director | - | 600,000 |
| Mr. Devdas Apte, Independent Director | - | 675,000 |
| Mr. Amrendra Prasad Verma, Independent Director | - | 1,275,000 |
| Mr. Tirumalai Cunnavakam Anandanpillai Ranganathan, Independent Director | - | 1,125,000 |
| Mr. Rajan Krishnanath Medhekar, Independent Director | - | 1,725,000 |
| Mr. Sunil Srivastav, Additional Director (Independent) | - | 150,000 |

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

During the year under review, the Non-Executive Directors had no pecuniary relationship or transactions with the Company other than sitting fees for attending meetings of the Board/Committees of the Company.

f) Number of shares and convertible instruments held by Non-Executive Directors

The details of equity shares of the Company held by the Directors as on March 31, 2020 are given below:

| Name of the Director and Category | Number of equity shares held |
|--|------------------------------|
| Mrs. Rita Kishore Sinha, Non-Executive | 24,222,110 |
| Mr. Uday Singh, Non-Executive | 624,594 |

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 (a) financial statements; (b) accounting principles used for preparation of the financial statements; (c) internal controls; and (d) procedures for financial reporting. |
| Leadership | Experience in understanding the organizational processes, strategic planning and risk management. Ability to effectively represent the vision, mission and values of the Company with the key stakeholders. |

All the Directors possess the competencies identified above and required for the functioning of the business of the Company.

of the Company, its stakeholders, leadership team, senior management, operations, policies and industry perspective and issues. The Independent Directors are made aware of their roles, rights and responsibilities at the time of their appointment/re-appointment through a formal letter of appointment.

h) Meeting of Independent Directors

During the year under review, one meeting of the Independent Directors was held on October 24, 2019. The Independent Directors, *inter-alia*, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company taking into account the views of Executive Directors and Non-Executive Directors.

In addition to the above, familiarization program for Independent Directors forms part of the Board process. The leadership team, at the Board/Committee meetings, makes detailed presentations to the entire Board including Independent Directors on the Company's operations, business plans, 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.

i) Code of conduct

The members of the Board and Senior Management Personnel have confirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2020. A certificate by the Managing Director, on the compliance declarations received from the members of the Board and Senior Management forms part of this Report.

The details of the familiarization program for Independent Directors are available on the Company's website and the weblink is <https://sisindia.com/investors/policies-and-code-of-conduct/>

The Code of Conduct is available on the Company's website and the weblink is <https://sisindia.com/investors/policies-and-code-of-conduct/>

k) Nomination and Remuneration Policy

The Company pays remuneration by way of salary, perquisites and allowances to Executive Directors. The Nomination and Remuneration Committee recommends the revision in the remuneration of Executive Directors. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee and considering the performance of the Company as well

j) Familiarization Programme for Independent Directors

The Familiarization program aims to provide insight to the Independent Directors to understand the business

as that of each Executive Director, recommends such revisions to the Members for their approval.

The Company pays a sitting fee of ₹ 75,000 per meeting to its Non-Executive Directors for attending meetings of the Board and Committees.

The Remuneration Policy is available on the Company's website and the weblink is <https://sisindia.com/investors/policies-and-code-of-conduct/>

I) 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 provisions of the Act and the SEBI Listing Regulations, is in place.

The Board of Directors have carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The performance of the Board was evaluated by the Board based on criteria such as the board composition, structure, meetings and procedures, information and functioning etc. and the performance of the committees was evaluated based on criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Independent Directors were evaluated based on criteria such as participation, decision making capacity, strategic perspective, Chairmanship of Committees, attendance and preparedness for the meetings etc.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, considering the views of executive directors and non-executive directors.

m) Prevention of Insider Trading

In compliance with the provisions of the 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.

o) Directors and Officers Insurance

In line with the requirements of Regulation 24(10) of the SEBI Listing Regulations, the Company has taken

Directors and Officers Insurance (D&O) for all its Directors and Members of the Senior Management for such quantum and for such risks as determined by the Board.

p) Acceptance of recommendation of Committees

The Board of Directors have confirmed that during the year, it has accepted the recommendations received from its mandatory/non-mandatory committees and that none of the recommendations made by any of the Committees has been rejected by the Board.

III. COMMITTEES OF THE BOARD

The Board of Directors have 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 the 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 given below.

A. Audit Committee

As on March 31, 2020, the Audit Committee has 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 acts as the Secretary to the Committee. The Committee invites representatives of the statutory auditors and internal auditors to be present at its meetings.

The Chairman of the Audit Committee was present at the last AGM of the Company held on June 28, 2019.

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 2, 2019, July 24, 2019, October 24, 2019 and January 29, 2020 and the gap between two 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 given below.

| Name | Category | Position | No. of meetings held | No. of meetings attended |
|--------------------------------|----------------------------|----------|----------------------|--------------------------|
| Mr. Amrendra Prasad Verma | Independent, Non-Executive | Chairman | 4 | 4 |
| Mr. Devdas Apte | Independent, Non-Executive | Member | 4 | 4 |
| Mr. TCA Ranganathan | Independent, Non-Executive | Member | 4 | 4 |
| Mr. Rajan Krishnanath Medhekar | Independent, Non-Executive | 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 Obligations

and Disclosure Requirements) Regulations, 2015 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 utilization 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, 2020, the Nomination and Remuneration Committee ("NRC") has three Independent Directors viz. Mr. TCA Ranganathan, Mr. Amrendra Prasad Verma, and Mr. Sunil Srivastav. The Company Secretary acts as the Secretary to the Committee.

During the year under review, 4 meetings of NRC were held on May 2, 2019, June 28, 2019, July 24, 2019 and October 24, 2019. The Chairman of the NRC was present at the last AGM held on June 28, 2019.

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

| Name | Category | Position | No. of meetings held | No. of meetings attended |
|------------------------------------|--|----------|----------------------|--------------------------|
| Mr. TCA Ranganathan | Independent, Non-Executive | Chairman | 4 | 4 |
| Mr. Amrendra Prasad Verma | Independent, Non-Executive | Member | 4 | 4 |
| Mr. Sunil Srivastav [@] | Additional Director (Independent), Non-Executive | Member | 4 | NA |
| Mr. Arun Kumar Batra ^{\$} | Independent, Non-Executive | Member | 4 | 2 |

[@]Appointed as a member of this Committee effective October 24, 2019.

^{\$} Ceased to be a member of this Committee consequent to his resignation effective October 24, 2019.

The terms of reference of the Nomination and Remuneration Committee includes the following:

- (i) 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);
- (ii) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (iii) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (iv) recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (v) devise a policy on diversity of the Board;

- (vi) 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;
- (vii) perform such functions as are required to be performed by the Compensation Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014; and
- (viii) perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.

C. Stakeholders' Relationship Committee

As on March 31, 2020, the Stakeholders' Relationship Committee has three Independent Directors viz., Mr. Amrendra Prasad Verma, Mr. Rajan Krishnanath Medhekar and Mrs. Renu Mattoo. 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 2, 2019.

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, Non-Executive | Chairman | 1 | 1 |
| Mr. Rajan Krishnanath Medhekar | Independent, Non-Executive | Member | 1 | 1 |
| Mrs. Renu Mattoo | Independent, Non-Executive | Member | 1 | 0 |

The Chairman of the Stakeholders' Relationship Committee was present at the last AGM held on June 28, 2019.

The terms of reference of the stakeholders' relationship committee includes the following:

- 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;
- 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
- 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, 2020 are provided below:

| Opening balance | Received during the year | Resolved during the year | Closing balance |
|-----------------|--------------------------|--------------------------|-----------------|
| - | 1 | 1 | - |

D. Corporate Social Responsibility Committee

As on March 31, 2020, the Corporate Social Responsibility Committee has 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 the 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 2, 2019.

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 | Executive | Chairman | 1 | 1 |
| Mr. Devdas Apte | Independent, Non-Executive | Member | 1 | 0 |
| Mr. Rajan Krishnanath Medhekar | Independent, Non-Executive | Member | 1 | 1 |

E. Risk Management Committee

The Risk Management Committee was constituted by the Board of Directors 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 given below:

- To identify and prioritize 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.

The meeting of the Risk Management Committee will be held within the timeline extended by SEBI.

IV. GENERAL BODY MEETINGS

a. 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 given below:

| Financial Year | Date, Time and Venue | Particulars of special resolution |
|--|---|---|
| 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"> 1. Re-appointment of Mr. Ashok Kumar Mattoo, Independent Director of the Company, to hold office for a period of 5 years. 2. Re-appointment of Mr. Amrendra Prasad Verma, Independent Director of the Company, to hold office for a period of 5 years. 3. Re-appointment of Mr. Arun Kumar Batra, Independent Director of the Company, to hold office for a period of 5 years. 4. Modification of terms of appointment of Mr. Arvind Kumar Prasad, Director-Finance of the Company. 5. Alteration of Articles of Association. 6. Ratification of Employee Stock Option Plan – 2016. 7. Approval of right to appoint a Nominee Director. |
| 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"> 1. Increase in the remuneration of Mr. Ravindra Kishore Sinha, Chairman of the Company. 2. Appointment of Mr. Rituraj Kishore Sinha as Managing Director of the Company. 3. Re-appointment and remuneration of Mr. Uday Singh, as Chief Executive Officer and Whole-time Director of the Company. 4. Appointment of Mr. Arvind Kumar Prasad as Whole-Time Director of the Company. |
| 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"> 1. Revision in the remuneration of Mr. Ravindra Kishore Sinha, Chairman of the Company. 2. Revision in the remuneration of Mr. Rituraj Kishore Sinha, Managing Director of the Company. 3. Revision in the remuneration of Mr. Arvind Kumar Prasad, Director Finance of the Company |
| 2018-19 Annual General Meeting | June 28, 2019 at 12:30 p.m. at Hotel Maurya, Fraser Road, South Gandhi Maidan, Patna - 800 001 | <ol style="list-style-type: none"> 1. Re-appointment of Mr. Ravindra Kishore Sinha, as Chairman of the Company and to fix his remuneration. 2. Approval for continuation of directorship of Mr. Devdas Apte, as Non-Executive Director of the Company. 3. Re-appointment of Mr. Tirumalai Cunnavakam Anandanpillai Ranganathan, as an Independent Director of the Company for a period of 5 years. 4. Revision in the remuneration of Mr. Rituraj Kishore Sinha, Managing Director of the Company. 5. Revision in the remuneration of Mr. Arvind Kumar Prasad, Director- Finance of the Company. |

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 were 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.

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 Financial express (all editions), The Mint, and Business Standard, Hindi (Patna edition). The results are displayed on the website of the Company, 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 to the stock exchanges where the shares of the Company are listed and are also displayed on the Company's website.

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

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

All contracts/arrangements/transactions entered into with related parties during the year under review were on an arm's length basis and in the ordinary course of business and were approved by the Audit Committee.

A policy on related party transactions is available on the Company's website and the weblink is <https://sisindia.com/investors/policies-and-code-of-conduct>.

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 and the weblink is <https://sisindia.com/investors/policies-and-code-of-conduct>.

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.

c. Reporting of Internal Auditor

Internal auditors make quarterly presentations to the audit committee on their reports.

VI. None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect, duly signed by Mr. Sudhir V Hulyalkar, Company Secretary in Practice forms part of this Report.

VII. SUBSIDIARY COMPANIES

The Audit Committee reviews the financial statements and the investments made by its subsidiary companies.

The minutes of the Board meetings of the subsidiary companies along with the significant developments are periodically placed before the Board of Directors of the Company.

The Company has appointed one of its Independent Directors on the Board of its material subsidiary.

The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and necessary management resources.

The Company has a policy for determining 'material subsidiaries' and the same is available on the Company's website at <https://sisindia.com/investors/policies-and-code-of-conduct>.

VIII. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting for FY 2019-20

Date : July 20, 2020
Day : Monday
Time : 12:00 p.m. IST

ii. Financial Calendar:

Financial Year of the Company : 1st April to 31st March
For the quarter ending : July, 2020
June 30, 2020
For the quarter/half-year : October, 2020
ending September 30, 2020
For the quarter/nine-months : January, 2021
ending December 31, 2020
For the quarter/year ending : April, 2021
March 31, 2021
37th Annual General Meeting : June/July, 2021
for the year ending
March 31, 2021

iii. Dividend payment date : N.A.

iv. Date of Book Closure/ Record date : N.A.

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)

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Tel: 022-22721233/34
Fax: 022-22721919
Website: www.bseindia.com

National Stock Exchange of India Limited (NSE)

Exchange Plaza, Plot No. C-1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051
Tel: 022 26598100 - 8114
Fax: 022-26598120
Website: www.nseindia.com

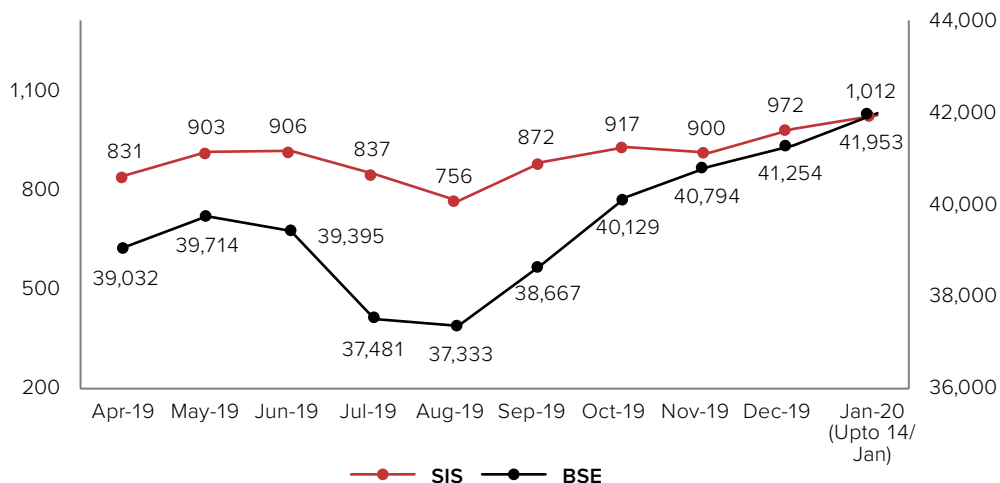
Listing fee for the financial year 2020- 21, as applicable has been paid to BSE and NSE.

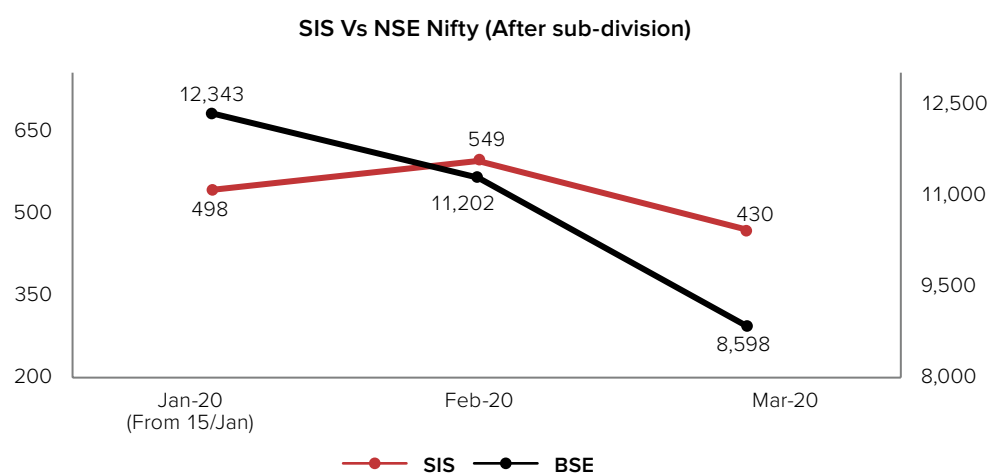
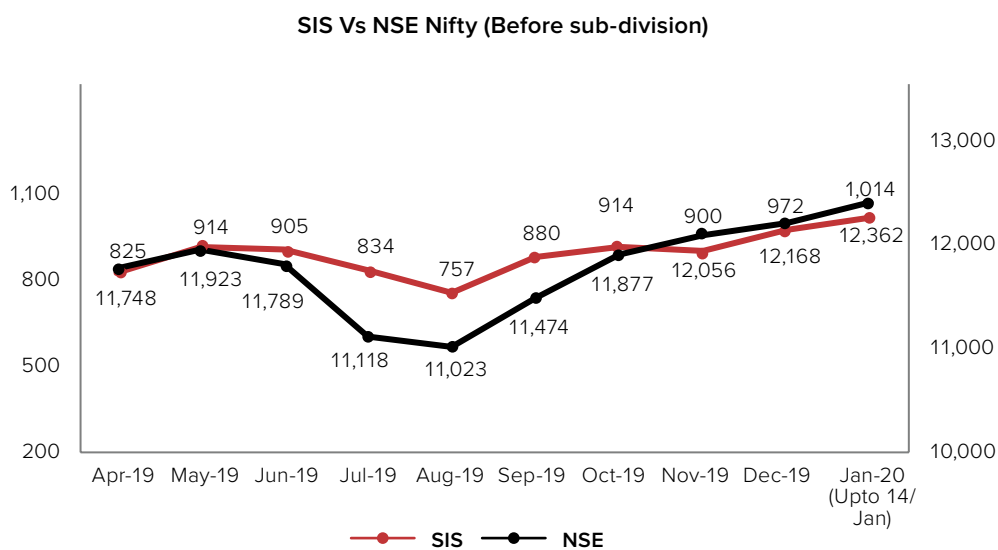
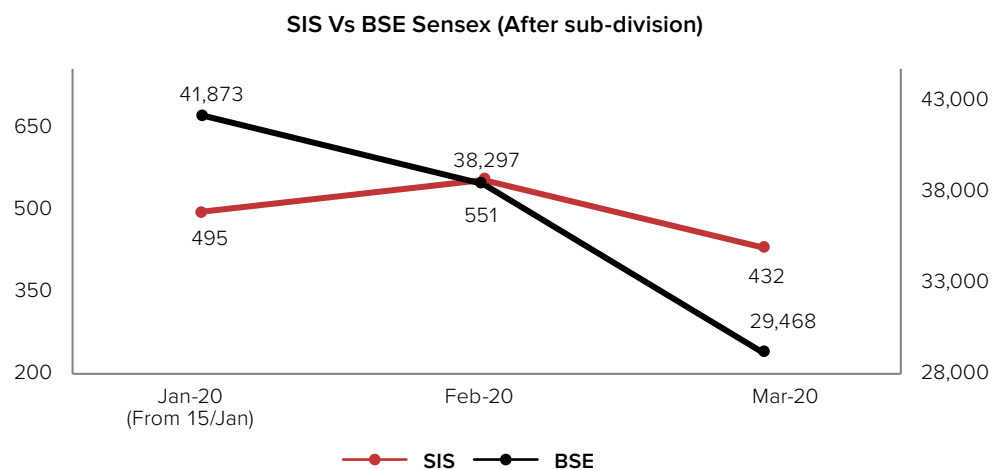
vi. **Stock Codes/Symbol** : BSE : 540673
NSE : SIS

viii. Market price data- high, low during each month in FY 2019-20:

| Month | BSE | | | | NSE | | | |
|--------|----------|--------|---------------|---------|----------|--------|---------------|-----------|
| | High | Low | Closing Price | Volume | High | Low | Closing Price | Volume |
| Apr-19 | 875.00 | 803.50 | 831.05 | 46,978 | 883.50 | 802.35 | 825.00 | 77,146 |
| May-19 | 994.00 | 800.05 | 902.95 | 118,135 | 989.00 | 810.15 | 913.80 | 1,057,854 |
| Jun-19 | 959.00 | 891.35 | 905.95 | 3,937 | 960.00 | 892.55 | 905.20 | 57,552 |
| Jul-19 | 950.00 | 807.00 | 836.50 | 307,758 | 949.80 | 804.55 | 834.45 | 896,381 |
| Aug-19 | 884.80 | 702.40 | 756.35 | 3,013 | 848.00 | 747.55 | 757.45 | 376,616 |
| Sep-19 | 924.00 | 758.55 | 872.40 | 5,654 | 919.90 | 755.00 | 879.60 | 333,837 |
| Oct-19 | 955.00 | 784.45 | 917.30 | 12,713 | 980.00 | 835.00 | 914.30 | 163,842 |
| Nov-19 | 989.80 | 865.00 | 900.35 | 205,714 | 970.00 | 851.00 | 900.20 | 307,441 |
| Dec-19 | 989.95 | 871.00 | 971.65 | 8,423 | 990.00 | 876.10 | 972.30 | 192,039 |
| Jan-20 | 1,033.90 | 480.00 | 495.00 | 772,491 | 1,037.35 | 479.90 | 498.45 | 1,289,857 |
| Feb-20 | 624.10 | 489.40 | 550.75 | 53,442 | 623.70 | 482.00 | 548.95 | 1,408,639 |
| Mar-20 | 569.95 | 332.00 | 431.50 | 33,373 | 575.00 | 336.00 | 430.45 | 1,079,236 |

Note: The Company has sub-divided the face value of equity share having a face value of ₹ 10 each to 2 equity shares of ₹ 5 each w.e.f. 16 January 2020.

viii. Performance in comparison to broad-based indices such as BSE Sensex, Nifty
SIS Vs BSE Sensex (Before sub-division)




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 several 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
 Website: www.linkintime.co.in

xi. Share Transfer System:

99.88% of the equity shares of the Company are held in demat 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 dematerialization of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within 21 days.

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

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/ dematerialization of

shares, payment of dividend and any other query relating to equity shares of the Company.

Registrar and Share Transfer Agents:**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 : rnt.helpdesk@linkintime.co.in

Members are requested to note that, in respect of shares held in dematerialized 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

xiii. Shareholding as on March 31, 2020:**a. Distribution of equity shareholding as on March 31, 2020:**

| No. of equity shares held | No. of shares held | % Shareholding | Number of shareholders | % of Shareholders |
|---------------------------|--------------------|----------------|------------------------|-------------------|
| 1 to 500 | 772,739 | 0.53 | 16,432 | 95.88 |
| 501-1000 | 206,528 | 0.14 | 316 | 1.84 |
| 1001-2000 | 182,893 | 0.12 | 127 | 0.74 |
| 2001-3000 | 149,711 | 0.10 | 58 | 0.34 |
| 3001-4000 | 87,494 | 0.06 | 24 | 0.14 |
| 4001-5000 | 85,583 | 0.06 | 19 | 0.11 |
| 5001-10000 | 378,231 | 0.26 | 50 | 0.29 |
| 10001 and above | 144,774,795 | 98.73 | 112 | 0.65 |
| Grand Total | 146,637,974 | 100.00 | 17,138 | 100.00 |

b. Categories of shareholding as on March 31, 2020:

| Category | No. of shareholders | Number of equity shares held | % of holding |
|---|---------------------|------------------------------|--------------|
| Promoters and Promoter Group - A | 10 | 108,999,346 | 74.33 |
| Public - B | | | |
| Domestic - B-1 | | | |
| Bodies Corporate | 196 | 1,205,650 | 0.82 |
| Mutual Funds | 20 | 9,398,385 | 6.41 |
| Alternate Investment Funds | 3 | 648,835 | 0.44 |
| Financial Institutions/ Banks | 1 | 29,962 | 0.02 |
| Hindu Undivided Family | 539 | 100,967 | 0.07 |

| Category | No. of shareholders | Number of equity shares held | % of holding |
|-----------------------------|---------------------|------------------------------|---------------|
| Other Individuals | 15,738 | 2,562,594 | 1.75 |
| Clearing Members | 57 | 34,422 | 0.02 |
| Trust | 1 | 29,515 | 0.02 |
| Directors | 2 | 954,594 | 0.65 |
| Insurance Companies | 1 | 82,762 | 0.06 |
| Total B-1 | 16,558 | 15,047,686 | 10.26 |
| Foreign- B-2 | | | |
| Foreign Nationals | 3 | 3,896,000 | 2.66 |
| Foreign Bodies Corporate | 1 | 1,413,636 | 0.96 |
| Non-resident Indians | 532 | 117,157 | 0.08 |
| Foreign Portfolio Investors | 34 | 17,164,149 | 11.71 |
| Total B-2 | 570 | 22,590,942 | 15.41 |
| Total B | 17,128 | 37,638,628 | 25.67 |
| Grand Total | 17,138 | 146,637,974 | 100.00 |

c. Top ten equity shareholders of the Company as on March 31, 2020:

| S. No. | Name of the shareholder | Number of equity shares held | % of holding |
|--------|---|------------------------------|--------------|
| 1 | Ravindra Kishore Sinha | 59,267,312 | 40.42 |
| 2 | Rita Kishore Sinha | 24,222,110 | 16.52 |
| 3 | Rituraj Kishore Sinha | 16,695,380 | 11.39 |
| 4 | Rivioli Sinha | 4,817,560 | 3.29 |
| 5 | Vocational Skills Council India Private Limited | 3,601,252 | 2.46 |
| 6 | Steadview Capital Mauritius Limited | 3,005,070 | 2.05 |
| 7 | Malabar Select Fund | 2,646,082 | 1.80 |
| 8 | Reliance Capital Trustee Co Ltd-A/C Nippon India Small Cap Fund | 2,628,082 | 1.79 |
| 9 | Malabar India Fund Limited | 2,545,472 | 1.74 |
| 10 | Steinberg India Emerging Opportunities Fund Limited | 1,984,868 | 1.35 |
| | Total | 121,413,188 | 82.81 |

xiv. Dematerialization of shares and liquidity:

As on March 31, 2020, 146,459,528 equity shares representing 99.88% of the total equity share capital of the Company were held in dematerialized form.

The Promoters hold their entire equity shareholding in the Company in dematerialized form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE285J01028.

Pursuant to the sub-division of each equity share of face value of ₹ 10 each, fully paid up, into 2 (two) equity shares of face value of ₹ 5 each, fully paid up, effective January 16, 2020, which was the record date, the ISIN allotted to the Company's shares changed from INE285J01010 to INE285J01028.

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, 2020 except employee stock options.

The Company has not issued any GDRs / ADRs / Warrants in the past and hence as on March 31, 2020, the Company does not have any outstanding GDRs / ADRs / Warrants.

xvi. Unclaimed dividends

Pursuant to Section 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of 7 (seven) years from the date of transfer to unpaid dividend account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF")

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority.

The Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends /shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website at <https://sisindia.com/investors/dividend>.

The Members, who have so far not claimed the dividend for the year ended March 31, 2014, or any subsequent years, are requested to submit their claim to the Company's Registrar and Transfer Agent.

The details of unpaid/unclaimed dividends from the year 2013-14 onwards, are as under:

| Date of declaration | Due Date for Transfer of Unpaid/Unclaimed to IEPF |
|---------------------|---|
| 17-July-2013 | 22-August-2020 |
| 24-March-2014 | 29-April-2021 |
| 13-December-2014 | 18-January-2022 |
| 21-March-2016 | 26-April-2023 |
| 29-January-2018 | 06-March-2025 |
| 28-June-2018 | 03-August-2025 |
| 28-June-2019 | 03-August-2026 |
| 20-February-2020 | 27-March-2027 |

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

The latest ICRA Ltd. ("ICRA") ratings assigned to your Company during FY2020 are as follows:

- Assigned a credit rating of [ICRA] A+ to Secured Redeemable Rated Listed Non-Convertible Debentures,
- Assigned a long-term rating of [ICRA] A+ and short-term rating of [ICRA] A1+ for the line of credit from banks.

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:

| Particular | All amounts in ₹ million |
|--------------------------------|--------------------------|
| Services as statutory auditors | 1.94 |
| Services for other matters | 0.05 |
| Total | 1.99 |

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, six complaints were received by the Committee out of which three complaints were resolved and three complaints are under process.

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, 2020.

Place: New Delhi
Date: April 30, 2020

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, 2020 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, 2020 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: New Delhi
Date: April 30, 2020

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, 2020.

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: April 30, 2020

Sudhir Vishnupant Hulyalkar
Company Secretary in Practice
FCS No: 6040, CP No. 6137
UDIN: F006040B000198573

Certificate on Directors Appointment and Continuation on the Board of Directors of Security and Intelligence Services (India) Limited

(In terms of Regulation 34(3) read with Para C, Sub Para 10 (i) of the Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
Security and Intelligence Services (India) Limited

I have examined the relevant records of the Company and disclosures made by the directors of the Company, relevant information on disqualification and proclaimed offenders as declared by Courts and disseminated on the website of Ministry of Corporate affairs, the Orders and other information available on the website of Securities and Exchange Board of India and the stock exchanges, Reserve Bank of India and information on willful defaulters as declared by the banks and made available on the web sites of credit information companies registered with the Reserve Bank of India and based on such examination, I hereby certify that none of the directors on the board of **SECURITY AND INTELLIGENCE SERVICES (INDIA) LIMITED** as on March 31, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India and other statutory authorities.

Place: Bangalore
Date: April 30, 2020

Sudhir Vishnupant Hulyalkar
Company Secretary in Practice
FCS No: 6040, CP No. 6137
UDIN: F006040B000198958

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, 2019 to March 31, 2020 |
| 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 centers – 19, Branches - 332 Registered and corporate offices: The registered office is situated in Patna (Bihar) and the Corporate office is situated in New Delhi |
| 9. Markets served by the Company (Local/State/National/International) | : India |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | |
|---|-----------------------|
| 1. Paid up Capital | : ₹ 733.19 Million |
| 2. Total Turnover | : ₹ 29,958.81 Million |
| 3. Total profit after taxes | : ₹ 863.28 Million |
| 4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 5.94% | |
| 5. List of activities in which expenditure in 4 above has been incurred:- | |
| (a) Promoting education and other educational projects | |
| (b) Programs towards betterment of health | |
| (c) Protection of national heritage | |
| (d) Programmes in connection with rural development | |
| (e) Promotion of Sports, culture, and research activities | |

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

3. Designation: Chairman

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN: 00945635
2. Name: Mr. Ravindra Kishore Sinha

| | | |
|---|---------------------|--------------------------------------|
| 1 | DIN (if applicable) | Mr. Ravindra Kishore Sinha, Chairman |
| 2 | Name | of the Board and Chairman of the |
| 3 | Designation | CSR committee, oversees the BR |
| 4 | Telephone number | implementation. The Company does |
| 5 | e-mail id | not have a BR head as of now. |

(b) Details of the BR head

| No. | Particulars | Details |
|-----|-------------|---------|
|-----|-------------|---------|

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

P1

Business should conduct and govern themselves with Ethics, Transparency and Accountability. (Business Ethics)

P2

Business should provide goods and services that are safe and contribute to sustainability throughout their life circle. (Product Responsibility)

P3

Business should promote the well-being of all employees. (Wellbeing of Employees)

P4

Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. (Stakeholder Engagement and CSR)

P5

Business should respect and promote human rights. (Human Rights)

P6

Business should respect, protect and make efforts to restore the environment. (Environment)

P7

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner. (Public Policy)

P8

Business should support inclusive growth and equitable development. (CSR)

P9

Business should engage with and provide value to their customers and consumers in a responsible manner. (Customer Relations)

(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 | Remarks |
|-----|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|---|
| 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? | Y | NA | Y | Y | NA | NA | NA | Y | NA | 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) | Y | NA | Y | Y | NA | NA | NA | Y | NA | All the policies are in compliance with respective applicable regulations |

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | Remarks |
|-----|--|---|-----|-----|-----|-----|-----|-----|-----|-----|---|
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board of Director? | Y | NA | Y | Y | NA | NA | NA | Y | NA | 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? | Y | NA | Y | Y | NA | NA | NA | Y | NA | The members of the respective Committees will oversee policy implementation. |
| 6 | Indicate the link for the policy to be viewed online? | https://sisindia.com/investors/policies-and-code-of-conduct | | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | NA | Y | Y | NA | NA | NA | Y | NA | 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 https://sisindia.com/investors/policies-and-code-of-conduct |
| 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

Annual

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the Company publishes its Sustainability Report annually. The BR report for FY20 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. a) Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No.

| | | |
|----|---|--|
| b) | Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others? | Yes. 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. During the year, there were no complaints received relating to ethics, bribery and corruption. 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 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? | The Company's business does not involve the sale or purchase of goods or products and so this is not applicable to the Company. |
| 3. | Does the company have procedures in place for sustainable sourcing (including transportation)? a. If yes, what percentage of your inputs was sourced sustainably? 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. |
| 4. | Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors? | 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. |
| 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 | 135,464 as at March 31, 2020 |
| 2. | Please indicate the Total number of employees hired on temporary/contractual/casual basis | 18 |
| 3. | Please indicate the Number of permanent women employees | 9,105 |
| 4. | Number of permanent employees with disabilities | Nil |
| 5. | Do you have an employee association that is recognized by management | There is no employee association |
| 6. | What percentage of your permanent employees is members of this recognized 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. | <p>The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at work place in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year under review, the Company has received six complaints out of which three complaints have been resolved and the internal review for the three complaints is under progress.</p> <p>No complaints were received in the matters relating to child labour, forced labour, involuntary labour.</p> |
| 8. | <p>What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?</p> <p>a. Permanent Employees</p> <p>b. Permanent Women Employees</p> <p>c. Casual/Temporary/Contractual Employees</p> <p>d. Employees with Disabilities</p> | <p>1. Permanent Employees – 100%</p> <p>2. Permanent Women Employees – 100%</p> <p>3. Casual/Temporary/Contractual Employees – 100%</p> <p>4. Employees with Disabilities – Not applicable</p> <p>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.</p> <p>The Company believes in continual learning of its employees and has institutionalized a continual learning model for skill upgradation by a combination of onsite, mobile based and offsite training.</p> |

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 & marginalized stakeholders. | <p>Yes.</p> <p>More than 95% of the employees of the Company belong to the disadvantaged, vulnerable & marginalized 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> |
| 3. | Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. | <p>Yes.</p> <p>Please refer to the section “Corporate Social Responsibility” in this Annual Report.</p> |

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: | Yes. 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) | Yes. 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. | More than 95% of the employees of the Company belong to the disadvantaged, vulnerable & marginalized 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. Our community development programmes are intended to contribute towards a better quality of life for the people and uplift the marginalized sections of the society. We are guided by our comprehensive Corporate Social Responsibility (CSR) Policy which has also been posted on our website. Health, education, water, infrastructure and livelihood are some of our important CSR focus areas. |
| 2. | Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization? | In-house and through implementing agency. 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 ₹ and the details of the projects undertaken. | ₹ 51.25 Million For more details, 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. | No |
| 4. | Did your company carry out any consumer survey/customer satisfaction trend | Yes. 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, facility management and cash logistics 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 2019-20 ("FY20") was a strong year in the evolution of SIS. We crossed revenues of ₹ 84,000 million during the year, in the process becoming one of the largest security and facility management companies in APAC. We ended FY20 with consolidated revenues of over ₹ 84,852 million, an increase of 19.6% over the previous year. In FY20, the consolidated EBITDA increased to ₹ 5,204 million, an increase of almost 42.5%. The consolidated EBITDA margin marginally increased by 98 basis points from 5.15% in FY19 to 6.13% in FY20 as a result of significant margin & business improvement initiatives across the entire group along with full impact of all acquisitions made during FY19.

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 rapidly develop and deploy customized 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 Solutions – India** – we ended the year at ₹ 35,280 million revenues which is a 30.1% increase

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

over FY19. The EBITDA margin improved from 5.6% in FY19 to 6.0% in FY20 mainly on account of continued profit improvement initiatives. We now own 100% of our alarm monitoring solutions business VProtect. Post the acquisitions in 2019, the SIS Group in Q4 of 2020 has strengthened its position as the market leader in the Indian security industry.

- **Security Solutions – 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 AUD 765 million which is a 11.7% increase over FY19 on a constant currency basis. The EBITDA margin also increased from 4.6% in FY19 to 5.9% in FY20 primarily owing to margin improvements across all the 4 international businesses. During the year under review, we further expanded and consolidated our business in New Zealand market by acquiring Triton Security.
- **Facility Management** - Our Facility Management Business had another good year ending with revenues of ₹ 12,802 million, up from ₹ 9,499 million in FY19, which is a 34.8% growth over the previous year. The EBITDA margin remained steady at 6.6% in FY20. In FY20 we further widened our bouquet of offerings by acquisition of Adis Enterprises Pvt. Ltd, which is a specialist in the field of offering facility management services to customers in the pharmaceutical segment.

For a detailed summary of the segment wise performance, please refer to the other sections in this report from pages 22 - 37.

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 20.9% and an adjusted Return on Net Worth (RONW) of 22.1%. The Debt Equity ratio (including the lease liabilities) increased from 0.76 to 0.95. The higher borrowings were on account of continued working capital requirements to fund the strong growth, coupled with investment need for acquisitions.

| Particulars | Income statement (Amt. in ₹ million) | | |
|---|--------------------------------------|---------|--------|
| | Full Year | | Change |
| | FY 2020 | FY 2019 | %age |
| Revenue | 8,485.2 | 7,093.3 | 19.6% |
| EBITDA (Normalized) | 520.4 | 365.2 | 42.5% |
| %age | 6.1% | 5.1% | |
| Depreciation | 105.8 | 51.9 | 103.8% |
| Finance Costs | 113.5 | 61.5 | 84.5% |
| Other income & share of profit/(loss) in associates | 48.7 | 4.2 | |
| Earnings Before Taxes (Operating & Normalized) | 349.9 | 255.9 | 36.7% |

Income statement (Amt. in ₹ million)

| Particulars | Full Year | | Change |
|---|--------------|--------------|--------------|
| | FY 2020 | FY 2019 | %age |
| Less: Acquisition related costs | | | |
| - Depreciation & Amortization | 22.6 | 14.0 | 60.8% |
| - Finance costs | 38.3 | 32.3 | 18.4% |
| Earnings Before Taxes (Reported) | 289.1 | 209.5 | 38.0% |
| %age | 3.4% | 3.0% | |
| Tax Expenses | -2.6 | -5.2 | |
| Profit After Taxes (Pro Forma) | 291.7 | 214.7 | 35.9% |
| %age | 3.4% | 3.0% | |
| Add / (Less): One-off adjustments* | 66.2 | 0.0 | |
| Profit After Taxes (Reported) | 225.5 | 214.7 | 5.0% |
| %age | 2.7% | 3.0% | |

(A) ECONOMIC SCENARIO

The year has been marked by a steep slowdown in the Indian economy, with steady GDP downgrades through the year and COVID-19 crisis in March 2020. Despite this weak economic backdrop, SIS has continued its strong growth, outpacing industry growth once again, as a market leader. This is a testimony to demand resilience, our unique business model and the execution capabilities of the SIS leadership and management who have demonstrated relentless focus on capability enhancement, solution design and customer experience enhancement.

(B) RESILIENCE OF DEMAND RE-INFORCED DURING COVID-19 CRISIS

Private Security, FM (Hygiene & Sanitation) and cash logistics have been classified as essential services by all Governments during the COVID-19 crisis and resultant lockdown. Our phenomenal frontline workers have been acting as the first line of defense for banks, hospitals, govt. offices, ecommerce warehouses, grocery marts that remained operational as also thousands of establishments that remained closed like manufacturing facilities, corporate parks, IT/ITeS, RWAs, Retail amongst others. We continue to operate at high capacity during the crisis period.

Most of our clients required immediate support in setting up additional medical screening, COVID isolation room procedures, sanitation and disinfection services etc., and we utilized our experience across our businesses in various countries to establish the required protocols and ensured that our clients were able to continue their business operations and at the same time we also ensured that our employees were supported and cared for. We took the initiative to equip our frontline workers with PPE kits, medical screening equipment, COVID Protocols, training, chemicals and supplies so that they can operate safely.

(C) COVID-19, AN OPPORTUNITY TO RESHAPE AND CONSOLIDATE THE INDUSTRY

To an extent, one could say that SIS is a proxy for Indian economy as our highly diversified customer base represents possibly every industrial segment. We believe that the business and operating environment will not be the same and the impact of the COVID-19 pandemic will be felt across the society and economy in ways which

are not yet apparent. We expect that the impact on the general economic and business environment could reflect on cashflows, revenues and operating margins across the broader industry in the short term.

While our services have been classified as essential services, we believe that the focus and priority of the Government will be the major blue-collar employment generating and essential services sectors like ours. Based on our experience over the last several weeks, we believe that our services could possibly be the least and last to be impacted. However, we maintain a cautiously optimistic outlook in these uncertain times.

The SIS Group management has generated unprecedented customer goodwill by supporting businesses through this crisis, often going beyond our mandate and contract terms. Our COVID Response Plan and its execution has been well received and appreciated by all stakeholders and has also emerged as a benchmark in our industry.

Considering the general economic outlook for FY21, SIS Group management has created plans to focus on operations continuity, prioritizing employee health & safety, ensuring enough liquidity, cost management and accelerating digital transformation. We are also positioning our solutions through our unique Circle of Safety programme.

**(D) INDUSTRY OUTLOOK
Security Solutions**

As per Freedonia research, the security solutions market in India is poised to grow at a CAGR of 14% between 2019-2024. Nearly 65 of the market is controlled by smaller, non-compliant players. Some of the key growth drivers of the organized 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

Facility Management

The Facility Management industry continues to benefit from increased 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 cannot be provided by inhouse personnel

The Indian Facility Management industry is expected to grow at 17% p.a over the period 2019-2024, as per Freedonia Research. The Facility Management industry too has a large unorganised sector which accounts for 75% of the industry, however the unorganised sector is gradually ceding space to the organised players with the greater focus on regulatory compliance by the government and poor fiscal position of many of these players.

(E) 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 18,500 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 minimized. We also continually invest in technology to simplify the process of managing operations across all these sites. A high degree of standardization is needed – so that measurement and reporting is 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

(F) 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 emphasized 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.

(G) 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 210,000 in March 2019 to over 240,000 in March 2020. More than the sheer numbers, our care for our employees extends to making them the cornerstone of our Vision 2025.

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 20 training

centers 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.

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 maximize the opportunities before us.

Independent Auditors' Report

To the Members of
Security and Intelligence Services (India) Limited

OPINION

We have audited the accompanying standalone financial statements of **Security and Intelligence Services India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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, 2020, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

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.

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, 2020 aggregated to ₹ 1,980.20 million.

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 | Auditor's Response |
|--|---|
| Uncertain tax positions and deferred tax assets | How our audit addressed the Key audit matter |
| <p>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.</p> <p>In addition, the Company has recognized ₹ 1,078.60 million of deferred tax assets at March 31, 2020. 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.</p> | <p>Obtained details of completed tax assessments and demands during the year ended March 31, 2020 from management. We have checked management's underlying assumptions in estimating the tax provision and the possible outcome of any disputes. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.</p> <p>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 considered completed tax assessments and also 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.</p> |

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 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.

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

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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 the notes to the financial statements;

- The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
- There were no 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's Registration. No. 006103N)

CA Dilip Kumar
(Partner)
Membership No. 082118
UDIN: 20082118AAAADS8741
Place: New Delhi
Date: April 30, 2020

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 and 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 and INTELLIGENCE SERVICES (INDIA) LIMITED** (“the Company”) as of March 31, 2020 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, 2020, 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's Registration. No. 006103N)

CA Dilip Kumar
(Partner)
Membership No. 082118
UDIN: 20082118AAAADS8741
Place: New Delhi
Date: April 30, 2020

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 and 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.
 7. c) Details of dues of Income-tax and Service Tax, which have not been deposited as on March 31, 2020 on account of disputes are given below:
- | 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 | 0.18 | 2011-2012 | Appellate Authority – upto Commissioners level (at Madurai) |
| Finance Act, 1994 | Service tax | 1.55 | 2011-2012 | Appellate Authority – upto Comm. appeal level (Commissioner Appeal allowed, however sent back to commissioner) |
| Finance Act, 1994 | Service tax | 0.19 | 2014-2016 | Appellate Authority- upto commissioner level |
| Finance Act, 1994 | Service tax | 67.89 | 2014-17 | Appellate Authority- upto Pr. Commissioner Level |
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 from the public during the year. Accordingly, paragraph 3(v) of the order is not applicable to the Company.
 6. The Central Government of India has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the order is not applicable to 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.
 - b) There were no outstanding statutory dues as at March 31, 2020 for a period of more than six months from the date they became payable.
 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's Registration. No. 006103N)

CA Dilip Kumar
(Partner)
Membership No. 082118
UDIN: 20082118AAAADS8741
Place: New Delhi
Date: April 30, 2020

Standalone Balance Sheet

as at March 31, 2020

All amounts in ₹ million except share data

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|--|----------|----------------------|----------------------|
| A ASSETS | | | |
| Non – current assets | | | |
| Property, plant and equipment | 4 | 1,246.20 | 1,022.01 |
| Capital work-in-progress | 4 | 10.64 | 9.46 |
| Other intangible assets | 5 | 17.41 | 16.15 |
| Intangible assets under development | 5 | 41.03 | 20.77 |
| Financial assets | | | |
| (i) Investments | 6 | 4,981.19 | 3,848.76 |
| (ii) Other non-current financial assets | 7 | 625.14 | 712.00 |
| Deferred tax assets (net) | 8 | 1,078.60 | 1,216.61 |
| Income tax assets (net) | 8 | 1,273.56 | 944.77 |
| Other non – current assets | 9 | 6.57 | 16.38 |
| Total non – current assets | | 9,280.34 | 7,806.91 |
| CURRENT ASSETS | | | |
| Inventories | 10 | 168.84 | 162.13 |
| Financial assets | | | |
| (i) Trade receivables | 11 | 4,649.03 | 3,473.77 |
| (ii) Cash and cash equivalents | 12 | 502.08 | 573.31 |
| (iii) Bank balances other than above | 12 | 492.12 | 736.50 |
| (iv) Other current financial assets | 7 | 2,366.86 | 2,079.31 |
| Other current assets | 9 | 753.96 | 655.89 |
| Total current assets | | 8,932.89 | 7,680.91 |
| Total assets | | 18,213.23 | 15,487.82 |
| B EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 13 | 733.19 | 733.13 |
| Other equity | 14 | 6,846.52 | 6,550.97 |
| Total equity | | 7,579.71 | 7,284.10 |
| LIABILITIES | | | |
| Non – current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 15 | 2,610.04 | 2,645.41 |
| (ii) Other non-current financial liabilities | 17 | 414.02 | 26.59 |
| Provisions | 19 | 469.39 | 390.72 |
| Total non-current liabilities | | 3,493.45 | 3,062.72 |
| CURRENT LIABILITIES | | | |
| Financial liabilities | | | |
| (i) Borrowings | 15 | 3,706.26 | 2,082.85 |
| (ii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 16 | 0.03 | 0.18 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 16 | 129.48 | 155.15 |
| (iii) Other current financial liabilities | 17 | 2,322.47 | 2,110.24 |
| Other current liabilities | 20 | 918.42 | 742.95 |
| Provisions | 19 | 63.41 | 49.63 |
| Total current liabilities | | 7,140.07 | 5,141.00 |
| Total liabilities | | 10,633.52 | 8,203.72 |
| Total equity and liabilities | | 18,213.23 | 15,487.82 |

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. Dilip Kumar

(Partner)

Membership No. 082118

UDIN: 20082118AAADS8741

Ravindra Kishore Sinha

Chairman

(DIN: 00945635)

Rituraj Kishore Sinha

Managing Director

(DIN: 00477256)

Arvind Kumar Prasad

Director – Finance

(DIN: 02865273)

Place: Noida

Date: April 30, 2020

Devesh Desai

Chief Financial Officer

Brajesh Kumar

Chief Financial Officer

(Security solutions & FM)

Pushpalatha Katkuri

Company Secretary

Standalone Statement of Profit and Loss

for the year ended March 31, 2020

All amounts in ₹ million except share data

| Particulars | Note No. | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|----------|---------------------------|---------------------------|
| 1 Income | | | |
| a) Revenue from operations | 22 | 29,958.81 | 25,035.17 |
| b) Other income | 23 | 440.32 | 209.44 |
| c) Other gain/(loss) | 24 | 8.83 | 5.44 |
| Total Income (a+ b +c) | | 30,407.96 | 25,250.05 |
| 2 Expenses | | | |
| a) Purchases of stock-in-trade | | 394.11 | 402.63 |
| b) Changes in inventories of stock - in- trade | 25 | (6.71) | (70.71) |
| c) Employee benefits expense | 26 | 26,110.92 | 22,007.91 |
| d) Finance costs | 28 | 756.36 | 475.43 |
| e) Depreciation and amortization expenses | 29 | 534.79 | 295.10 |
| f) Other expenses | 30 | 1,548.80 | 1,262.19 |
| Total expenses (a + b + c + d + e + f) | | 29,338.27 | 24,372.55 |
| 3 Profit before tax and exceptional items (1-2) | | 1,069.69 | 877.50 |
| 4 Exceptional items | | - | - |
| 5 Profit before tax (3+4) | | 1,069.69 | 877.50 |
| 6 Tax expense | | | |
| a) Current tax | 8 | 62.23 | 223.09 |
| b) Deferred tax | 8 | 144.18 | (538.20) |
| Total tax expense | | 206.41 | (315.11) |
| 7 Profit for the year (5-6) | | 863.28 | 1,192.61 |
| 8 Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| a) Re-measurement of defined benefits plan | 26 | 16.52 | 98.31 |
| b) Income tax relating to these items | 8 | (4.16) | (34.35) |
| Other comprehensive income / (loss) for the year (net of taxes) | | 12.36 | 63.96 |
| 9 Total comprehensive income for the year (7+8) | | 875.64 | 1,256.57 |
| 10 Earnings per share (EPS) (face value ₹ 5 per share) | 31 | | |
| (a) Basic (₹) | | 5.89 | 8.14 |
| (b) Diluted (₹) | | 5.79 | 8.01 |
| 11 Weighted average equity shares used in computing earnings per equity share | 31 | | |
| (a) Basic (Nos.) | | 14,66,37,974 | 14,65,02,268 |
| (b) Diluted (Nos.) | | 14,89,76,087 | 14,88,97,322 |

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. Dilip Kumar

(Partner)

Membership No. 082118

UDIN: 20082118AAAADS8741

Ravindra Kishore Sinha

Chairman

(DIN: 00945635)

Rituraj Kishore Sinha

Managing Director

(DIN: 00477256)

Arvind Kumar Prasad

Director – Finance

(DIN: 02865273)

Place: Noida

Date: April 30, 2020

Devesh Desai

Chief Financial Officer

Brajesh Kumar

Chief Financial Officer

(Security solutions & FM)

Pushpalatha Katkuri

Company Secretary

Standalone Statement of changes in Equity

for the year ended March 31, 2020

All amounts in ₹ million except share data

A. EQUITY SHARE CAPITAL

| Particulars | Amounts |
|-------------------------------------|---------------|
| As at April 1, 2018 | 731.84 |
| Issued on exercise of stock options | 1.29 |
| As at March 31, 2019 | 733.13 |
| Issued on exercise of stock options | 0.06 |
| As at March 31, 2020 | 733.19 |

B. OTHER EQUITY

Year ended March 31, 2019

| Particulars | Reserves and Surplus | | | Other Reserves | | Total Other Equity |
|--|----------------------|-----------------|-------------------|-----------------------------------|-------------------------------|--------------------|
| | Securities premium | General reserve | Retained earnings | Share options outstanding account | Debtenture Redemption Reserve | |
| As at April 1, 2018 | 3,887.78 | 190.10 | 1,106.93 | 147.87 | - | 5,332.68 |
| Profit / (loss) for the year | - | - | 1,192.61 | - | - | 1,192.61 |
| Other comprehensive income / (loss) | - | - | 63.96 | - | - | 63.96 |
| Total Comprehensive Income for the year | - | - | 1,256.57 | - | - | 1,256.57 |
| Employee share-based payment expense | - | - | - | 74.90 | - | 74.90 |
| Exercise of employee stock options | 9.54 | - | - | (9.54) | - | - |
| Issue of bonus shares (refer note 13) | - | (1.06) | - | - | - | (1.06) |
| Final dividends | - | - | (109.78) | - | - | (109.78) |
| Dividend distribution tax | - | - | (2.34) | - | - | (2.34) |
| Creation of debtenture redemption reserve | - | - | (125.00) | - | 125.00 | - |
| As at March 31, 2019 | 3,897.32 | 189.04 | 2,126.38 | 213.23 | 125.00 | 6,550.97 |

Year ended March 31, 2020

| Particulars | Reserves and Surplus | | | Other Reserves | | Total Other Equity |
|---|----------------------|-----------------|-------------------|-----------------------------------|-------------------------------|--------------------|
| | Securities premium | General reserve | Retained earnings | Share options outstanding account | Debtenture Redemption Reserve | |
| As at April 1, 2019 | 3,897.32 | 189.04 | 2,126.38 | 213.23 | 125.00 | 6,550.97 |
| Profit / (loss) for the year | - | - | 863.28 | - | - | 863.28 |
| Other comprehensive income / (loss) | - | - | 12.36 | - | - | 12.36 |
| Total Comprehensive Income for the year | - | - | 875.64 | - | - | 875.64 |
| Impact of change in accounting policies on adoption of new accounting standards | - | - | (19.23) | - | - | (19.23) |
| Employee share-based payment expense | - | - | - | 41.40 | - | 41.40 |
| Exercise of employee stock options | 1.31 | - | - | (1.31) | - | - |
| Issue of bonus shares (refer note 13) | - | (0.05) | - | - | - | (0.05) |
| Final / Interim dividends | - | - | (549.89) | - | - | (549.89) |
| Dividend distribution tax | - | - | (52.32) | - | - | (52.32) |
| Creation of debtenture redemption reserve | - | - | (125.00) | - | 125.00 | - |
| As at March 31, 2020 | 3,898.63 | 188.99 | 2,255.58 | 253.32 | 250.00 | 6,846.52 |

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. Dilip Kumar

(Partner)

Membership No. 082118

UDIN: 20082118AAADS8741

Ravindra Kishore Sinha

Chairman

(DIN: 00945635)

Rituraj Kishore Sinha

Managing Director

(DIN: 00477256)

Arvind Kumar Prasad

Director – Finance

(DIN: 02865273)

Place: Noida

Date: April 30, 2020

Devesh Desai

Chief Financial Officer

Brajesh Kumar

Chief Financial Officer

(Security solutions & FM)

Pushpalatha Katkuri

Company Secretary

Standalone Statement of Cash Flows

for the year ended March 31, 2020

All amounts in ₹ million except share data

| S No | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------|--|------------------------------|------------------------------|
| A. | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| | Profit before tax | 1,069.69 | 877.50 |
| | Adjusted for: | | |
| | Depreciation and amortization expenses | 534.79 | 295.10 |
| | Unrealised Foreign exchange (gain) / loss | (2.93) | (2.99) |
| | Net (gain) / loss on sale of property, plant and equipment | (5.90) | 1.44 |
| | Finance costs | 756.36 | 461.83 |
| | Interest income classified as investing cash flows | (132.09) | (107.15) |
| | Provision for doubtful debts | 80.97 | 65.72 |
| | Dividend Income | (308.23) | (101.88) |
| | Employee stock option compensation expense | 35.04 | 60.70 |
| | Operating profit / (loss) before working capital changes | 2,027.70 | 1,550.27 |
| | Movement in working capital: | | |
| | Decrease / (increase) in trade receivables | (1,256.22) | (1,248.88) |
| | Decrease / (increase) in inventories | (6.71) | (70.71) |
| | Decrease / (increase) in other current assets | (121.70) | 12.18 |
| | Decrease / (increase) in other current financial assets | (248.60) | (41.18) |
| | (Decrease) / increase in trade payables | (25.81) | (14.84) |
| | (Decrease) / increase in provisions | 108.98 | 124.11 |
| | (Decrease) / increase in other current liabilities | 175.44 | 148.92 |
| | (Decrease) / increase in other current financial liabilities | 107.86 | 305.11 |
| | | 760.94 | 764.98 |
| | Decrease / (increase) in other non-current assets | 0.05 | 0.05 |
| | Decrease / (increase) in other non-current financial assets | (33.98) | (217.24) |
| | (Decrease) / increase in other non-current financial liabilities | 7.96 | (6.61) |
| | Cash (used in) / generated from operations | 734.97 | 541.18 |
| | Direct tax (paid), net of refunds | (401.35) | (462.05) |
| | Net cash inflow / (outflow) from operating activities | 333.62 | 79.13 |
| B. | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| | Purchase of property plant and equipment and changes in capital work-in-progress | (285.08) | (644.78) |
| | Proceeds from sale / disposal of property, plant and equipment | 9.95 | 12.90 |
| | Investment in subsidiary | (1,097.77) | (1,602.65) |
| | Other non-current investments made | - | (168.87) |
| | (Investment in) / redemption of fixed deposits | 213.30 | 30.83 |
| | Restricted balances | 133.00 | (245.00) |
| | Interest received | 106.52 | 83.28 |
| | Dividend received | 307.39 | 103.91 |
| | Net cash inflow / (outflow) from investing activities | (612.69) | (2,430.38) |

Standalone Statement of Cash Flows

for the year ended March 31, 2020

All amounts in ₹ million except share data

| S No | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------|---|------------------------------|------------------------------|
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | Proceeds from issue of share capital (net of share issue expenses) | 0.01 | 0.23 |
| | Proceeds from term loans | 211.65 | 374.68 |
| | Repayment of term loans | (213.06) | (188.82) |
| | Bonds/debentures issued / (repaid/redeemed) | - | 1,500.00 |
| | Interest paid | (693.92) | (329.91) |
| | Dividends paid to Company's shareholders | (549.31) | (109.39) |
| | Tax on dividends paid | (52.32) | (2.34) |
| | Changes in lease liability | (118.62) | - |
| | Net cash inflow / (outflow) from financing activities | (1,415.57) | 1,244.45 |
| D. | Net increase / (decrease) in cash and cash equivalents (A+B+C) | (1,694.64) | (1,106.80) |
| E. | Cash and cash equivalents at the beginning of the year | (1,509.54) | (402.74) |
| | Cash and cash equivalents at the end of the year (D+E) | (3,204.18) | (1,509.54) |

RECONCILIATION OF CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF THE CASH FLOWS

| | | |
|---|-------------------|-------------------|
| Cash and cash equivalents as per above comprise of the following: | | |
| Cash and cash equivalents | 502.08 | 573.31 |
| Cash credit | (3,706.26) | (2,082.85) |
| Balances as per statement of cash flows | (3,204.18) | (1,509.54) |

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. Dilip Kumar
(Partner)
Membership No. 082118
UDIN: 20082118AAAADS8741

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Place: Noida
Date: April 30, 2020

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 except share data

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, 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 April 30, 2020.

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.

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.

Accounting policies have been applied consistently to all periods presented in these financial statements, except for the new accounting standards adopted by the company (refer note 2.3 (u) – 'Leases'). 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 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

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All amounts in ₹ million except share data

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 it is:

- (i) Expected to be settled in the normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected 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 costs directly attributable towards 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.

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 |
| Right-of-use assets | 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

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All amounts in ₹ million except share data

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 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.

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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.

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 gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

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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. How the Company determines whether there has been a significant increase in the credit risk has been detailed in the notes to the financial statements. 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

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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 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

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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 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

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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 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. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment 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.

W.e.f. April 01, 2019 the Company is not subject to Minimum Alternate Tax ('MAT') as the Company has adopted lower corporate tax rate as per section 115BAA of Income Tax Act. For the year ended March 31, 2019, 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

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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 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.

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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.

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.

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

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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 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

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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. Remeasurements 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 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.

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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 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, 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 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

Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings, equipment and vehicles. For any new contracts entered into or changed on or after April 1, 2019, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- (i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- (ii) The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- (iii) The Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset ('ROU') and a corresponding lease liability on the balance sheet. The right-of-use asset is measured at cost, which comprises of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets using the written down value method from the lease

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commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

IndAS116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with an option to extend or terminate the lease, if the use of such option is reasonably certain. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Extension and termination options are included in a number of leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Lease liability and right-of-use assets have been separately presented in the notes to the financial statements under 'Other financial liability' and 'Property, plant and equipment' (except those meeting the definition of investment property) respectively. Lease payments have been classified as 'Cash flows from financing activities'.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as 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 under "Other Income" in the statement of Profit and Loss. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. 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.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, the comparatives have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right of use asset ('RoU') of ₹ 326.90 million and a lease liability of ₹ 376.20 million. The cumulative effect of applying the standard resulted in ₹ 19.23 million being debited to retained earnings, net of taxes.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

Until March 31, 2019, as a lessee, the determination of whether an arrangement is (or contains) a lease was based upon the substance of the arrangement at the inception of the lease (Ind AS 17). 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 was 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 were classified as a finance lease and other leases were classified as operating leases.

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For the year, the Company has elected to not include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Company has also elected to measure the right-of-use assets as if Ind AS 116 had always been applied from the start to those leases but using the incremental borrowing rate applicable at the time of initial application.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than twelve months and for leases of low-value assets, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to Ind AS 116, the weighted average incremental borrowing rate has been applied to lease liabilities recognised under Ind AS 116.

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 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.

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

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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 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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:

- (i) Estimation of current tax expense and payable – Note 8
- (ii) Estimated useful life of intangible assets – Note 2.3.d
- (iii) Estimation of defined benefit obligation – Note 26
- (iv) Recognition of deferred tax assets for carried forward of tax losses – Note 8
- (v) Impairment of trade receivables – Note 11
- (vi) 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 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 27.

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

Notes to the Financial Statements

All amounts in ₹ million except share data

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.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted

with any option to extend or terminate the lease if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. The Company has assessed the carrying amounts based on subsequent events and the state of the business operations during the period of the pandemic and related information including economic forecasts. As a result of this assessment, and based on current estimates, the Company expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes to the Financial Statements

All amounts in ₹ million except share data

4. PROPERTY, PLANT & EQUIPMENT

Year ended March 31, 2019

| Description of Assets | Gross block | | | Accumulated depreciation | | | | Net carrying value as at | |
|--------------------------|---------------------|---------------------------|----------------------|--------------------------|---------------------|---------------------|----------------------|--------------------------|-----------------|
| | 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 | 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 |
| | 1,178.07 | 597.35 | (118.65) | 1,656.77 | 463.18 | 275.89 | (104.31) | 634.76 | 1,022.01 |
| Capital work-in-progress | 8.32 | 9.46 | (8.32) | 9.46 | - | - | - | - | 9.46 |
| Grand Total | 1,186.39 | 606.81 | (126.97) | 1,666.23 | 463.18 | 275.89 | (104.31) | 634.76 | 1,031.47 |

Year ended March 31, 2020

| Description of Assets | Gross block | | | Accumulated depreciation | | | | Net carrying value as at | |
|--------------------------|---------------------|---------------------------|----------------------|--------------------------|---------------------|---------------------|----------------------|--------------------------|-----------------|
| | As at April 1, 2019 | Additions during the year | Sale and adjustments | As at March 31, 2020 | As at April 1, 2019 | Charge for the year | Sale and adjustments | As at March 31, 2020 | March 31, 2020 |
| Buildings | 95.18 | 500.06 | (14.90) | 580.34 | 15.98 | 136.72 | (12.13) | 140.57 | 439.77 |
| Leasehold improvement | 103.78 | 42.47 | - | 146.25 | 12.71 | 53.55 | - | 66.26 | 79.99 |
| Plant & Machinery | 145.50 | 16.91 | - | 162.41 | 16.58 | 39.10 | - | 55.68 | 106.73 |
| Furniture & Fixture | 448.26 | 24.65 | (0.01) | 472.90 | 220.23 | 60.36 | - | 280.59 | 192.31 |
| Vehicles | 373.17 | 70.10 | (29.33) | 413.94 | 126.61 | 84.88 | (25.41) | 186.08 | 227.86 |
| Office equipment | 407.79 | 74.33 | (0.40) | 481.72 | 203.29 | 110.98 | (0.28) | 313.99 | 167.73 |
| Computer equipment | 83.09 | 22.09 | - | 105.18 | 39.36 | 34.01 | - | 73.37 | 31.81 |
| Right-of-use assets | - | - | - | - | - | - | - | - | - |
| | 1,656.77 | 750.61 | (44.64) | 2,362.74 | 634.76 | 519.60 | (37.82) | 1,116.54 | 1,246.20 |
| Capital work-in-progress | 9.46 | 1.18 | - | 10.64 | - | - | - | - | 10.64 |
| Grand Total | 1,666.23 | 751.79 | (44.64) | 2,373.38 | 634.76 | 519.60 | (37.82) | 1,116.54 | 1,256.84 |

(i) Details for right-of-use assets is as below

| Particulars | Building | Total |
|--------------------------------------|---------------|-----------------|
| Recognised on adoption of Ind AS 116 | 326.90 | 326.90 |
| Additions during the year | 166.78 | 166.78 |
| Derecognised during the year | (2.77) | (2.77) |
| Depreciation during the year | (132.73) | (132.73) |
| Balance as on March 31, 2020 | 358.18 | 358.18 |

(ii) Assets under construction

Capital work in progress (CWIP) as at March 31, 2020 and March 31, 2019 comprises expenditure for building in the course of construction.

(iii) Property, Plant and Equipment pledged as security

Refer note 15 for information on Property, Plant and Equipment pledged as security by the Company.

(iv) Contractual obligations

Refer note 33(a) for disclosure on contractual commitments for the acquisition of Property, Plant and Equipment.

Notes to the Financial Statements

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5. OTHER INTANGIBLE ASSETS

Year ended March 31, 2019

| Description of Assets | Gross block | | | Accumulated amortisation | | | | 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 |
| Computer software * | 61.06 | 14.26 | - | 75.32 | 39.96 | 19.21 | - | 59.17 |
| Intangible assets under development ** | - | 20.77 | - | 20.77 | - | - | - | - |
| Grand Total | 61.06 | 35.03 | - | 96.09 | 39.96 | 19.21 | - | 59.17 |

Year ended March 31, 2020

| Description of Assets | Gross block | | | As at March 31, 2020 | Accumulated amortisation | | | | Net carrying value as at March 31, 2020 |
|--|---------------------|---------------------------|----------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|---|
| | As at April 1, 2019 | Additions during the year | Sale and adjustments | | As at April 1, 2019 | Charge for the year | Sale and adjustments | As at March 31, 2020 | |
| Computer software * | 75.32 | 16.45 | - | 91.77 | 59.17 | 15.19 | - | 74.36 | 17.41 |
| Intangible assets under development ** | 20.77 | 20.26 | - | 41.03 | - | - | - | - | 41.03 |
| Grand Total | 96.09 | 36.71 | - | 132.80 | 59.17 | 15.19 | - | 74.36 | 58.44 |

* 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, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Non-current investments | | |
| Investments in Equity Instruments | | |
| Investment in Subsidiaries | | |
| Unquoted equity shares (fully paid) | | |
| 4,000,000 (March 31, 2019: 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, 2019: 11,512,800) equity shares in Service Master Clean Limited of ₹ 10/- each fully paid up | 128.39 | 95.16 |
| 11,252,250 (March 31, 2019: 11,252,250) equity shares in Terminix SIS India Private Limited of ₹ 10/- each fully paid up | 114.26 | 114.26 |
| 7,300,000 (March 31, 2019: 4,800,000) equity shares in Tech SIS Limited of ₹ 10/- each fully paid up** | 77.00 | 51.27 |
| 800,000 (March 31, 2019: 800,000) equity shares in SIS Australia Group Pty Ltd. of AUD 1/- each fully paid up | 47.93 | 46.73 |
| 2,801,666 (March 31, 2019: 2,607,232) equity shares in Dusters Total Solutions Services Private Limited of ₹ 10/- each fully paid up * | 1,964.20 | 1,438.25 |
| 225,025 (March 31, 2019 : 127,500) equity shares in SLV Security Services Privated Limited of ₹ 100/- each fully paid up * | 765.70 | 511.70 |
| 969,213 (March 31, 2019 : 800,000) equity shares in RARE Hospitality and Services Private Limited of ₹ 10/- each fully paid up ** | 402.54 | 426.24 |
| 918,000 (March 31, 2019 : 918,000) equity shares in Uniq Detective and Security Services Private Limited of ₹ 10/- each fully paid up | 519.57 | 519.57 |
| 10,000 (March 31, 2019: 10,000) equity shares in SISCO Security Services Private Limited of ₹ 10/- each fully paid up | 0.10 | 0.10 |
| 10,000 (March 31, 2019: 10,000) equity shares in SIS Business Support Services and Solutions Private Limited of ₹ 10/- each fully paid up | 0.10 | 0.10 |
| 29,000,000 equity shares in SIS Alarm Monitoring and Response Services Private Limited of ₹ 10/- each fully paid up * | 290.66 | - |
| 10,000 equity shares in One SIS Solutions Private Limited of ₹ 10/- each fully paid up # | 0.10 | - |
| Total Investment in subsidiaries (A) | 4,559.62 | 3,452.45 |

Notes to the Financial Statements

All amounts in ₹ million except share data

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Investment in associates | | |
| Unquoted equity shares (fully paid) | | |
| 7,788,892 (March 31, 2019: 7,788,892) equity shares in SIS Cash Services Private Limited of ₹ 10/- each fully paid up | 77.89 | 77.89 |
| Total Investment in associates (B) | 77.89 | 77.89 |
| Investment in joint ventures | | |
| Unquoted equity shares (fully paid) | | |
| 9,000,000 equity shares in SIS Alarm Monitoring and Response Services Private Limited of ₹ 10/- each fully paid up as on March 31, 2019 * | - | 90.00 |
| Total Investment in joint ventures (C) | - | 90.00 |
| Total investment in equity instruments (A+B+C) | 4,637.51 | 3,620.34 |
| Investments in debentures or bonds | | |
| 175 (March 31, 2019: 100) Non-convertible debentures in SIS Cash Services Private Limited of ₹ 1,000,000/- each fully paid up | 175.00 | 100.00 |
| 120 (March 31, 2019: 100) Non-convertible debentures in SIS Alarm Monitoring and Response Services Private Limited of ₹ 1,000,000/- each fully paid up | 120.00 | 100.00 |
| 300,000 (March 31, 2019: 300,000) Optionally convertible debentures in Terminix SIS India Private Limited of ₹ 100/- each fully paid up | 28.72 | 28.42 |
| 49 (March 31, 2019: Nil) Optionally convertible debentures in Service Master Clean Limited of ₹ 1,000,000/- each fully paid up | 19.96 | - |
| Total Investments in debentures or bonds | 343.68 | 228.42 |
| Total non-current investments | 4,981.19 | 3,848.76 |
| Current investments | | |
| Total trade investments | - | - |
| Total non-trade investments | - | - |
| Total current investments | - | - |
| Total investments | 4,981.19 | 3,848.76 |
| Aggregate book value of quoted investments and market value thereof | - | - |
| Aggregate book value of unquoted investments | 4,981.19 | 3,848.76 |
| Aggregate amount of impairment in value of investments | - | - |

* Refer note 36 regarding the investments made during the year in respective subsidiaries

** During the year ended March 31, 2020, the Company has converted loans given to respective subsidiaries into equity investments

Incorporated during the year ended March 31, 2020

7. OTHER FINANCIAL ASSETS

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Other non-current financial assets | | |
| Security deposits (unsecured, considered good) | 287.11 | 269.89 |
| Loans to related parties (unsecured, considered good) | 326.96 | 329.96 |
| Margin money in the form of fixed deposits * | 9.87 | 6.69 |
| Fixed deposit maturing after 12 months | 1.20 | 105.46 |
| Total Other non-current financial assets | 625.14 | 712.00 |
| Other current financial assets | | |
| Unbilled revenue | 1,980.20 | 1,867.31 |
| Security deposits (unsecured, considered good) | 194.67 | 191.51 |
| Loans to related parties (unsecured, considered good) | 125.00 | - |
| Interest accrued on deposits / investments | 29.43 | 20.49 |
| Other Receivables | 37.56 | - |
| Total other current financial assets | 2,366.86 | 2,079.31 |
| Total financial assets | 2,992.00 | 2,791.31 |

* Fixed deposits have been pledged as margin money against bank guarantees.

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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 38.

8. INCOME TAX

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss:

Profit or loss section:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|-----------------|
| Current income tax: | | |
| Current income tax charge | 62.23 | 223.09 |
| Deferred tax: | | |
| Decrease / (increase) in deferred tax assets (net) | 144.18 | (538.20) |
| Income tax expense / (credit) reported in the statement of profit and loss | 206.41 | (315.11) |

OCI section:

Tax related to items recognised in OCI during the year:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Tax expense / (credit) on re-measurements of defined benefit plans | 4.16 | 34.35 |
| Income tax charged to OCI | 4.16 | 34.35 |

Tax related to items recognised directly in equity during the year:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Aggregate current and deferred tax arising in the reporting period and not recognized in profit or loss or other comprehensive income, but directly debited/credited to equity | 10.33 | - |
| Income tax credited / (charged) to equity | 10.33 | - |

Reconciliation of tax expense and the accounting profit multiplied by the tax rate for March 31, 2020 and March 31, 2019:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Accounting profit before tax from continuing operations | 1,069.69 | 877.50 |
| Accounting profit before income tax | 1,069.69 | 877.50 |
| Statutory income tax rate | 25.17% | 34.94% |
| Income tax expense at statutory rate | 269.22 | 306.63 |
| Change in applicable tax rate on application of section 115BAA of Income Tax Act, 1961 * | 250.49 | - |
| Reversal of Minimum Alternative Tax (MAT) * | 221.48 | - |
| Additional temporary tax deductible in respect of certain benefits under the Income Tax Act, 1961 | (496.44) | (617.53) |
| Benefit of Indexation on investments | (39.64) | (2.44) |
| Non-deductible expenses for tax purposes | | |
| Corporate social responsibility expenditure | 2.05 | 9.32 |
| Donation | 14.20 | 2.99 |
| Other non-deductible expenses | 0.40 | 0.58 |
| Income taxed at differential rates | | |
| Dividend from foreign subsidiaries taxed at a different/lower rate | (15.35) | (14.66) |
| Tax expense reported in the statement of profit and loss | 206.41 | (315.11) |

*As per Section 115BAA of Income Tax Act, the Company has after evaluation, decided to adopt the option of for lower effective corporate tax rate of 25.17% (including surcharge and cess) instead of the earlier rate of 34.94% (including surcharge and cess) for the Financial Year 2019-20. The current tax for the financial year 2019-20 has therefore, been calculated @ 25.17% and the deferred tax assets / liabilities have been adjusted accordingly. As a result of this option, MAT credit available in the books will not be eligible to be carried forward and has been adjusted through the Profit and Loss Account. The effective tax rate applicable to the Company for the financial year 2020-21 would be 25.17% (including surcharge and cess) based on the law as it exists on the date of these financial statements.

Notes to the Financial Statements

All amounts in ₹ million except share data

The balance in deferred tax assets/ (liabilities) comprises temporary differences attributable to:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Property, plant and equipment / Intangible assets | 78.54 | 242.85 |
| Defined benefit obligations | 179.51 | 175.10 |
| Deductions in respect of certain benefits under the Income Tax Act, 1961 | 563.61 | 492.28 |
| Accruals and others | 235.04 | 60.53 |
| Allowance for doubtful debts – trade receivables | 20.38 | 22.96 |
| Unused tax losses | 1.52 | 1.41 |
| Minimum Alternative Tax (MAT) credit entitlement | - | 221.48 |
| Total deferred tax assets / (liabilities) | 1,078.60 | 1,216.61 |

Reflected in the balance sheet as follows:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Deferred tax assets | 1,078.60 | 1,216.61 |
| Deferred tax liabilities | - | - |
| Deferred tax assets / (liabilities), net | 1,078.60 | 1,216.61 |

Reconciliation of deferred tax assets / (liabilities), net:

| Particulars | Property, plant and equipment / Intangible assets | Defined benefit obligations | Deductions in respect of certain benefits under the Income Tax Act, 1961 | Accruals and others | Allowance for doubtful debts – trade receivables | Unused tax losses | Minimum Alternative Tax (MAT) credit entitlement | Total |
|---|---|-----------------------------|--|---------------------|--|-------------------|--|-----------------|
| As at April 1, 2018 | 164.97 | 165.35 | 276.06 | 88.79 | - | 1.41 | 16.18 | 712.76 |
| Tax income / (expense) during the period recognised in profit or loss | 77.88 | 44.10 | 216.22 | (28.26) | 22.96 | - | 205.30 | 538.20 |
| Tax income / (expense) during the period recognised in OCI | - | (34.35) | - | - | - | - | - | (34.35) |
| As at March 31, 2019 | 242.85 | 175.10 | 492.28 | 60.53 | 22.96 | 1.41 | 221.48 | 1,216.61 |
| Tax income / (expense) during the period recognised in profit or loss | (22.35) | 8.57 | 71.33 | 22.22 | (2.58) | 0.11 | (221.48) | (144.18) |
| Tax income / (expense) during the period recognised in OCI | - | (4.16) | - | - | - | - | - | (4.16) |
| Tax income / (expense) during the period recognised through equity | (141.96) | - | - | 152.29 | - | - | - | 10.33 |
| As at March 31, 2020 | 78.54 | 179.51 | 563.61 | 235.04 | 20.38 | 1.52 | - | 1,078.60 |

Income tax assets:

| Particulars | March 31, 2020 | March 31, 2019 |
|----------------------------------|-----------------|----------------|
| Opening balance | 944.77 | 705.82 |
| Taxes paid | 462.18 | 473.25 |
| Refund received | (71.16) | (11.21) |
| Current tax payable for the year | (62.23) | (223.09) |
| Income tax assets | 1,273.56 | 944.77 |

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.

Notes to the Financial Statements

All amounts in ₹ million except share data

9. OTHER ASSETS

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------------------------------|----------------|----------------|
| Other non-current assets | | |
| Capital advances | 3.89 | 13.65 |
| Other advances | 2.68 | 2.73 |
| Total other non-current assets | 6.57 | 16.38 |
| Other current assets | | |
| Prepaid expenses | 90.99 | 47.42 |
| Other advances | 464.98 | 435.29 |
| Other current assets | 197.99 | 173.18 |
| Total other current assets | 753.96 | 655.89 |
| Total other Assets | 760.53 | 672.27 |

10. INVENTORIES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Uniforms | 168.84 | 162.13 |
| Total inventories at the lower of cost and net realisable value | 168.84 | 162.13 |

11. TRADE RECEIVABLES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Trade receivables | 4,730.00 | 3,539.49 |
| Less: Allowance for expected credit loss | 80.97 | 65.72 |
| Total trade receivables | 4,649.03 | 3,473.77 |

Break-up of security details:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Secured, considered good | - | - |
| Unsecured, considered good | 4,649.03 | 3,473.77 |
| Doubtful | 80.97 | 65.72 |
| Total | 4,730.00 | 3,539.49 |
| Less: Impairment Allowance (allowance for expected credit loss) | 80.97 | 65.72 |
| Total trade receivables | 4,649.03 | 3,473.77 |

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 38.

Refer note 39 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 38.

12. CASH AND BANK BALANCES

Cash and cash equivalents

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Balances with banks: | | |
| – On current accounts | 498.71 | 571.14 |
| – Bank deposits with original maturity of three months | 1.18 | 1.37 |
| Cash on hand | 2.19 | 0.80 |
| Total | 502.08 | 573.31 |

Notes to the Financial Statements

All amounts in ₹ million except share data

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, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Unclaimed dividend accounts | 1.30 | 0.73 |
| Deposits with original maturity of more than three months and having remaining maturity of less than twelve months from reporting date | 0.75 | 136.97 |
| Ristricted balances | 112.00 | 245.00 |
| Margin money* | 378.07 | 353.80 |
| Total | 492.12 | 736.50 |

* Pledged as security/margin money against guarantees issued by banks on behalf of the Company

13. EQUITY SHARE CAPITAL

Authorised share capital

| Particulars | (Nos. in million) | (₹ million) |
|--|-------------------|-----------------|
| As at April 1, 2018 (Equity shares of ₹ 10 each) | 135.00 | 1,350.00 |
| Increase/(decrease) during the year | - | - |
| As at March 31, 2019 (Equity shares of ₹ 10 each) | 135.00 | 1,350.00 |
| Increase consequent to sub-division of shares * | 135.00 | - |
| As at March 31, 2020 (Equity shares of ₹ 5 each) | 270.00 | 1,350.00 |

Issued, Subscribed and paid up equity capital

| Particulars | (Nos. in million) | (₹ million) |
|--|-------------------|---------------|
| As at April 1, 2018 (Equity shares of ₹ 10 each) | 73.18 | 731.84 |
| Issued on exercise of stock options | 0.13 | 1.29 |
| As at March 31, 2019 (Equity shares of ₹ 10 each) | 73.31 | 733.13 |
| Issued on exercise of stock options | 0.01 | 0.06 |
| Increase consequent to sub-division of shares * | 73.32 | - |
| As at March 31, 2020 (Equity shares of ₹ 5 each) | 146.64 | 733.19 |

* Pursuant to the Ordinary Resolution passed by the shareholders by way of postal ballot on December 17, 2019, the Company has sub-divided each equity share of face value of ₹ 10 each, fully paid up, into 2 (two) equity shares of face value of ₹ 5 each, fully paid up, effective January 16, 2020, which was the record date.

Notes (pre share sub-division effect):

- 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.

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 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.

Notes to the Financial Statements

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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.

Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at March 31, 2020 | | As at March 31, 2019* | |
|-------------------------|----------------------|------------------------|-----------------------|------------------------|
| | No. in million | % holding in the class | No. in million | % holding in the class |
| Ravindra Kishore Sinha | 59.27 | 40.42% | 59.27 | 40.42% |
| Rita Kishore Sinha | 24.22 | 16.52% | 24.22 | 16.52% |
| Rituraj Kishore Sinha | 16.70 | 11.39% | 16.70 | 11.39% |

* Number of shares has been restated to give effect of share sub-division

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, 2020 | March 31, 2019* | March 31, 2018* | March 31, 2017* | March 31, 2016 * |
|--|----------------|-----------------|-----------------|-----------------|------------------|
| | No. | No. | No. | No. | No. |
| Equity shares allotted as fully paid bonus shares by capitalization of general reserve | 10,480 | 211,960 | 65,480 | 124,914,480 | - |
| Equity shares allotted as fully paid up without payment being received in cash | - | - | - | 81,130 | - |
| Equity shares bought back | - | - | - | - | - |

* Number of shares has been restated to give effect of share sub-division

During the year ended March 31, 2020, 1,048 (March 31, 2019: 21,196) options issued to employees were exercised by them and equity shares were 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 11,528 (March 31, 2019: 233,156) equity shares were allotted by the Company on exercise of 1,048 (March 31, 2019: 21,196) options by the employees, which included a total number of 10,480 (March 31, 2019 : 211,960) 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 27 for details regarding employee share options issued by the Company.

14. OTHER EQUITY

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------------------------------|-----------------|-----------------|
| Reserves and surplus | | |
| Securities premium | 3,898.63 | 3,897.32 |
| General reserve | 188.99 | 189.04 |
| Retained earnings | 2,255.58 | 2,126.38 |
| Share options outstanding account | 253.32 | 213.23 |
| Total reserves and surplus (A) | 6,596.52 | 6,425.97 |
| Other reserves | | |
| Debenture redemption reserve | 250.00 | 125.00 |
| Total other reserves (B) | 250.00 | 125.00 |
| Total other equity (A+B) | 6,846.52 | 6,550.97 |

Notes to the Financial Statements

All amounts in ₹ million except share data

Securities premium

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Balance at the beginning of year | 3,897.32 | 3,887.78 |
| Exercise of share options | 1.31 | 9.54 |
| Balance at the end of year | 3,898.63 | 3,897.32 |

General reserve

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Balance at the beginning of year | 189.04 | 190.10 |
| Capitalisation on issue of bonus shares | (0.05) | (1.06) |
| Balance at the end of year | 188.99 | 189.04 |

Retained earnings

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Balance at the beginning of year | 2,126.38 | 1,106.93 |
| Net Profit / (loss) for the year | 863.28 | 1,192.61 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurements of post-employment benefit plans directly in retained earnings | 12.36 | 63.96 |
| Impact of change in accounting policies on adoption of new accounting standards | (19.23) | - |
| Appropriations- | | |
| - Final / interim dividend | (549.89) | (109.78) |
| - Dividend distribution tax | (52.32) | (2.34) |
| - Transfer to debenture redemption reserve | (125.00) | (125.00) |
| Balance at the end of year | 2,255.58 | 2,126.38 |

Share options outstanding account

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Balance at the beginning of year | 213.23 | 147.87 |
| Stock option compensation expense | 41.40 | 74.90 |
| Transferred to securities premium on exercise of share options | (1.31) | (9.54) |
| Balance at the end of year | 253.32 | 213.23 |

Debenture redemption reserve

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Balance at the beginning of year | 125.00 | - |
| Transfer from retained earnings | 125.00 | 125.00 |
| Balance at the end of year | 250.00 | 125.00 |

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.

Retained earnings

Retained earnings represents the amount of accumulated earnings of the Company and re-measurement differences on defined benefit plans.

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. The Company has

Notes to the Financial Statements

All amounts in ₹ million except share data

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.

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.

15. BORROWINGS

| Particulars | Note | March 31, 2020 | March 31, 2019 |
|---|------|-----------------|-----------------|
| Non-current Borrowings | | | |
| Secured | | | |
| Bonds/ Debentures | | | |
| - Non convertible debentures | a | 1,495.12 | 1,490.75 |
| Term Loans | | | |
| From Banks | | | |
| - HDFC Bank Limited | b | 57.17 | 95.29 |
| - Kotak Mahindra Bank Limited | c | 336.78 | 252.73 |
| - Vehicle Loan from various banks | d | 100.97 | 109.14 |
| From other parties | | | |
| - Vehicle Loan from others | f | 82.66 | 83.62 |
| Total secured borrowings | | 2,072.70 | 2,031.53 |
| Unsecured | | | |
| Bonds/ Debentures | | | |
| Rupee Denominated Bonds issued to SIS Australia Group Pty Limited, a subsidiary company | g | 746.47 | 745.99 |
| Term Loans | | | |
| - Yes Bank Limited | h | 18.73 | 56.08 |
| Total unsecured borrowings | | 765.20 | 802.07 |
| Total non-current borrowings | | 2,837.90 | 2,833.60 |
| Current maturity of long term loans | | (227.86) | (188.19) |
| Non-current borrowings (as per balance sheet) | | 2,610.04 | 2,645.41 |
| Current borrowings | | | |
| Secured | | | |
| Loans repayable on demand | | | |
| From Banks | | | |
| - Kotak Mahindra Bank Limited | i | 650.00 | 541.20 |
| - Axis Bank Limited | i | 631.48 | - |
| - HDFC Bank Limited | i | 400.00 | - |
| - ICICI Bank Limited | i | 684.78 | 282.31 |
| - Standard Chartered Bank | i | 650.00 | 400.00 |
| - State Bank of India | j | 390.00 | 267.79 |
| - Yes Bank Limited | k | - | 591.55 |
| Total secured borrowings | | 3,406.26 | 2,082.85 |
| Unsecured | | | |
| Loans repayable on demand | | | |
| From Banks | | | |
| - HDFC Bank Limited | m | 300.00 | - |
| Total unsecured borrowings | | 300.00 | - |
| Current borrowings (as per balance sheet) | | 3,706.26 | 2,082.85 |
| Aggregate Secured borrowings | | 5,478.96 | 4,114.38 |
| Aggregate Unsecured borrowings | | 1,065.20 | 802.07 |

Notes to the Financial Statements

All amounts in ₹ million except share data

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. As on March 31, 2020, ICICI Prudential Credit Risk Fund is holding the NCDs.

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 way of first charge on the movable fixed assets of the Company purchased out of the term loan proceeds and second parri 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.
- d) 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 last instalment repayment is scheduled on February 2024.
- e) The terms loans mentioned above except vehicle loans, carry interest at quarterly/half-yearly/year MCLR plus spread margin ranging from 75 bps to 145 bps (March 31, 2019: 75 bps to 145 bps). The vehicle loans carry interest from 8.25% to 10.50% per annum.

Other loans and advances:

- f) 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 last instalment repayment is scheduled on January 2025.

Long term borrowings – Unsecured:

Bonds/debentures:

- g) 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:

- h) The loan carries interest MCLR *plus* 50 bps and is repayable in 16 equal quarterly instalments of ₹ 9.37 million each, with repayment commenced from November 2016 and is scheduled to be completed in August 2020.

Short term borrowings - Secured loans repayable on demand:

- i) Secured by first pari passu charges over the current assets and immovable fixed assets and second pari passu charge over movable assets.
- j) 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.

The short-term borrowings charges is excluding assets specifically charged to term lenders, if any.

- k) Secured by first pari passu charge over current assets
- l) The loans repayable on demand mentioned above, carry interest at quarterly/half yearly/yearly MCLR *plus* spread margin ranging from 25 bps to 80 bps (March 31, 2019: 20 bps to 95 bps) for cash credit facility and ranging from 8.00% p.a. to 9.00% p.a. for WCDL facilities.

Short term borrowings - Unsecured:

- m) The loan carries interest ranging from 8.00% p.a. to 9.00% p.a.

16. TRADE PAYABLES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Non-current | - | - |
| Current | | |
| Trade payables | | |
| - total outstanding dues of micro enterprises and small enterprises | 0.03 | 0.18 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 129.48 | 155.15 |
| Total current trade payables | 129.51 | 155.33 |
| Total | 129.51 | 155.33 |

Notes to the Financial Statements

All amounts in ₹ million except share data

The terms and conditions of the above financial liabilities are as follows:

- 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.
- For outstanding balances, terms and conditions with related parties, refer to note 38

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:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Principal amount and the interest [₹ Nil (March 31, 2019 – Nil)] due thereon | 0.03 | 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 | - | - |

17. OTHER FINANCIAL LIABILITIES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Non-current | | |
| Lease rent equalization | - | 19.74 |
| Financial guarantees | 4.50 | 6.85 |
| Lease liability | 409.52 | - |
| Total other non-current financial liabilities | 414.02 | 26.59 |
| Current | | |
| Interest accrued but not due on borrowings | 152.25 | 153.01 |
| Current maturity of long term borrowings (refer note 15) | 227.86 | 188.19 |
| Lease liability | 64.26 | - |
| Financial guarantees | 0.83 | 0.20 |
| Unclaimed/unpaid dividends | 1.30 | 0.73 |
| Employee benefits payable | 1,679.43 | 1,568.61 |
| Other payables and accruals | 196.54 | 199.50 |
| Total other current financial liabilities | 2,322.47 | 2,110.24 |
| Total other financial liabilities | 2,736.49 | 2,136.83 |

Contractual maturities of lease liabilities

Details of contractual maturities of lease liabilities recognised as on balance sheet date on undiscounted basis is as below:

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|--------------------|---------------|--------------------|---------------|
| | Undiscounted value | Present value | Undiscounted value | Present value |
| Within one year | 119.28 | 64.26 | - | - |
| After one year but not more than five years | 375.52 | 213.61 | - | - |
| More than five years | 250.27 | 195.91 | - | - |
| Total minimum lease payments | 745.07 | 473.78 | - | - |
| Amounts representing finance charges | (271.29) | - | - | - |
| Present value of minimum lease payments | 473.78 | 473.78 | - | - |

Notes to the Financial Statements

All amounts in ₹ million except share data

18. FINANCIAL INSTRUMENTS BY CATEGORY

| Particulars | March 31, 2020 | | | March 31, 2019 | | |
|------------------------------------|----------------|--------|-----------------|----------------|--------|-----------------|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| Financial Assets: | | | | | | |
| Investments | | | | | | |
| -Bonds and debentures | - | - | 343.68 | - | - | 228.42 |
| Trade receivables | - | - | 4,649.03 | - | - | 3,473.77 |
| Cash and cash equivalents | - | - | 502.08 | - | - | 573.31 |
| Other Bank balances | - | - | 492.12 | - | - | 736.50 |
| Loans | - | - | 451.96 | - | - | 329.96 |
| Other financial assets | - | - | 2,540.04 | - | - | 2,461.35 |
| Total Financial Assets | - | - | 8,978.91 | - | - | 7,803.31 |
| Financial Liabilities: | | | | | | |
| Trade payables | - | - | 129.51 | - | - | 155.33 |
| Borrowings | - | - | 6,544.16 | - | - | 4,916.45 |
| Other financial liabilities | - | - | 2,508.63 | - | - | 1,948.64 |
| Total Financial Liabilities | - | - | 9,182.30 | - | - | 7,020.42 |

Fair Values of assets and liabilities carried at amortised costs are as follows:

| Particulars | March 31, 2020 | | March 31, 2019 | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | | Level 2 inputs | | Level 2 inputs |
| Financial Assets: | | | | |
| Investments | 343.68 | 336.34 | 228.42 | 199.40 |
| Trade receivables | 4,649.03 | 4,649.03 | 3,473.77 | 3,473.77 |
| Cash and cash equivalents | 502.08 | 502.08 | 573.31 | 573.31 |
| Other Bank balances | 492.12 | 492.12 | 736.50 | 736.50 |
| Loans | 451.96 | 334.37 | 329.96 | 291.48 |
| Other financial assets | 2,540.04 | 2,540.04 | 2,461.35 | 2,461.60 |
| Total Financial Assets | 8,978.91 | 8,853.98 | 7,803.31 | 7,736.06 |
| Financial Liabilities: | | | | |
| Trade payables | 129.51 | 129.51 | 155.33 | 155.33 |
| Borrowings | 6,544.16 | 6,544.16 | 4,916.45 | 4,916.45 |
| Other financial liabilities | 2,508.63 | 2,508.63 | 1,948.64 | 1,948.64 |
| Total Financial Liabilities | 9,182.30 | 9,182.30 | 7,020.42 | 7,020.42 |

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, 2020 and March 31, 2019:

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 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.

Notes to the Financial Statements

All amounts in ₹ million except share data

- 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.

19. PROVISIONS

| Particulars | March 31, 2020 | | March 31, 2019 | |
|-------------------|----------------|--------------|----------------|--------------|
| | Non-current | Current | Non-current | Current |
| Gratuity | 469.39 | - | 390.72 | - |
| Leave liabilities | - | 63.41 | - | 49.63 |
| Total | 469.39 | 63.41 | 390.72 | 49.63 |

Refer note 26 for details of employee benefits.

20. OTHER LIABILITIES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Other non-current liabilities | - | - |
| Other current liabilities | | |
| Statutory dues payable | 863.05 | 742.95 |
| Others | 55.37 | - |
| Total other current liabilities | 918.42 | 742.95 |
| Total other liabilities | 918.42 | 742.95 |

21. GOVERNMENT GRANTS

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| As at the beginning of the year | - | - |
| Received during the year | 191.70 | 345.70 |
| Released to the statement of profit and loss | (191.70) | (345.70) |
| As at the end of the year | - | - |
| 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.

22. REVENUE FROM OPERATIONS

| Particulars | March 31, 2020 | March 31, 2019 |
|--|------------------|------------------|
| Sale of products (traded goods) | | |
| Revenue from sale of electronic security devices | 62.33 | 3.44 |
| Total (A) | 62.33 | 3.44 |
| Rendering of services | | |
| Security services | | |
| From guarding and other security services | 29,161.45 | 24,539.81 |
| Other services | | |
| From training fees | 75.98 | 72.32 |
| Total rendering of services | 29,237.43 | 24,612.13 |
| Other operating revenues | 659.05 | 419.60 |
| Total (B) | 29,896.48 | 25,031.73 |
| Revenue from operations (A+B) | 29,958.81 | 25,035.17 |

Notes to the Financial Statements

All amounts in ₹ million except share data

Disaggregate revenue information

The following table presents the disaggregated revenue from contracts with customers.

| Particulars | March 31, 2020 | March 31, 2019 |
|---|------------------|------------------|
| Revenue by time of recognition | | |
| At a point in time (sale of equipments) | 62.33 | 3.44 |
| Over the period of time | 29,896.48 | 25,031.73 |
| Total | 29,958.81 | 25,035.17 |

23. OTHER INCOME

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Interest income from financial assets at amortized cost | 132.09 | 107.15 |
| Dividend income from subsidiaries | 308.23 | 101.88 |
| Miscellaneous income | - | 0.41 |
| Total | 440.32 | 209.44 |

24. OTHER GAINS/LOSSES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Net gain/(loss) on sale of property, plant and equipment | 5.90 | (1.44) |
| Foreign exchange gain/(loss) | 2.93 | 2.99 |
| Other items | - | 3.89 |
| Total | 8.83 | 5.44 |

25. CHANGES IN INVENTORY OF STOCK-IN-TRADE

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Inventory at the beginning of the year | 162.13 | 91.42 |
| Inventory at the end of the year | 168.84 | 162.13 |
| Changes in inventory of stock-in-trade - (increase)/decrease | (6.71) | (70.71) |

26. EMPLOYEE BENEFITS EXPENSE

(a) Employee benefits expense include:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|------------------|------------------|
| Salaries, wages and bonus | 23,411.13 | 19,622.58 |
| Contribution to provident and other funds | 2,641.16 | 2,445.28 |
| Government grants (Note 21) | (191.70) | (345.70) |
| Employee share-based payment expense | 35.04 | 60.70 |
| Gratuity expense | 135.61 | 146.22 |
| Leave compensation | 14.06 | 11.24 |
| Staff welfare expenses | 65.62 | 67.59 |
| Total | 26,110.92 | 22,007.91 |

(b) Unfunded Scheme – Leave obligations

Leave obligations cover the Company's liability for sick and earned leave.

The provision for leave obligations 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, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Current leave obligation not expected to be settled within next 12 months | 46.58 | 37.48 |

Notes to the Financial Statements

All amounts in ₹ million except share data

Unfunded Schemes:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Present value of unfunded obligations | 63.41 | 49.63 |
| Expenses to be recognized in the statement of profit and loss | 14.06 | 11.24 |
| Discount rate (per annum) | 5.25% | 6.70% |
| 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 3.25% (4.75% upto June 30, 2019) 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.

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Expense recognised during the period towards defined contribution plans | 2,641.16 | 2,445.28 |

(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 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 100% plan assets in the funds managed by insurance companies.

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:

Expenditure to be recognized during the year:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Current service cost | 111.44 | 121.40 |
| Past service cost | - | - |
| Interest cost | 24.17 | 24.82 |
| Total amount recognised in profit or loss | 135.61 | 146.22 |
| Remeasurements | | |
| Return on plan assets, excluding amounts included in interest income | 9.27 | 8.74 |
| Gain / (loss) from changes in financial assumptions | 36.78 | 10.86 |
| Gain / (loss) from changes in demographic assumptions | - | (14.44) |
| Experience gain / (loss) | (62.57) | (103.47) |
| Total loss/(gain) recognised in other comprehensive income | (16.52) | (98.31) |

Notes to the Financial Statements

All amounts in ₹ million except share data

Change in present value of defined benefit obligation is summarized below:

| Reconciliation of opening and closing balances of Defined Benefit Obligation | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Defined benefit obligation at the beginning of year | 545.49 | 518.66 |
| Current service cost | 111.44 | 121.40 |
| Past service cost | - | - |
| Interest cost | 32.11 | 33.87 |
| Remeasurements | (25.79) | (107.05) |
| Benefits paid | (32.88) | (21.39) |
| Defined benefit obligation at the end of year | 630.37 | 545.49 |

Reconciliation of fair value of Plan Assets:

| Reconciliation of opening and closing balances of fair value of plan assets | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Fair value of plan assets at the beginning of the year | 154.77 | 143.95 |
| Interest income | 7.94 | 9.05 |
| Remeasurements | (9.27) | (8.74) |
| Contribution by employer | 40.42 | 31.90 |
| Benefits paid | (32.88) | (21.39) |
| Fair value of plan assets at the closing of the year | 160.98 | 154.77 |

Reconciliation of fair value of Assets and Obligations:

| Reconciliation of fair value of Assets and Obligations | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Fair value of plan assets | 160.98 | 154.77 |
| Present value of obligation | (630.37) | (545.49) |
| Asset / (liability) recognized in balance Sheet | (469.39) | (390.72) |

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:

Principal Assumptions:

| Principal actuarial assumptions | March 31, 2020 | March 31, 2019 |
|------------------------------------|----------------|----------------|
| Discount rate | 5.25% | 6.70% |
| Future salary increase | | |
| - Non-billing / indirect employees | 8.00% | 8.00% |
| - Billing /direct employees | 5.00% | 5.00% |
| Attrition rate | | |
| Billing employees | | |
| - Age from 21-30 years | 39.00% | 39.00% |
| - 31-34 | 28.00% | 28.00% |
| - 35-40 | 28.00% | 28.00% |
| - 41-45 | 28.00% | 28.00% |
| - 46-50 | 28.00% | 28.00% |
| - 51 and above | 28.00% | 28.00% |
| Non billing employees | | |
| - Age from 21-30 years | 27.00% | 27.00% |
| - 31-40 | 16.00% | 16.00% |
| - 41-50 | 12.00% | 12.00% |
| - 51 & above | 16.00% | 16.00% |

Notes to the Financial Statements

All amounts in ₹ million except share data

A quantitative sensitivity analysis for significant assumption is as shown below:

| Assumptions | March 31, 2020 | March 31, 2019 |
|--------------------------------|----------------|----------------|
| Discount rate | | |
| 0.5% increase | (2.09%) | (1.99%) |
| 0.5% decrease | 2.19% | 2.08% |
| Future salary increases | | |
| 0.5% increase | 2.08% | 2.01% |
| 0.5% decrease | (2.02%) | (1.96%) |

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 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.

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.

Defined benefit liability and employer contributions

The weighted average duration of the post-employment benefit plan obligations and expected maturity analysis of undiscounted gratuity benefits is as follows:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| The weighted average duration of the post-employment benefit plan obligations (in years) | 4.10 | 4.07 |
| Maturity profile: | | |
| Less than a year | 146.68 | 132.39 |
| Between 1-2 years | 124.19 | 111.80 |
| Between 2-5 years | 252.64 | 232.72 |
| Over 5 Years | 291.44 | 275.75 |
| Total | 814.95 | 752.66 |

27. SHARE-BASED PAYMENTS

The Company has two Employee Stock Option plans namely ESOP 2008 and ESOP 2016.

ESOP 2008 (pre share sub-division effect)

- a) 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.
- b) All options granted in 2008 have been either exercised or lapsed.
- c) Out of the 30,000 options granted in 2011, 21,700 options were exercised and the remaining 8,300 options have lapsed/forfeited.
- d) 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.

Notes to the Financial Statements

All amounts in ₹ million except share data

- e) Out of the 3,500 Options granted in 2015, all were vested and exercised during the year ended March 31, 2017.
- f) Out of the 2,096 Options granted in 2016, the same will vest and be eligible for exercise over four financial years. Of these, 1,572 options have been vested and exercised.
- g) 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.
- h) 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.
- i) During the year ended March 31, 2020, upon exercise of stock options by the eligible employees, the Company has allotted 5,764 equity shares of ₹ 10 each.
- ii) 686,914 have vested till March 31, 2020, out of these Options, a total of 550 options were exercised during the year ended on March 31, 2020.
- c) 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.
- d) During the year ended March 31, 2019, the Company issued a further 1,500 options to eligible employee which will vest over three financial years and be eligible for exercise, subject to certain conditions, after October 3, 2020.
- e) During the year ended March 31, 2019, the Company issued a further 9,000 options to eligible employee 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, 2020, upon exercise of stock options by the eligible employees, the Company has allotted 550 equity shares of ₹ 10 each.

ESOP 2016

- a) 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.
- b) Of these options:
- i) 59,200 options have been forfeited on account of the respective employees no longer in employment
- Options granted under the aforesaid plans carry no dividend or voting rights.

Movements during the year

Year ended March 31, 2019 (pre share sub-division effect)

| Particulars | ESOP 2008 | | ESOP 2016 | | | | Total |
|--|------------------|----------|-----------|-----------|---------|-----------|-----------|
| | ESOPs granted in | | | | | | |
| | 2011-12 * | 2014-15* | 2016-17 * | 2016-17 | 2017-18 | 2018-19 | |
| Outstanding Options as on April 1, 2018 | 8,146 | 2,500 | 1,572 | 1,176,240 | 32,415 | - | 1,220,873 |
| 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 |
| Outstanding Stock Options as at March 31, 2019 | - | - | 1,048 | 1,158,450 | 32,415 | 10,500 | 1,202,413 |
| Exercisable options as at March 31, 2019 | - | - | - | - | - | - | - |

* Prior to bonus adjustment

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 except share data

Year ended March 31, 2019 (pre share sub-division effect)

| Particulars | ESOP 2008 | | ESOP 2016 | | | | Total |
|--|------------------|----------|-----------|-----------|---------|---------|-----------|
| | ESOPs granted in | | | | | | |
| | 2011-12 * | 2014-15* | 2016-17 * | 2016-17 | 2017-18 | 2018-19 | |
| Outstanding Options as on April 1, 2019 | - | - | 2,096 | 2,316,900 | 64,830 | 21,000 | 2,404,826 |
| Exercise Price | ₹ 5/- | ₹ 5/- | ₹ 5/- | ₹ 5/- | ₹ 5/- | ₹ 5/- | ₹ 5/- |
| Exercise Period (from the date of grant of the option) | 2 years | 4 years | 4 years | 4 years | 3 years | 3 years | |
| Options issued during the year | - | - | - | - | - | - | - |
| Options vested and exercised during the year** | - | - | 1,048 | 1,100 | - | - | 2,148 |
| Options forfeited/lapsed during the year | - | - | - | 27,920 | - | - | 27,920 |
| Outstanding Stock Options as at March 31, 2020 | - | - | 1,048 | 2,287,880 | 64,830 | 21,000 | 2,374,758 |
| Exercisable options as at March 31, 2020 | - | - | - | - | - | - | - |

* Prior to bonus adjustment

There were no cancellations or modifications to the awards in March 31, 2020 or March 31, 2019.

**The weighted average share price (post share sub-division effect) at the date of exercise of options during the year ended March 31, 2020 was ₹ 835.74 (March 31, 2019: ₹ 533.35).

Share options outstanding at the end of the year have the following details (post share sub-division effect):

| Grant | Tranche | Grant date | Vesting date | Expiry date | Exercise price (₹) @ | Fair value (₹) | Share options outstanding March 31, 2020 | Share options outstanding March 31, 2019 |
|----------------------------------|---------|------------|--------------|-------------|----------------------|----------------|--|--|
| Plan I ESOP 2008 : Grant V (a) * | III | 4-Apr-16 | 4-Apr-19 | 4-Apr-20 | 5.00 | 101.19 | - | 11,528 |
| Plan I ESOP 2008 : Grant V (a) * | IV | 4-Apr-16 | 4-Apr-20 | 4-Apr-21 | 5.00 | 99.46 | 11,528 | 11,528 |
| Plan II (ESOP 2016): Grant V | I | 1-Aug-16 | 1-Aug-17 | 1-Aug-22 | 5.00 | 95.41 | 228,788 | 231,690 |
| Plan II (ESOP 2016): Grant V | II | 1-Aug-16 | 1-Aug-18 | 1-Aug-22 | 5.00 | 95.41 | 457,576 | 463,380 |
| Plan II (ESOP 2016): Grant V | III | 1-Aug-16 | 1-Aug-19 | 1-Aug-22 | 5.00 | 95.41 | 686,364 | 695,070 |
| Plan II (ESOP 2016): Grant V | IV | 1-Aug-16 | 1-Aug-20 | 1-Aug-22 | 5.00 | 95.41 | 915,152 | 926,760 |
| Plan II (ESOP 2016): Grant II | I | 3-Jan-18 | 3-Jan-19 | 1-Aug-22 | 5.00 | 561.09 | 17,806 | 17,806 |
| Plan II (ESOP 2016): Grant II | II | 3-Jan-18 | 3-Jan-20 | 1-Aug-22 | 5.00 | 561.09 | 17,806 | 17,806 |
| Plan II (ESOP 2016): Grant II | III | 3-Jan-18 | 1-Aug-20 | 1-Aug-22 | 5.00 | 561.09 | 23,740 | 23,740 |
| Plan II (ESOP 2016): Grant III | I | 29-Jan-18 | 29-Jan-19 | 1-Aug-22 | 5.00 | 596.70 | 1,644 | 1,644 |
| Plan II (ESOP 2016): Grant III | II | 29-Jan-18 | 29-Jan-20 | 1-Aug-22 | 5.00 | 596.70 | 1,644 | 1,644 |
| Plan II (ESOP 2016): Grant III | III | 29-Jan-18 | 1-Aug-20 | 1-Aug-22 | 5.00 | 596.70 | 2,192 | 2,192 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 13-Dec-19 | 3-Oct-23 | 5.00 | 379.66 | 6,000 | 6,000 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 13-Dec-19 | 3-Oct-22 | 5.00 | 379.66 | 2,000 | 2,000 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 3-Oct-20 | 3-Oct-23 | 5.00 | 379.66 | 6,000 | 6,000 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 3-Oct-20 | 3-Oct-22 | 5.00 | 379.66 | 1,000 | 1,000 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 3-Oct-21 | 3-Oct-23 | 5.00 | 379.66 | 6,000 | 6,000 |
| Total | | | | | | | 2,385,240 | 2,425,788 |

@ 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:

Notes to the Financial Statements

All amounts in ₹ million except share data

| Grant date | Volatility | Market price (₹) * | Average life of the options (in Years) | Risk-free interest rate | Dividend Yield |
|------------|------------|--------------------|--|-------------------------|----------------|
| 14-Jan-11 | 38.25% | 6.12 | 1.04 | 8.85% | 2.00% |
| 14-Jan-11 | 32.14% | 6.12 | 2.04 | 7.69% | 2.00% |
| 1-Jul-14 | 26.31% | 99.09 | 2.20 | 8.18% | 1.75% |
| 1-Jul-14 | 30.23% | 99.09 | 3.20 | 8.33% | 1.75% |
| 1-Jul-14 | 29.49% | 99.09 | 4.20 | 8.45% | 1.75% |
| 1-Apr-15 | 22.22% | 99.10 | 1.04 | 7.84% | 1.75% |
| 1-Apr-15 | 22.97% | 99.10 | 1.46 | 7.83% | 1.75% |
| 1-Apr-15 | 22.22% | 107.96 | 1.04 | 7.84% | 1.75% |
| 4-Apr-16 | 27.77% | 107.96 | 1.50 | 7.02% | 1.75% |
| 4-Apr-16 | 25.49% | 107.96 | 2.50 | 7.13% | 1.75% |
| 4-Apr-16 | 25.65% | 107.96 | 3.50 | 7.32% | 1.75% |
| 4-Apr-16 | 27.57% | 107.96 | 4.50 | 7.38% | 1.75% |
| 1-Aug-16 | 29.18% | 107.96 | 5.00 | 7.10% | 1.75% |
| 3-Jan-18 | 30.94% | 568.93 | 2.58 | 6.91% | 0.25% |
| 29-Jan-18 | 31.27% | 604.68 | 2.51 | 6.92% | 0.25% |
| 13-Dec-18 | 36.21% | 386.45 | 2.81 | 7.16% | 0.25% |

* Post bonus adjustment, where applicable and post share sub-division effect.

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.

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, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Employee option plan | 35.04 | 60.70 |
| Total employee share-based payment expense | 35.04 | 60.70 |

*The company has issued/granted share options to employees of its certain subsidiaries for which cost of ₹ 6.36 million (March 31, 2019: ₹ 14.20 million) is charged to respective subsidiary and reimbursed to the company.

28. FINANCE COSTS

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Interest and finance charges on financial liabilities not at fair value through profit or loss | 655.80 | 440.09 |
| Interest on lease liability | 57.50 | - |
| Other finance costs | 43.06 | 35.34 |
| Total | 756.36 | 475.43 |

29. DEPRECIATION AND AMORTIZATION EXPENSE

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Depreciation on property, plant and equipment (Note 4) | 519.60 | 275.89 |
| Amortization of intangible assets (Note 5) | 15.19 | 19.21 |
| Total | 534.79 | 295.10 |

Notes to the Financial Statements

All amounts in ₹ million except share data

30. OTHER EXPENSES

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Training expenses | 9.26 | 16.82 |
| Other Direct Operating Cost | 21.33 | 32.40 |
| Uniform and kit items | 67.60 | 52.62 |
| Recruitment incentive expenses | 50.32 | 59.79 |
| Selling expenses | 1.51 | 4.91 |
| Administrative expenses: | | |
| - Travelling and conveyance | 285.34 | 254.41 |
| - Postage and telephone | 34.98 | 35.53 |
| - Stationary and printing | 25.27 | 29.63 |
| - Rent * | 214.33 | 90.61 |
| - Rates & taxes | 35.42 | 21.81 |
| - Insurance | 59.80 | 45.72 |
| - Repairs and maintenance: | | |
| - Buildings | 1.38 | 1.52 |
| - Machinery | 6.84 | 6.66 |
| - Others | 39.93 | 34.78 |
| - Vehicle hire charges | 89.16 | 72.09 |
| - Payments to auditors (Refer details below) | 1.70 | 1.61 |
| - Legal and professional fees | 209.68 | 159.75 |
| - Bad and doubtful debts provided/written off | 80.97 | 65.72 |
| - Expense towards corporate social responsibility | 51.25 | 36.83 |
| - Other administration and general expenses # | 262.73 | 238.98 |
| Total | 1,548.80 | 1,262.19 |

* Rent expenses for the year ended March 31, 2020 are pertaining to short-term leases and low value assets.

"Other Administration and General expenses" includes an amount of ₹ 6.60 million (March 31, 2019: ₹ 9.79 million) towards contribution to a political party in terms of Section 182 of the Companies Act, 2013.

Payment to Auditors

| Particulars | March 31, 2020 | March 31, 2019 |
|-------------------------------------|----------------|----------------|
| As auditor: | | |
| Audit fee | 1.70 | 1.52 |
| Taxation matters | - | - |
| In other capacity: | | |
| Other services (certification fees) | - | 0.09 |
| Total payment to auditors | 1.70 | 1.61 |

Details of CSR expenditure

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| (a) Gross amount required to be spent by the Company during the year | 17.64 | 11.38 |
| (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 | 30.03 | 24.28 |
| (ii) Local community health check camps, building hospitals, clinics, diagnostic centres and associated infrastructure, blood donation camps and other specific ailment camps. | 11.50 | - |
| (iii) Contribution towards relief fund | - | 0.19 |
| (iv) Measures for the benefit of armed forces veterans, war widows and their dependents | - | 7.94 |
| (v) Protection of national heritage | 1.50 | 0.50 |
| (vi) Programmes in connection with rural development | 2.50 | 1.00 |
| (vii) Promotion of sports, culture and research activities | 5.72 | 2.92 |
| Total amount spent | 51.25 | 36.83 |

Notes to the Financial Statements

All amounts in ₹ million except share data

31. EARNINGS PER SHARE (EPS)

A reconciliation of profit for the year and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|--------------------|--------------------|
| Profit attributable to equity holders of the Company : | | |
| Continuing operations | 863.28 | 1,192.61 |
| Profit attributable to equity holders of the Company for basic earnings | 863.28 | 1,192.61 |
| Profit attributable to equity holders of the Company adjusted for the effect of dilution | 863.28 | 1,192.61 |
| Weighted average number of equity shares for basic EPS (Numbers) | 146,637,974 | 146,502,268 |
| Effect of dilution: | | |
| Stock options (Numbers) | 2,338,113 | 2,395,054 |
| Weighted average number of equity shares adjusted for the effect of dilution | 148,976,087 | 148,897,322 |
| Nominal value of equity shares (₹) | 5.00 | 5.00 |
| Earnings per share | | |
| - Basic (₹) | 5.89 | 8.14 |
| - Diluted (₹) | 5.79 | 8.01 |

* Pursuant to the Ordinary Resolution passed by the shareholders by way of postal ballot on December 17, 2019, the Company has sub-divided each equity share of face value of ₹ 10 each, fully paid up, into 2 (two) equity shares of face value of ₹ 5 each, fully paid up, effective January 16, 2020, which was the record date. Consequent to the sub-division of equity shares, 73,318,987 equity shares of face value of ₹ 10 each has been sub-divided into 146,637,974 equity shares of face value of ₹ 5 each. Accordingly, all shares and per share information in the financial statements reflect the effect of sub-division (Split) retrospectively.

32. DISTRIBUTIONS MADE AND PROPOSED

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Cash dividends on equity shares declared and paid: | | |
| Final dividend @ ₹ 3.50 per share (March 31, 2019: ₹ 1.50 per share) | 256.61 | 109.78 |
| Dividend distribution tax on proposed dividend * | 20.83 | 2.34 |
| Interim dividend @ ₹ 2.00 per share (March 31, 2019: ₹ Nil per share) | 293.28 | - |
| Dividend distribution tax on Interim dividend * | 31.49 | - |
| Proposed dividends on equity shares: | | |
| Final dividend @ ₹ Nil per share (March 31, 2019: ₹ 3.50 per share) | - | 256.59 |
| Dividend distribution tax on proposed dividend | - | 52.75 |

*Net of tax credit of ₹ 60.71 million and ₹ 20.01 million availed on dividend received from subsidiary during the year ended March 31, 2020 and March 31, 2019, respectively.

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.

33. COMMITMENTS AND CONTINGENCIES

(a) Capital commitment

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for | 0.08 | 0.98 |

(b) Commitment for purchase of non-controlling interests

Commitment towards SLV Security Services Private Limited ('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. 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.

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Effective February 10, 2020, the Company acquired an additional shareholding of 39.01% in SLV Security Services Private Limited, a subsidiary of the Company, for an aggregate consideration of ₹ 254 million. With this acquisition, the Company held 90.01% of the outstanding equity shares in SLV as at March 31, 2020.

Commitment towards Rare Hospitality and Services Private Limited ('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, 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.

During the year ended March 31, 2020, the Company increased its ownership interest to 82.89% consequent to the fresh equity infusion in RARE.

Commitment towards Uniq Detective and Security Services Private Limited

Effective February 01, 2019, the Company has acquired 51% of the outstanding equity shares of Uniq Detective and 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.

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 Company has increased its shareholding upto 100% during the year ended March 31, 2020, hence no further commitment towards the transaction.

(c) Contingent liabilities

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Claims against the Company not acknowledged as debt: | | |
| - Litigation matters with respect to direct taxes | - | 4.22 |
| - Litigation matters with respect indirect taxes | 69.80 | 28.12 |
| Other money for which the Company is contingently liable | 2.55 | 2.08 |
| Total | 72.35 | 34.42 |

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, 2020.

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.

34. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Refer note 32 regarding dividend proposed by the Board of Directors in their meeting held on April 30, 2020. There were no other significant events that occurred after the Balance Sheet date.

Notes to the Financial Statements

All amounts in ₹ million except share data

35. OPERATING SEGMENT

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------------------------|----------------|----------------|
| Revenue from security services | 29,958.81 | 25,035.17 |
| EBIDTA from security services | 1,911.69 | 1,433.14 |

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.

36. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisitions during the year ended March 31, 2020

- a. **Acquisition of additional interest in SLV Security Services Pvt. Ltd (SLV)**
On February 10, 2020, the Company acquired an additional 39.01% of the outstanding equity shares of SLV Security Services Private Limited, increasing its ownership interest to 90.01%. An interim cash consideration of ₹ 254.00 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 33(b)
- b. **Acquisition of additional interest SIS Alarm Monitoring and Response Services Private Limited (Alarms)**
Effective May 1, 2019, the Company acquired an additional 50% of the voting rights and shares, in addition to the 50% already held, directly and indirectly, in SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosecur Alarm Monitoring and Response Services Private Limited) ("Alarms") for an aggregate consideration of ₹ 200 million. Alarms was formerly a jointly controlled entity and, as a result, has now become an indirect wholly owned subsidiary of the Company.
- c. **Acquisition of remaining shareholding in Dusters Total Solutions Services Pvt. Ltd**
Effective July 30, 2019, the Company acquired all of the remaining shareholding of 6.94% in Dusters Total Solutions Services Private Limited ("DTSS"), a subsidiary of the Company, for an aggregate consideration of ₹ 525.95 million which resulted in DTSS becoming a wholly owned subsidiary of the Company.

Acquisitions during the year ended March 31, 2019

- a. **Acquisition of additional interest in 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 33(b)

- 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 33(b)
- c. **Acquisition of Uniq Detective and Security Services Pvt. Ltd (Uniq)**
Effective February 01, 2019, the Company has acquired 51% of the outstanding equity shares of Uniq Detective and 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 33(b)
- 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.

Acquisition related costs

Acquisition related costs of ₹ 0.52 million and ₹ 17.85 for the year ended March 31, 2020 and March 31, 2019 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.

Notes to the financial statements

All amounts in ₹ million except share data

37. INTERESTS IN OTHER ENTITIES Information about subsidiaries

| Name | Principal place of business and country of incorporation | Principal activities | Ownership interest held by the Group | | Ownership interest held by the non-controlling interest | |
|---|--|--|--------------------------------------|----------------|---|----------------|
| | | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| 1 Service Master Clean Limited | India | Providing facility management services | 100.00% | 100.00% | 0.00% | 0.00% |
| 2 Tech SIS Limited | India | Trading and installation of electronic security devices and systems | 100.00% | 100.00% | 0.00% | 0.00% |
| 3 Terminix SIS India Private Limited | India | Pest Control Management Services | 50.01% | 50.01% | 49.99% | 49.99% |
| 4 Dusters Total Solutions Services Private Limited | India | Providing facility management services | 100.00% | 93.06% | 0.00% | 6.94% |
| 5 SIS Business Support Services and Solutions Private Limited | India | Rendering business support services including guarding, parking services, pest control services | 100.00% | 100.00% | 0.00% | 0.00% |
| 6 SISCO Security Services Private Limited | India | Rendering security and related services in areas of manned guarding | 100.00% | 100.00% | 0.00% | 0.00% |
| 7 SLV Security Services Private Limited | India | Providing manned guarding, facilities management and business process outsourcing. | 90.01% | 51.00% | 9.99% | 49.00% |
| 8 Rare Hospitality and Services Private Limited | India | Providing facility management services. | 82.89% | 80.00% | 17.11% | 20.00% |
| 9 Uniq Detective and Security Services Private Limited | India | Providing Security Services. | 51.00% | 51.00% | 49.00% | 49.00% |
| 10 Uniq Detective and Security Services (AP) Private Limited * | India | Providing Security Services. | 51.00% | 51.00% | 49.00% | 49.00% |
| 11 Uniq Detective and Security Services (Tamilnadu) Private Limited * | India | Providing Security Services. | 51.00% | 51.00% | 49.00% | 49.00% |
| 12 Uniq Facility Services Private Limited * | India | Providing facility management services. | 51.00% | 51.00% | 49.00% | 49.00% |
| 13 SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosecur Alarm Monitoring and Response Services Private Limited) | India | Alarm Monitoring and Response Services | 100.00% | - | 0.00% | - |
| 14 ADIS Enterprises Private Limited | India | Providing facility management services | 51.00% | - | 49.00% | - |
| 15 ONE SIS Solutions Private Limited | India | Providing Security Services, facility management, pest control, alarm monitoring and response services | 100.00% | - | 0.00% | - |
| 16 SIS International Holdings Limited | British Virgin Islands | Holding company for international operations | 100.00% | 100.00% | 0.00% | 0.00% |
| 17 SIS Asia Pacific Holdings Limited | Malta | Holding company for international operations | 100.00% | 100.00% | 0.00% | 0.00% |
| 18 SIS Australia Holdings Pty Ltd | Australia | Holding company for Australia | 100.00% | 100.00% | 0.00% | 0.00% |
| 19 SIS Australia Group Pty Ltd ** | Australia | Holding company | 100.00% | 100.00% | 0.00% | 0.00% |
| 20 SIS Group International Holdings Pty Ltd | Australia | Holding company | 100.00% | 100.00% | 0.00% | 0.00% |
| 21 MSS Strategic Medical and Rescue Pty Ltd | Australia | Provision of paramedic and emergency response services | 100.00% | 100.00% | 0.00% | 0.00% |
| 22 SIS MSS Security Holdings Pty Ltd | Australia | Holding company | 100.00% | 100.00% | 0.00% | 0.00% |
| 23 MSS Security Pty Ltd | Australia | Provision of services relating to all aspects of physical security | 100.00% | 100.00% | 0.00% | 0.00% |
| 24 Australian Security Connections Pty Ltd | Australia | Provision of services relating to all aspects of physical security | 100.00% | 100.00% | 0.00% | 0.00% |
| 25 MSS AJG Pty Ltd | Australia | Provision of services relating to all aspects of physical security | 100.00% | 100.00% | 0.00% | 0.00% |

Notes to the financial statements

All amounts in ₹ million except share data

37. INTERESTS IN OTHER ENTITIES Information about subsidiaries (Contd.)

| Name | Principal place of business and country of incorporation | Principal activities | Ownership interest held by the Group | | | Ownership interest held by the non-controlling interest |
|---|--|--|--------------------------------------|----------------|----------------|---|
| | | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| 26 SX Protective Holdings Pty Ltd (Formally known as Andwills Pty. Limited) *** | Australia | Holding company | 42.36% | 42.36% | 57.64% | 57.64% |
| 27 SX Protective Services Pty. Ltd. | Australia | Holding company | 45.56% | 45.56% | 54.44% | 54.44% |
| 28 Southern Cross Protection Pty. Ltd. | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 29 Southern Cross FLM Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 30 Southern Cross Loss Prevention Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 31 Cage Security Alarms Pty. Limited **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 32 Cage Security Guard Services Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 33 Eymet Security Consultants Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 34 Askara Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 35 Charter Customer Services Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 36 Charter Security Protective Services Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 37 Charter Security (NZ) Pty Limited **** | New Zealand | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 38 Platform 4 Group Limited | New Zealand | Guard services, patrols and monitoring services and event services | 51.00% | 51.00% | 49.00% | 49.00% |
| 39 Triton Security Services Limited | New Zealand | Alarm Monitoring and Response Services | 51.00% | - | 49.00% | - |
| 40 The Alarm Center Limited | New Zealand | Alarm Monitoring and Response Services | 51.00% | - | 49.00% | - |
| 41 SIS Henderson Holdings Pte Ltd | Singapore | Holding company | 60.00% | 60.00% | 40.00% | 40.00% |
| 42 Henderson Security Services Pte Ltd | Singapore | Manned Guarding Services | 60.00% | 60.00% | 40.00% | 40.00% |
| 43 Henderson Technologies Pte Ltd | Singapore | Building a building mechanical & electrical services | 60.00% | 60.00% | 40.00% | 40.00% |

* 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.

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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 Group | |
|--|--|--|--------------------------------------|----------------|
| | | | March 31, 2020 | March 31, 2019 |
| 1 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% |
| 2 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% |
| 3 SIS Prosegur Cash Logistics Private Limited ** | India | Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion | 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 Group | |
|--|--|--|--------------------------------------|----------------|
| | | | March 31, 2020 | March 31, 2019 |
| 1 SIS Alarm Monitoring & Response Services Private Limited (formerly known as SIS Prosegur Alarm Monitoring & Response Services Private Limited) * | India | Alarm Monitoring and Response Services | - | 50.00% |
| 2 Habitat Security Pty Ltd | Australia | Provision of services relating to all aspects of physical security | 49.00% | 49.00% |

*During the year ended March 31, 2020, SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosegur Alarm Monitoring and Response Services Private Limited) has become subsidiary of the Company (refer note 36)

38. RELATED PARTY TRANSACTIONS

Note 37 above provides the information about the Company's structure.

Name of related parties

| Key Management Personnel and their relatives | Associates/Joint Venture entities | Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company |
|--|--|---|
| Mr. Ravindra Kishore Sinha (Chairman) | SIS Cash Services Private Limited | Saksham Bharat Skills Limited |
| Mr. Uday Singh (Non-Executive Director) | SIS Prosegur Holdings Private Limited | Security Skills Council India Limited |
| Mr. Rituraj Kishore Sinha (Managing Director) | SIS Prosegur Cash Logistics Private Limited | SIS Group Enterprises Limited |
| Mr. Arvind Kumar Prasad (Director - Finance) | Habitat Security Pty Ltd (Joint venture) | Mritunjay Educational Foundation Limited |
| Ms. Rita Kishore Sinha – Non-Executive Director | SIS Alarm Monitoring and Response Services Private Limited (upto April 30, 2019) | Rituraj Resorts Limited |
| Mr. Arun Batra – Independent Director (resigned w.e.f. October 24, 2019) | | Superb Intelligence Services Private Limited |
| Mr. Amrendra Prasad Verma – Independent Director | | Sunrays Overseas Private Limited |
| Mr. T C A Ranganathan – Independent Director | | Vardan Overseas Private Limited |
| Mr. Devdas Apte – Independent Director | | SIS Asset Management Limited |
| Mr. Rajan Krishnanath Medhekar – Independent Director | | Mahamanav Mritunjay Institute of Yoga & Alternative Medicine Limited |

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All amounts in ₹ million except share data

| Key Management Personnel and their relatives | Associates/Joint Venture entities | Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Company |
|--|-----------------------------------|---|
| Ms. Renu Mattoo – Independent Director | | Lotus Learning Private Limited |
| Mr. Sunil Srivastav - Additional Director (Independent), appointed w.e.f. October 24, 2019 | | |
| Mr. Devesh Desai (Chief Financial Officer) | | |
| Mr. Brajesh Kumar (Chief Financial Officer – Security Solutions and Facility Management) | | |
| Ms. Pushpalatha Katkuri (Company Secretary) | | |

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

| Particulars | 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 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|--|----------------|---|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Purchase of property, plant and equipment | 22.21 | 142.97 | - | 0.08 | - | - | - | - | - | - | 22.21 | 143.05 |
| Purchase of goods / receiving of services / expenses reimbursed by the Company | 105.10 | 52.65 | - | 0.01 | 0.34 | 0.60 | - | - | 317.69 | 311.71 | 423.13 | 364.97 |
| Sale of goods / rendering of services / expenses reimbursed by related party | 119.20 | 46.05 | - | 1.78 | 12.21 | 12.58 | - | - | 100.01 | 21.93 | 231.42 | 82.34 |
| Investments made | 69.00 | 130.00 | - | 100.00 | 75.00 | 50.00 | - | - | - | - | 144.00 | 280.00 |
| Loans given | 132.00 | 232.24 | - | - | - | - | - | - | - | - | 132.00 | 232.24 |
| Repayment of loans given * | 30.00 | - | - | - | - | - | - | - | - | - | 30.00 | - |
| Interest expense on bonds / debentures / loans | 60.00 | 60.45 | - | - | - | - | - | - | - | - | 60.00 | 60.45 |
| Interest income on bonds or debentures or loans | 64.21 | 25.11 | - | 0.55 | 12.55 | 7.16 | - | - | 7.08 | 0.88 | 83.84 | 33.70 |
| Dividend income | 308.23 | 101.88 | - | - | - | - | - | - | - | - | 308.23 | 101.88 |
| Salary & remuneration paid ** | - | - | - | - | - | - | 61.98 | 59.71 | - | - | 61.98 | 59.71 |
| Rent paid | - | - | - | - | - | - | 16.57 | 18.32 | 66.04 | 45.93 | 82.61 | 64.25 |

*During the year ended March 31, 2020, out of convertible loan of INR 100.00 million given to RARE, INR 70.00 million has been converted into equity investments and INR 30.00 million has been return back. Further to this, the Company has also converted loan given to Tech SIS Limited into equity investment of INR 25.00 million during the year ended March 31, 2020.

** Post-employment benefits are actuarially determined for the Company as a whole and hence not separately provided

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Balances outstanding at end of the year

| Particulars | 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 | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--|----------------|---|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Trade payables / other payables | 47.41 | 58.22 | - | - | - | - | - | - | 81.08 | 66.97 | 128.49 | 125.19 |
| Trade receivables / other receivables | 182.49 | 107.05 | - | 1.98 | 103.39 | 96.54 | - | - | 82.12 | 78.26 | 368.00 | 283.83 |
| Loans and advances to related party | 451.96 | 344.96 | - | - | - | - | - | - | - | - | 451.96 | 344.96 |
| Bonds and debentures | 746.47 | 745.99 | - | - | - | - | - | - | - | - | 746.47 | 745.99 |
| Investment in shares | 4,559.63 | 3,452.45 | - | 90.00 | 77.89 | 77.89 | - | - | - | - | 4,637.52 | 3,620.34 |
| Investment in bonds / debentures | 168.69 | 28.42 | - | 100.00 | 175.00 | 100.00 | - | - | - | - | 343.69 | 228.42 |
| Financial guarantee provided | 5.33 | 7.05 | - | - | - | - | - | - | - | - | 5.33 | 7.05 |

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.

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, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ 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.

39. 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

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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.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Foreign Currency Risk in ₹ | AUD | AUD |
| Financial assets | - | - |
| Financial liabilities | 47.40 | 58.22 |
| Net exposure to foreign currency risk | 47.40 | 58.22 |

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, 2020 | March 31, 2019 |
| Sensitivity | | |
| INR/AUD-Increase by 5% | 2.37 | 2.91 |
| INR/AUD-Decrease by 5% | (2.37) | (2.91) |

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, 2020 | March 31, 2019 |
|----------------------------------|-----------------|-----------------|
| Variable rate borrowings: | | |
| - Loan repayable on demand | 3,706.26 | 2,082.85 |
| - Loans | 412.68 | 404.10 |
| Fixed rate borrowings | | |
| - Bonds/ Debentures | 1,495.12 | 1,490.75 |
| - Vehicle loan | 183.63 | 192.76 |
| - Others | 746.47 | 745.99 |
| Total | 6,544.16 | 4,916.45 |

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 variable rate borrowings as a result of changes in interest rates.

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Interest rates - increase by 25 basis points * | 10.30 | 6.22 |
| Interest rates - decrease by 25 basis points * | (10.30) | (6.22) |

*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. 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, 2020 and March 31,

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2019, respectively and revenues for the year ended March 31, 2020 and March 31, 2019, 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.

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.

The below table summarises the Company's long-term debt that will mature in less than one year based on the carrying value of borrowings reflected in the financial statements.

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Company's long-term debt | 2,837.90 | 2,833.60 |
| Company's long-term debt that will mature in less than one year from reporting period | 227.86 | 188.19 |
| | 8.03% | 6.64% |

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, 2020

| Particulars | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|-------------------------------|-----------|--------------------|----------------|--------------|-----------|----------|
| Borrowings | 3,706.26 | 61.93 | 164.09 | 2,624.54 | - | 6,556.82 |
| Lease liability | - | 29.82 | 89.46 | 375.52 | 250.27 | 745.07 |
| Other Financial Liabilities | - | 1,877.27 | - | - | - | 1,877.27 |
| Trade payables | - | 129.51 | - | - | - | 129.51 |
| Financial guarantee contracts | - | 0.21 | 0.62 | 4.50 | - | 5.33 |

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 |

Notes to the Financial Statements

All amounts in ₹ million except share data

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.

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------------------|-----------------|-----------------|
| Financial Assets: | | |
| Investments | 343.68 | 228.42 |
| Trade receivables | 4,649.03 | 3,473.77 |
| Loans | 451.96 | 329.96 |
| Other financial assets | 2,540.04 | 2,461.35 |
| Total | 7,984.71 | 6,493.50 |

40. 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 including bank balances and deposits irrespective of their duration / maturity.

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Borrowings (Note 15) | 6,316.30 | 4,728.26 |
| Current portion of long term debt (Note 15) | 227.86 | 188.19 |
| Lease liability | 473.78 | - |
| Cash and cash equivalents (Note 12), other bank balances and deposits (Including margin money) | (1,005.27) | (1,421.97) |
| Net Debt | 6,012.67 | 3,494.48 |
| EBITDA | 1,911.69 | 1,433.14 |
| Gearing ratio | 3.15 | 2.44 |
| Net debt as per MIS | 6,012.66 | 3,494.48 |

Notes to the Financial Statements

All amounts in ₹ million except share data

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 February 20, 2020, has declared an interim dividend of ₹ 2 per share aggregating to ₹ 293.28 million for the year ended March 31, 2020.

The Board, at its meeting dated April 30, 2020, has not proposed final dividend for the year ended March 31, 2020 (March 31, 2019: ₹ 3.50 per share aggregating to ₹ 256.59).

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)

For and on behalf of the Board

CA. Dilip Kumar
(Partner)
Membership No. 082118
UDIN: 20082118AAAADS8741

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Place: Noida
Date: April 30, 2020

Devesh Desai
Chief Financial Officer

Brajesh Kumar
Chief Financial Officer
(Security solutions & FM)

Pushpalatha Katkuri
Company Secretary

Independent Auditors' Report

To the Members of
Security and 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, 2020, 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, 2020, 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.

| Key Audit Matter | Auditor's Response |
|---|--|
| Audit of Impairment Testing of Goodwill & Other Acquisition related intangible Assets <p>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, 2020 corresponding to the percentage (approx. 61%) 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.</p> <p>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).</p> <p>The Group has an established process to test for such impairment, based on the identified cash generating units (CGU), as described in note 5.</p> <p>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.</p> | How our Audit addressed the Key Audit matter <p>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.</p> <p>Control of the sensitivity in the valuation for negative changes to key assumptions, that either individually or collectively could imply an impairment of goodwill.</p> |

Key Audit Matter

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, 2020 aggregated to ₹ 4,210.74 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 | Auditor's Response |
|--|---|
| Uncertain tax positions and deferred tax assets | How our audit addressed the Key audit matter |
| <p>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.</p> <p>In addition, the Group has recognized ₹ 2,450.27 million of deferred tax assets at March 31, 2020. 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.</p> | <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2020 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, 2019 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..</p> <p>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.</p> |

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 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.

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

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 42 subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 29,085.61 Mn as at March 31, 2020, total revenues of ₹ 51,515.83 Mn, total net profit after tax of ₹ 1,267.33 Mn and total comprehensive income of ₹ 1,329.75 Mn and net cash outflow of ₹ 430.62 million, 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 ₹ (-)44.03 Mn for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 3 associates and 1 jointly controlled entities, whose financial statements have not been audited by us.
2. The financial statements of 42 subsidiaries, 3 associates and 1 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. 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.

4. The comparative financial information for the year ended March 31, 2019, in respect of 38 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.
5. 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

6. 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, 2020 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, 2020 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’s Registration. No. 006103N)

CA Dilip Kumar
(Partner)
Membership No. 082118
UDIN: 20082118AAAADT2226
Place: New Delhi
Date: April 30, 2020

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 and 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 incorporated in India as of March 31, 2020, in conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended on 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, 2020, 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's Registration. No. 006103N)

CA Dilip Kumar

(Partner)

Membership No. 082118

UDIN: 20082118AAAADT2226

Place: New Delhi

Date: April 30, 2020

Consolidated Balance Sheet

as at March 31, 2020

All amounts in ₹ million except per share data

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|--|----------|----------------------|----------------------|
| A ASSETS | | | |
| Non – current assets | | | |
| Property, plant and equipment | 4 | 2,662.12 | 1,742.07 |
| Capital work-in-progress | 4 | 16.59 | 9.81 |
| Goodwill | 5 | 12,322.66 | 12,284.35 |
| Other intangible assets | 5 | 1,610.12 | 1,718.87 |
| Intangible assets under development | 5 | 111.82 | 75.30 |
| Investments in associates and joint ventures | 6 | 380.03 | 538.41 |
| Financial assets | | | |
| (i) Investments | 6 | 549.82 | 607.42 |
| (ii) Other non-current financial assets | 7 | 560.35 | 636.68 |
| Deferred tax assets (net) | 8 | 2,450.27 | 2,049.55 |
| Income tax assets (net) | 8 | 1,923.98 | 1,347.43 |
| Other non – current assets | 9 | 14.70 | 96.49 |
| Total non – current assets | | 22,602.46 | 21,106.38 |
| Current assets | | | |
| Inventories | 10 | 338.59 | 253.61 |
| Financial assets | | | |
| (i) Investments | 6 | 1.18 | 68.21 |
| (ii) Trade receivables | 11 | 11,749.68 | 9,529.61 |
| (iii) Cash and cash equivalents | 12 | 4,171.26 | 4,197.33 |
| (iv) Bank balances other than (iii) above | 12 | 1,965.99 | 1,231.46 |
| (v) Other current financial assets | 7 | 4,633.85 | 4,951.89 |
| Other current assets | 9 | 1,056.00 | 903.51 |
| Assets classified as held for distribution to shareholders of subsidiary | 36 | 2.22 | 115 |
| Total current assets | | 23,918.77 | 21,136.77 |
| Total assets | | 46,521.23 | 42,243.15 |
| B EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 13 | 733.19 | 733.13 |
| Other equity | 14 | 13,151.00 | 11,765.80 |
| Equity attributable to owners | | 13,884.19 | 12,498.93 |
| Non-controlling Interests | 38 | 3.02 | 3.45 |
| Total equity | | 13,887.21 | 12,502.38 |
| Liabilities | | | |
| Non – current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 15 | 6,298.66 | 6,141.60 |
| (ii) Other non-current financial liabilities | 17 | 5,502.84 | 7,760.19 |
| Provisions | 19 | 1,176.09 | 1,193.89 |
| Deferred tax liabilities (net) | 8 | 518.61 | 350.81 |
| Total Non- Current liabilities | | 13,496.20 | 15,446.49 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 15 | 5,422.90 | 3,355.99 |
| (ii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 16 | 15.63 | 13.57 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 16 | 522.42 | 647.85 |
| (iii) Other current financial liabilities | 17 | 8,667.18 | 6,344.29 |
| Other current liabilities | 20 | 1,622.18 | 1,345.17 |
| Provisions | 19 | 2,577.74 | 2,412.55 |
| Current tax liabilities (net) | 8 | 306.95 | 173.00 |
| Liabilities classified as held for distribution to shareholders of subsidiary | 36 | 2.82 | 1.86 |
| Total current liabilities | | 19,137.82 | 14,294.28 |
| Total liabilities | | 32,634.02 | 29,740.77 |
| Total Equity and Liabilities | | 46,521.23 | 42,243.15 |

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. Dilip Kumar

(Partner)

Membership No. 082118

UDIN: 20082118AAAADT2226

Ravindra Kishore Sinha

Chairman

(DIN: 00945635)

Rituraj Kishore Sinha

Managing Director

(DIN: 00477256)

Arvind Kumar Prasad

Director – Finance

(DIN: 02865273)

Place: Noida

Date: April 30, 2020

Devesh Desai

Chief Financial Officer

Brajesh Kumar

Chief Financial Officer

(Security solutions & FM)

Pushpalatha Katkuri

Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

All amounts in ₹ million except per share data

| S No | Particulars | Note No. | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------|---|----------|---------------------------|---------------------------|
| 1 | INCOME | | | |
| a) | Revenue from operations | 22 | 84,851.66 | 70,932.73 |
| b) | Other income | 23 | 156.11 | 175.64 |
| c) | Other gain/(loss) | 24 | 375.34 | 1.27 |
| | Total Income (a+ b +c) | | 85,383.11 | 71,109.64 |
| 2 | EXPENSES | | | |
| a) | Cost of materials consumed | 25 | 256.18 | 259.83 |
| b) | Purchases of stock-in-trade | | 618.21 | 475.05 |
| c) | Changes in inventories of stock – in- trade | 26 | (42.07) | (108.43) |
| d) | Employee benefits expense | 27 | 68,963.02 | 57,570.72 |
| e) | Finance costs | 28 | 1,517.23 | 938.34 |
| f) | Depreciation and amortization expenses | 29 | 1,283.41 | 659.51 |
| g) | Other expenses | 30 | 9,852.39 | 9,083.98 |
| | TOTAL EXPENSES (a + b + c + d + e + f + g) | | 82,448.37 | 68,879.00 |
| 3 | PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS (1-2) | | 2,934.74 | 2,230.64 |
| 4 | Share of profit/(loss) of associates / joint ventures | | (44.03) | (135.39) |
| 5 | Exceptional items | | - | - |
| 6 | PROFIT BEFORE TAX (3+4-5) | | 2,890.71 | 2,095.25 |
| 7 | TAX EXPENSE | | | |
| a) | Current tax | 8 | 809.71 | 772.73 |
| b) | Deferred tax | 8 | (173.53) | (824.27) |
| | Total tax expense | | 636.18 | (51.54) |
| 8 | PROFIT FOR THE YEAR (6-7) | | 2,254.53 | 2,146.79 |
| 9 | OTHER COMPREHENSIVE INCOME | | | |
| | Items that will be reclassified to profit or loss: | | | |
| a) | Foreign exchange gain/loss on monetary items included in net investment in foreign operations | | (180.99) | (108.92) |
| b) | Income tax relating to these items | | - | - |
| | Items that will not be reclassified to profit or loss: | | | |
| a) | Re-measurement of defined benefits plan | 27 | (4.69) | 48.85 |
| b) | Income tax relating to these items | 8 | 0.70 | (19.11) |
| | Other comprehensive income / (loss) for the year (net of taxes) | | (184.98) | (79.18) |
| 10 | TOTAL COMPREHENSIVE INCOME FOR THE YEAR (8+9) | | 2,069.55 | 2,067.61 |
| 11 | PROFIT ATTRIBUTABLE TO: | | | |
| | Owners of the Parent | | 2,254.61 | 2,158.17 |
| | Non-controlling interests | 38 | (0.08) | (11.38) |
| | | | 2,254.53 | 2,146.79 |
| 12 | OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | |
| | Owners of the Parent | | (184.89) | (79.05) |
| | Non-Controlling interests | 38 | (0.09) | (0.13) |
| | | | (184.98) | (79.18) |
| 13 | TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | |
| | Owners of the Parent | | 2,069.72 | 2,079.12 |
| | Non-controlling interests | 38 | (0.17) | (11.51) |
| | | | 2,069.55 | 2,067.61 |
| 14 | Earnings per share (EPS) (face value ₹ 5/- per share) | 31 | | |
| (a) | Basic (₹) | | 15.38 | 14.74 |
| (b) | Diluted (₹) | | 15.13 | 14.51 |
| 15 | Weighted average equity shares used in computing earnings per equity share | 31 | | |
| (a) | Basic (Nos.) | | 146,636,099 | 146,502,268 |
| (b) | Diluted (Nos.) | | 148,969,024 | 148,897,322 |

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. Dilip Kumar

(Partner)

Membership No. 082118

UDIN: 20082118AAADT2226

Ravindra Kishore Sinha

Chairman

(DIN: 00945635)

Rituraj Kishore Sinha

Managing Director

(DIN: 00477256)

Arvind Kumar Prasad

Director – Finance

(DIN: 02865273)

Place: Noida

Date: April 30, 2020

Devesh Desai

Chief Financial Officer

Brajesh Kumar

Chief Financial Officer

(Security solutions & FM)

Pushpalatha Katkuri

Company Secretary

Consolidated Statement of changes in Equity

for the year ended March 31, 2020

All figures in ₹ million unless stated otherwise

A. EQUITY SHARE CAPITAL

| Particulars | Amounts |
|-------------------------------------|---------------|
| As at April 1, 2018 | 731.84 |
| Issued on exercise of stock options | 1.29 |
| As at March 31, 2019 | 733.13 |
| Issued on exercise of stock options | 0.06 |
| As at March 31, 2020 | 733.19 |

B. OTHER EQUITY

Year ended March 31, 2019

| Particulars | Reserves and Surplus | | | | | Foreign currency translation reserve | Other equity attributable to owners | Non-controlling Interests | Total |
|---|----------------------|-----------------|-------------------|-----------------------------------|-------------------------|--------------------------------------|-------------------------------------|---------------------------|------------------|
| | Securities premium | General reserve | Retained earnings | Share options outstanding account | Debt Redemption Reserve | Capital Reserve | | | |
| As at April 1, 2018 | 3,500.45 | 186.06 | 5,787.61 | 154.24 | - | - | 9,551.20 | 13.69 | 9,564.89 |
| Profit for the year | - | - | 2,146.79 | - | - | - | 2,146.79 | (11.38) | 2,135.41 |
| Other comprehensive income | - | - | 29.74 | - | - | (108.92) | (79.18) | (0.13) | (79.31) |
| Total Comprehensive Income for the year | - | - | 2,176.53 | - | - | (108.92) | 2,067.61 | (11.51) | 2,056.10 |
| Impact of change in accounting policies on adoption of new accounting standards | - | - | (7.48) | - | - | - | (7.48) | - | (7.48) |
| Employee share-based payment expense | - | - | - | 74.90 | - | - | 74.90 | - | 74.90 |
| Issue of preference shares pursuant to the scheme of demerger | - | - | - | - | - | 181.24 | 181.24 | - | 181.24 |
| Exercise / forfeiture of employee stock options | 9.54 | 3.80 | - | (13.34) | - | - | - | - | - |
| Issue of bonus shares (refer note 13) | - | (1.06) | - | - | - | - | (1.06) | - | (1.06) |
| Final dividends | - | - | (109.78) | - | - | - | (109.78) | - | (109.78) |
| Dividend distribution tax | - | - | (2.34) | - | - | - | (2.34) | - | (2.34) |
| Allocation to non-controlling interests | - | - | 11.51 | - | - | - | 11.51 | - | 11.51 |
| Other appropriation | - | - | - | - | - | - | - | 1.27 | 1.27 |
| Transfer to debenture redemption reserve | - | - | (125.00) | - | 125.00 | - | - | - | - |
| As at March 31, 2019 | 3,509.99 | 188.80 | 7,731.05 | 215.80 | 125.00 | (186.08) | 11,765.80 | 3.45 | 11,769.25 |

Consolidated Statement of changes in Equity

for the year ended March 31, 2020

All figures in ₹ million unless stated otherwise

Year ended March 31, 2020

| Particulars | Reserves and Surplus | | | | | | Foreign currency translation reserve | Other equity attributable to owners | Non- Controlling Interests | Total |
|---|-----------------------|--------------------|----------------------|---|-------------------------------|--------------------|---|---|----------------------------------|-----------|
| | Securities premium | General reserve | Retained earnings | Share options outstanding account | Debt Redemption Reserve | Capital Reserve | | | | |
| As at April 1, 2019 | 3,509.99 | 188.80 | 7,731.05 | 215.80 | 125.00 | 181.24 | (186.08) | 11,765.80 | 3.45 | 11,769.25 |
| Profit for the year | - | - | 2,254.53 | - | - | - | - | 2,254.53 | (0.08) | 2,254.45 |
| Other comprehensive income | - | - | (3.99) | - | - | - | (180.99) | (184.98) | (0.09) | (185.07) |
| Total Comprehensive Income for the year | - | - | 2,250.54 | - | - | - | (180.99) | 2,069.55 | (0.17) | 2,069.38 |
| Impact of change in accounting policies on adoption of new accounting standards | - | - | (88.42) | - | - | - | - | (88.42) | (0.26) | (88.68) |
| Employee share-based payment expense | - | - | - | 41.40 | - | - | - | 41.40 | - | 41.40 |
| Exercise / forfeiture of employee stock options | 1.31 | 3.69 | - | (5.00) | - | - | - | - | - | - |
| Issue of bonus shares (refer note 13) | - | (6.50) | - | - | - | - | - | (6.50) | - | (6.50) |
| Final / Interim dividends | - | - | (549.89) | - | - | - | - | (549.89) | - | (549.89) |
| Dividend distribution tax | - | - | (81.11) | - | - | - | - | (81.11) | - | (81.11) |
| Allocation to non-controlling interests | - | - | 0.17 | - | - | - | - | 0.17 | - | 0.17 |
| Transfer to debt redemption reserve | - | - | (125.00) | - | 125.00 | - | - | - | - | - |
| As at March 31, 2020 | 3,511.30 | 185.99 | 9,137.34 | 252.20 | 250.00 | 181.24 | (367.07) | 13,151.00 | 3.02 | 13,154.02 |

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. Dilip Kumar
(Partner)
Membership No. 082118
UDIN: 20082118AAAAADT2226

Ravindra Kishore Sinha
Chairman
(DIN: 00945635)

Rituraj Kishore Sinha
Managing Director
(DIN: 00477256)

Arvind Kumar Prasad
Director – Finance
(DIN: 02865273)

Place: Noida
Date: April 30, 2020

Devesh Desai
Chief Financial Officer

Brajesh Kumar
Chief Financial Officer
(Security solutions & FM)

Pushpalatha Katkuri
Company Secretary

Consolidated Statement of Cash Flows

for the year ended March 31, 2020

All figures in ₹ million unless stated otherwise

| S No | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------|--|------------------------------|------------------------------|
| A. | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| | Profit before tax | 2,890.71 | 2,095.25 |
| | Adjusted for: | | |
| | Depreciation and Amortization expenses | 1,283.41 | 659.51 |
| | Unrealised Foreign exchange (gain) / loss | 219.11 | (1.68) |
| | Net (gain) / loss on sale of property, plant and equipment | (24.21) | (5.66) |
| | Finance costs | 1,517.23 | 916.30 |
| | Interest income | (726.35) | (165.76) |
| | Provision for doubtful debts | 111.15 | 129.56 |
| | Employee stock option compensation expense | 35.04 | 74.90 |
| | Other non-cash items | 82.89 | 142.06 |
| | Operating profit/(loss) before working capital changes | 5,388.98 | 3,844.48 |
| | Movement in working capital: | | |
| | Decrease / (increase) in Trade receivables | (2,533.37) | (1,661.96) |
| | Decrease / (increase) in Inventories | (36.14) | (110.60) |
| | Decrease / (increase) in other current assets | 323.13 | 76.45 |
| | Decrease / (increase) in other current financial assets | 110.42 | (577.44) |
| | (Decrease) / increase in Trade payables | (209.11) | (239.77) |
| | (Decrease) / increase in provisions | 364.14 | 379.81 |
| | (Decrease) / increase in other current liabilities | (66.84) | 709.76 |
| | (Decrease) / increase in other current financial liabilities | (131.00) | 393.66 |
| | | 3,210.21 | 2,814.39 |
| | Decrease / (increase) in other non-current assets | 31.28 | (136.38) |
| | Decrease / (increase) in other non-current financial assets | 54.11 | 358.13 |
| | (Decrease) / increase in other non-current financial liabilities | (6.22) | 66.55 |
| | Cash (used in) /generated from operations | 3,289.38 | 3,102.69 |
| | Direct tax (paid), net of refunds | (1,275.58) | (1,054.34) |
| | Net cash inflow / (outflow) from operating activities | 2,013.80 | 2,048.35 |
| B. | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| | Purchase of property plant and equipment and changes in capital work in progress | (835.37) | (863.95) |
| | Proceeds from sale/disposal of property, plant and equipment | 60.23 | 34.86 |
| | Investment made | (1,444.59) | (4,074.15) |
| | Proceeds from sale of investments | 37.04 | 29.87 |
| | (Investment in) / redemption of fixed deposits | 171.80 | (11.33) |
| | Restricted balances | (874.37) | (481.46) |
| | Interest received | 126.59 | 141.75 |
| | Net cash inflow / (outflow) from investing activities | (2,758.67) | (5,224.41) |

Consolidated Statement of Cash Flows

for the year ended March 31, 2020

All figures in ₹ million unless stated otherwise

| S No | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------|---|------------------------------|------------------------------|
| C. | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | Proceeds from issue of share capital (net of share issue expenses) | 0.01 | 0.23 |
| | Proceeds from term loans | 986.42 | 3,108.31 |
| | Repayment of term loans | (483.41) | (2,202.66) |
| | Change in loans repayable on demand | - | (307.25) |
| | Bonds/debentures issued / (repaid/redeemed) | - | 1,500.00 |
| | Interest paid | (985.88) | (718.03) |
| | Dividends paid to Parent's shareholders | (550.16) | (109.39) |
| | Tax on dividends paid | (81.11) | (2.34) |
| | Changes in lease liability | (298.98) | - |
| | Net cash inflow / (outflow) from financing activities | (1,413.11) | 1,268.87 |
| D. | Net increase / (decrease) in cash and cash equivalents (A+B+C) | (2,157.98) | (1,907.19) |
| E. | Cash and cash equivalents at the beginning of the year | 841.34 | 3,057.66 |
| F. | Translation adjustments | 21.31 | (2.74) |
| G. | Cash balances added on acquisition | 43.69 | (306.39) |
| | Cash and cash equivalents at the end of the year (D+E+F+G) | (1,251.64) | 841.34 |

RECONCILIATION OF CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF THE CASH FLOWS

| | | |
|---|-------------------|---------------|
| Cash and cash equivalents as per above comprise of the following: | | |
| Cash and cash equivalents | 4,171.26 | 4,197.33 |
| Cash credit | (5,422.90) | (3,355.99) |
| Balances as per statement of cash flows | (1,251.64) | 841.34 |

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. Dilip Kumar

(Partner)

Membership No. 082118

UDIN: 20082118AAAADT2226

Ravindra Kishore Sinha

Chairman

(DIN: 00945635)

Rituraj Kishore Sinha

Managing Director

(DIN: 00477256)

Arvind Kumar Prasad

Director – Finance

(DIN: 02865273)

Place: Noida

Date: April 30, 2020

Devesh Desai

Chief Financial Officer

Brajesh Kumar

Chief Financial Officer

(Security solutions & FM)

Pushpalatha Katkuri

Company Secretary

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

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, 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 37.

These financial statements were authorized for issue by the directors on April 30, 2020.

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.

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, except for the new accounting standard adopted by the Group (refer note 2.3(u) – 'Leases'). 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 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.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

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.
- Size of the Group's holding of voting rights relative to the size and dispersion of holdings of other investees with voting rights.
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.
- (b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of

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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

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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.

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.

The estimated useful lives of assets are as follows:

| Category | Useful life |
|------------------------|-------------------------------------|
| Buildings | 60 years |
| Plant and machinery | 3-15 years |
| Leasehold improvement | Shorter of 10 years or lease period |
| Right-of-use assets | 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

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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.

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

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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 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:

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- (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. 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.

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

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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. How the Group determines whether there has been a significant increase in the credit risk has been detailed in the notes to the financial statements. 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 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

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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.

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.

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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 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. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment 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.

W.e.f. April 01, 2019 the certain companies of the Group are not subject to Minimum Alternate Tax ('MAT') as the respective companies have adopted lower corporate tax rate as per section 115BAA of Income Tax Act. For the year ended March 31, 2019, Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the respective 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 Group 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 respective 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

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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 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

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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.

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.

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.

Revenue is recognized as follows:

- a. Revenue from services represents the amounts receivable for services rendered.
- b. For non-contract-based business, revenue represents the value of goods delivered or services performed.
- c. For contract-based business, revenue represents the sales value of work carried out for customers

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during the period. Such revenues are recognized in the period in which the service is rendered.

- d. 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.
- e. 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.
- f. 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 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.

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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 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

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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. Remeasurements 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 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.

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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.

s) 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.

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 Group.

u) Leases

Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings, vehicles and equipments. For any new contracts entered into or changed on or after April 1, 2019, the Group assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- (i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- (ii) The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- (iii) The Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset ('ROU') and a corresponding lease liability on the balance sheet. The right-of-use asset is measured at cost, which comprises of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets using the written down value method (and straight-line

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method in respect of certain subsidiaries) from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

IndAS116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with an option to extend or terminate the lease, if the use of such option is reasonably certain. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprises of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Lease liability and right-of-use assets have been separately presented in the notes to the financial statements under 'Other financial liability' and 'Property, plant and equipment' (except those meeting the definition of investment property) respectively. Lease payments have been classified as 'financing cash flows'.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as 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 under "Other Income" in the statement of Profit and Loss. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. 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.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116.

Transition to Ind AS 116

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, the comparatives have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right of use asset ('RoU') of ₹ 868.73 million and a lease liability of ₹ 1,035.79 million. The cumulative effect of applying the standard being recognised to retained earnings, net of taxes.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.

Until March 31, 2019, as a lessee, the determination of whether an arrangement is (or contains) a lease was based upon the substance of the arrangement at the inception of the lease (Ind AS 17). 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 was 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 Group were classified as a finance lease and other leases were classified as operating leases.

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For the year, the Group has elected to not include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being April 1, 2019. At this date, the Group has also elected to measure the right-of-use assets as if Ind AS 116 had always been applied from the start to those leases but using the incremental borrowing rate applicable at the time of initial application.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than twelve months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to Ind AS 116, the weighted average incremental borrowing rate has been applied to lease liabilities recognised under Ind AS 116.

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 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.

w) 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.

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.

x) 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

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

National Company Law Tribunal/ applicable regulatory or other authority.

y) 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".

z) 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 Group 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.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case may be.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as an asset or a liability is measured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted within equity.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value, and the resulting gain, if any, is recognised in profit or loss.

Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

2.5 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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

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All figures in ₹ million unless stated otherwise

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 2.4.d
- Estimation of defined benefit obligation – Note 27
- Estimation of provision for warranty claims – Note 19
- 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 33
- 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 33
- Recognition of deferred tax assets for carried forward of tax losses – Note 8
- Consolidation decisions and classification of joint arrangements – Note 38
- Impairment of trade receivables – Note 11
- Whether assets held for distribution to owners meet the definition of discontinued operations – Note 2.4.k

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 27.

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

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

project, discount rates to be applied and the expected period of benefits.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease, the importance of the underlying asset to SIS's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Uncertainties relating to the global health pandemic from COVID-19

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and other financial assets. The Group has assessed the carrying amounts based on subsequent events and the state of the business operations during the period of the pandemic and related information including economic forecasts. As a result of this assessment, and based on current estimates, the Group expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

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Notes to the Consolidated Financial Statements

All amounts in ₹ million except share data

4. PROPERTY, PLANT & EQUIPMENT 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 | Acquired on business acquisition | Additions during the year | Sale and adjustments | Translation adjustments | As at March 31, 2019 | Charge for the year | Sale and adjustments | |
| Buildings | 95.18 | 4.00 | - | - | - | 16.07 | 4.14 | - | 83.11 |
| Leasehold improvement | 56.18 | 3.08 | 110.16 | - | - | 28.01 | 21.31 | - | 141.41 |
| Plant & Machinery | 315.71 | 25.55 | 233.37 | (0.50) | (3.71) | 153.49 | 70.80 | (0.28) | 416.93 |
| Furniture & Fixture | 488.39 | 12.02 | 69.28 | (0.59) | (4.67) | 260.21 | 85.04 | 4.34 | 304.22 |
| Vehicles | 497.00 | 40.80 | 285.33 | (87.22) | (11.61) | 229.87 | 168.70 | (69.37) | 494.43 |
| Office equipment | 350.20 | 4.97 | 143.32 | (67.70) | - | 212.04 | 95.87 | (61.64) | 218.75 |
| Computer equipment | 75.13 | 0.75 | 68.11 | (0.52) | (2.96) | 57.29 | 40.03 | (0.38) | 83.22 |
| | 1,877.79 | 91.17 | 909.57 | (156.53) | (22.95) | 956.98 | 485.89 | (127.33) | 1,742.07 |
| Capital work-in-progress | 9.55 | - | 8.53 | (8.85) | 0.58 | - | - | - | 9.81 |
| Grand Total | 1,887.34 | 91.17 | 918.10 | (165.38) | (22.37) | 956.98 | 485.89 | (127.33) | 1,751.88 |

Year ended March 31, 2020

| Description of Assets | Gross block | | | | Accumulated depreciation | | | | Net carrying value as at March 31, 2020 |
|--------------------------|---------------------|----------------------------------|---------------------------|----------------------|--------------------------|----------------------|---------------------|----------------------|---|
| | As at April 1, 2019 | Acquired on business acquisition | Additions during the year | Sale and adjustments | Translation adjustments | As at March 31, 2020 | Charge for the year | Sale and adjustments | |
| Buildings | 99.18 | - | 1,143.19 | (18.18) | (22.44) | 278.21 | 278.42 | (12.42) | 923.54 |
| Leasehold improvement | 169.42 | - | 52.23 | - | - | 91.94 | 63.93 | - | 129.71 |
| Plant & Machinery | 570.42 | 45.05 | 218.29 | (3.12) | (13.04) | 322.82 | 160.58 | (2.72) | 494.78 |
| Furniture & Fixture | 564.43 | 6.56 | 55.11 | (16.02) | (8.17) | 342.31 | 87.65 | (1.69) | 259.60 |
| Vehicles | 724.30 | 0.68 | 301.96 | (119.04) | (28.08) | 325.23 | 208.50 | (103.70) | 554.59 |
| Office equipment | 430.79 | 1.35 | 85.30 | (4.40) | - | 328.71 | 120.65 | (3.98) | 184.33 |
| Computer equipment | 140.51 | 18.26 | 72.77 | 11.65 | (6.51) | 121.11 | 70.53 | - | 115.57 |
| | 2,699.05 | 71.90 | 1,928.85 | (149.11) | (78.24) | 1,810.33 | 990.26 | (124.51) | 2,662.12 |
| Capital work-in-progress | 9.81 | - | 8.60 | (1.54) | (0.28) | - | - | - | 16.59 |
| Grand Total | 2,708.86 | 71.90 | 1,937.45 | (150.65) | (78.52) | 1,810.33 | 990.26 | (124.51) | 2,678.71 |

Notes to the Consolidated Financial Statements

All amounts in ₹ million except share data

Right-of use assets

| Particulars | Building | Vehicles | Equipment | Total |
|--------------------------------------|---------------|--------------|-------------|---------------|
| Recognised on adoption of Ind AS 116 | 833.88 | 34.85 | - | 868.73 |
| Additions during the year | 302.93 | - | 11.43 | 314.36 |
| Derecognised during the year | (5.76) | - | - | (5.76) |
| Depreciation during the year | (274.24) | (17.47) | (1.42) | (293.13) |
| Translation adjustments | (18.60) | (1.00) | (0.59) | (20.19) |
| Balance as on March 31, 2020 | 838.21 | 16.38 | 9.42 | 864.01 |

(i) Assets under construction

Capital work in progress (CWIP) as at March 31, 2020 comprises expenditure for building in the course of construction.

(ii) Property, Plant and Equipment pledged as security

Refer to note 15 for information on property, plant and equipment pledged as security by the Group.

(iii) Contractual obligation

Refer note 33 (a) for disclosure of contractual commitment for the acquisition of property, plant and equipment.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Year ended March 31, 2019

| Description of Assets | Gross block | | | | Accumulated amortisation | | | Net carrying value as at March 31, 2019 |
|--|---------------------|----------------------------------|---------------------------|----------------------|--------------------------|---------------------|----------------------|---|
| | As at April 1, 2018 | Acquired on business acquisition | Additions during the year | Sale and adjustments | Translation adjustments | Charge for the year | Sale and adjustments | |
| Goodwill | 4,690.51 | 7,649.86 | 21.65 | - | (77.67) | - | - | 12,284.35 |
| Other Intangible assets | | | | | | | | |
| Computer software * | 117.93 | 1.01 | 37.81 | - | (6.90) | 28.41 | - | 83.22 |
| License & Franchise | 25.74 | - | - | - | - | 1.98 | - | 19.80 |
| Customer Contracts/relationship | 247.88 | 508.04 | 35.59 | - | (10.74) | 115.82 | - | 599.67 |
| Brand name | 820.99 | - | - | - | - | - | - | 820.99 |
| Non-competition agreements | 148.53 | 105.02 | - | - | - | 27.41 | - | 195.19 |
| Intangible Assets under development | 1,361.07 | 614.07 | 73.40 | - | (17.64) | 173.62 | - | 1,718.87 |
| Computer software | 43.10 | - | 33.38 | - | (1.18) | - | - | 75.30 |
| Grand Total | 6,094.68 | 8,263.93 | 128.43 | - | (96.49) | 173.62 | - | 14,078.52 |

Notes to the Consolidated Financial Statements

All amounts in ₹ million except share data

Year ended March 31, 2020

| Description of Assets | Gross block | | | | | Accumulated amortisation | | | | | Net carrying value as at March 31, 2020 | |
|-------------------------------------|---------------------|----------------------------------|---------------------------|----------------------|-------------------------|--------------------------|---------------------|---------------------|----------------------|-------------------------|---|----------------------|
| | As at April 1, 2019 | Acquired on business acquisition | Additions during the year | Sale and adjustments | Translation adjustments | As at March 31, 2020 | As at April 1, 2019 | Charge for the year | Sale and adjustments | Translation adjustments | | As at March 31, 2020 |
| Goodwill | 12,284.35 | 596.63 | - | - | (558.32) | 12,322.66 | - | - | - | - | - | 12,322.66 |
| Other Intangible assets | | | | | | | | | | | | |
| Computer software * | 149.85 | 0.37 | 42.31 | (0.61) | (34.61) | 157.31 | 66.63 | 23.82 | (0.61) | (24.14) | 65.70 | 91.61 |
| License & Franchise | 25.74 | - | - | - | 12.29 | 38.03 | 5.94 | 1.98 | - | 12.29 | 20.21 | 17.82 |
| Customer Contracts/relationship | 780.77 | 164.83 | - | - | (48.59) | 897.01 | 181.10 | 232.37 | - | (5.10) | 408.37 | 488.64 |
| Brand name | 820.99 | - | - | - | - | 820.99 | - | - | - | - | - | 820.99 |
| Non-competition agreements | 253.55 | - | - | - | (0.10) | 253.45 | 58.36 | 34.98 | - | (30.95) | 62.39 | 191.06 |
| | 2,030.90 | 165.20 | 42.31 | (0.61) | (71.01) | 2,166.79 | 312.03 | 293.15 | (0.61) | (47.90) | 556.67 | 1,610.12 |
| Intangible Assets under development | | | | | | | | | | | | |
| Computer software | 75.30 | - | 40.84 | (0.35) | (3.97) | 111.82 | - | - | - | - | - | 111.82 |
| Grand Total | 14,390.55 | 761.83 | 83.15 | (0.96) | (633.30) | 14,601.27 | 312.03 | 293.15 | (0.61) | (47.90) | 556.67 | 14,044.60 |

* Computer software consists of purchased software licenses and development costs of existing Enterprise Resource Planning (ERP) software.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

(i) Refer note 36 for assets acquired on acquisition of business

(ii) Impairment testing of goodwill and brands with indefinite lives

A summary of changes in the carrying amount of goodwill is as follows:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|------------------|------------------|
| Carrying value at the beginning of the year | 12,284.35 | 4,690.51 |
| Goodwill on acquisition of SX Protective Holdings Pty Ltd. (Formerly known as Andwills Pty Ltd.) | - | 21.65 |
| Goodwill on acquisition of SLV Security Services Private Limited | 3.81 | 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 | 118.86 | 518.61 |
| Goodwill on acquisition of SIS Henderson Holdings Pte Ltd | 38.70 | 4,716.58 |
| Goodwill on acquisition of Platform 4 Group Ltd | - | 534.59 |
| Goodwill on acquisition of business assets of Redfrog Security | - | 10.07 |
| Goodwill on acquisition of SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosecur Alarm Monitoring and Response Services Private Limited) | 125.18 | - |
| Goodwill on acquisition of Triton Security Services Limited | 189.81 | - |
| Goodwill on acquisition of business assets of BAS Securities Limited | 81.61 | - |
| Goodwill on acquisition of NSR Securities | 34.22 | - |
| ADIS Enterprises Private Limited | 4.44 | - |
| Translation differences | (558.32) | (77.67) |
| Carrying value at the end of the year | 12,322.66 | 12,284.35 |

The break-up of allocation of goodwill to operating segments is as follows:

| Particulars | March 31, 2020 | March 31, 2019 |
|-----------------------------------|------------------|------------------|
| Security Services – India | 2,174.32 | 1,926.47 |
| Security Services – International | 9,108.03 | 9,317.57 |
| Facilities Management | 1,040.31 | 1,040.31 |
| | 12,322.66 | 12,284.35 |

The entire goodwill relating to acquisition of SLV Security Services Private Limited, Uniq Detective and Security Services Private Limited and SIS Alarm Monitoring and Response 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, Triton

Security Limited, BAS Securities Limited 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, Rare Hospitality and Services Private Limited and ADIS Enterprises 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 | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Carrying value at the beginning of the year | 820.99 | 820.99 |
| Change during the year | - | - |
| Carrying value at the end of the year | 820.99 | 820.99 |

The break-up of allocation of brands to operating segments is as follows:

| Particulars | March 31, 2020 | March 31, 2019 |
|-----------------------|----------------|----------------|
| Facilities Management | 820.99 | 820.99 |

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All figures in ₹ million unless stated otherwise

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.

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, 2020, and March 31, 2019, 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 entities acquired during the year ended March 31, 2020, no significant change in the recoverable value as compared to the date of acquisition or assessment performed along with respective acquirer company of the entity.

Key assumptions used for testing impairment of goodwill:

Year ended March 31, 2020

| Particulars | Sales (% annual growth rate) | EBIDTA (%) | Long term growth rate (%) | Pre-tax discount rate (%) |
|---|------------------------------|---------------|---------------------------|---------------------------|
| SX Protective Holdings Pty Ltd. (Formerly known as Andwills Pty Ltd.) | 2.00% | 9.40% | 2.00% | 9.11% |
| Dusters Total Solutions Services Private Limited | 15.00% - 25.00% | 6.80% | 5.00% | 14.99% |
| SLV Security Services Private Limited | 15.00% | 5.20% - 6.00% | 5.00% | 9.87% |
| Rare Hospitality and Services Private Limited | 12.00% - 20.00% | 5.00% - 7.00% | 5.00% | 12.31% |
| Uniq Detective & Security Services Private Limited | 18.00% - 30.00% | 6.30% - 6.70% | 5.00% | 15.00% |
| Static guarding business of Chubb Security, operated under MSS Security Pty Limited | 1.80% | 4.63% | 2.00% | 9.11% |
| SIS Henderson Holdings Pte Ltd | 3% - 11.8% | 10.5% - 11% | 2.50% | 9.93% |
| Platform 4 Group Ltd | 1.80% | 11.32% | 2.00% | 10.83% |

Year ended March 31, 2019

| Particulars | Sales (% annual growth rate) | EBIDTA (%) | Long term growth rate (%) | Pre-tax discount rate (%) |
|---|------------------------------|---------------|---------------------------|---------------------------|
| SX Protective Holdings Pty Ltd. (Formerly known as Andwills Pty Ltd.) | 4.00% - 5.50% | 7.00% - 7.50% | 5.00% | 13.70% |
| Dusters Total Solutions Services Private Limited | 15.00% - 25.00% | 6.80% | 5.00% | 14.99% |
| SLV Security Services Private Limited | 15.00% | 5.20% - 6.00% | 5.00% | 9.87% |
| Rare Hospitality and Services Private Limited | 12.00% - 20.00% | 5.00% - 7.00% | 5.00% | 12.31% |
| Uniq Detective & Security Services Private Limited | 18.00% - 30.00% | 6.30% - 6.70% | 5.00% | 15.00% |
| Static guarding business of Chubb Security, operated under MSS Security Pty Limited | 4.50% | 4.50% - 4.80% | 5.00% | 15.00% |

6. INVESTMENTS

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Non-current investments | | |
| Investments in Equity Instruments | | |
| Investment in associates | | |
| Unquoted equity shares (fully paid) | | |
| 9,708,696 (March 31, 2019: 9,708,696) equity shares in SIS Cash Services Private Limited of ₹ 10/- each fully paid up | 377.31 | 455.20 |
| Total Investment in associates (A) | 377.31 | 455.20 |
| Investment in joint ventures | | |
| Unquoted equity shares (fully paid) | | |
| 49 (March 31, 2019: 49) equity shares in Habitat Security Pty Ltd of AUD 1/- each fully paid up | 2.72 | 4.90 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|-----------------|
| 20,000,000 equity shares in SIS Alarm Monitoring and Response Services Private Limited of ₹ 10/- each fully paid up as on March 31, 2019 * | - | 78.31 |
| Total Investment in joint ventures (B) | 2.72 | 83.21 |
| Investments at FVTPL | | |
| Unquoted equity shares (fully paid) | | |
| 5,000 (March 31, 2019: 5,000) equity shares in Saraswat Cooperative Bank Limited of ₹ 10/- each fully paid up | 0.05 | 0.05 |
| Total FVTPL investments (C) | 0.05 | 0.05 |
| Total investment in equity instruments (A+B+C) | 380.08 | 538.46 |
| Investments in Preference shares | | |
| 10,000,000, 12% redeemable preference shares in VSR Infratech Private Ltd. of ₹ 10/- each as on March 31, 2019 | - | 100.00 |
| 17,658,153 (March 31, 2019: 17,658,153) compulsory convertible preference shares in SIS Asset Management Limited of ₹ 10/- each | 177.77 | 177.77 |
| Less: Provision for diminution value in Investment | - | (67.40) |
| Total Investment in Preference shares | 177.77 | 210.37 |
| Investments in debentures or bonds | | |
| 372 (March 31, 2019: 297) Non-convertible debentures in SIS Cash Services Private Limited of ₹ 1,000,000/- each fully paid up | 372.00 | 297.00 |
| 100 Non-convertible debentures in SIS Alarm Monitoring and Response Services Private Limited of ₹ 1,000,000/- each fully paid up as at March 31, 2019 * | - | 100.00 |
| Total Investments in debentures or bonds | 372.00 | 397.00 |
| Total non-current investments | 929.85 | 1,145.83 |
| Current investments | | |
| Trade Investments (at cost) | | |
| Investments in mutual funds | 1.18 | 68.21 |
| Total trade investments | 1.18 | 68.21 |
| Total non-trade investments | - | - |
| Total current investments | 1.18 | 68.21 |
| Total investments | 931.03 | 1,214.04 |
| Aggregate book value of quoted investments and market value thereof | 1.18 | 68.21 |
| Aggregate book value of unquoted investments | 929.85 | 1,145.83 |
| Aggregate amount of impairment in value of investments | - | (67.40) |

* During the year ended March 31, 2020, SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosegur Alarm Monitoring and Response Services Private Limited) has become wholly owned subsidiary of the Group (refer note 36).

7. OTHER FINANCIAL ASSETS

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Other non-current financial assets | | |
| Security deposits (unsecured, considered good) | 446.45 | 419.97 |
| Margin money in the form of fixed deposits * | 84.77 | 38.47 |
| Fixed deposit maturing after 12 months | 6.05 | 112.53 |
| Finance lease receivables | - | 38.11 |
| Other non-current financial assets | 23.08 | 27.60 |
| Total Other non-current financial assets | 560.35 | 636.68 |
| Other current financial assets | | |
| Unbilled revenue | 4,210.74 | 4,501.46 |
| Security deposits (unsecured, considered good) | 307.00 | 309.24 |
| Interest accrued on deposits / investments | 35.32 | 72.58 |
| Finance lease receivables | 38.11 | 53.33 |
| Other Receivables | 42.68 | 15.28 |
| Total other current financial assets | 4,633.85 | 4,951.89 |
| Total financial assets | 5,194.20 | 5,588.57 |

*Fixed deposits have been pledged as margin money against bank guarantees.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

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 39.

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, 2020 | | March 31, 2019 | |
|--|---------------------------|---------------|---------------------------|---------------|
| | Minimum lease receivables | Present value | Minimum lease receivables | Present value |
| Within one year | 39.93 | 38.11 | 61.09 | 53.33 |
| After one year but not more than five years | - | - | 39.93 | 38.11 |
| More than five years | - | - | - | - |
| Gross investment in finance lease | 39.93 | 38.11 | 101.02 | 91.44 |
| Less: amounts representing finance charges | 1.82 | - | 9.58 | - |
| Present value of minimum lease receivables | 38.11 | 38.11 | 91.44 | 91.44 |
| Unearned finance income | 1.82 | - | 9.58 | 9.58 |
| Unguaranteed residual values accruing to the benefit of the lessor | - | - | - | - |

8. INCOME TAX

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss:

Profit or loss section:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Current income tax: | | |
| Current income tax charge | 811.33 | 769.66 |
| Adjustments in respect of current income tax expense / (reversal) of previous years | (1.62) | 3.07 |
| Deferred tax: | | |
| Decrease /(increase) in deferred tax assets (net) | (173.53) | (824.27) |
| Income tax expense/(credit) reported in the statement of profit and loss | 636.18 | (51.54) |

OCI section:

Tax related to items recognised in OCI during the year:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Tax expense/(credit) on re-measurements of defined benefit plans | (0.70) | 19.11 |
| Income tax charged to OCI | (0.70) | 19.11 |

Amount recognized directly in equity:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Aggregate current and deferred tax arising in the reporting period and not recognized in profit or loss or other comprehensive income, but directly debited/credited to equity | (7.56) | - |
| Income tax credited / (charged) to equity | (7.56) | - |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Reconciliation of tax expense and the accounting profit multiplied by the tax rate for March 31, 2019 and March 31, 2020:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Accounting profit before tax from continuing operations | 2,890.71 | 2,095.25 |
| Accounting profit before income tax | 2,890.71 | 2,095.25 |
| Income tax expense at statutory rate @ 25.17% (March 31, 2019: 34.94%) | 727.53 | 732.16 |
| Adjustments in respect of current income tax of previous years | (1.62) | 3.07 |
| Change in applicable tax rate for deferred tax assets and liabilities (for certain entities in the Group) * | 400.07 | (38.25) |
| Reversal of Minimum Alternative Tax (MAT) * | 260.70 | - |
| Utilisation of previously unrecognised tax losses to reduce current tax expense | - | (1.58) |
| Additional temporary tax deductible in respect of certain benefits under the Income Tax Act, 1961 | (846.93) | (856.67) |
| Benefit of Indexation on investments | (39.64) | (2.44) |
| Non- Deductible expenses for tax purposes | | |
| Corporate social responsibility expenditure | 3.42 | 9.93 |
| Donation | 14.22 | 3.01 |
| Other non-deductible expenses | 74.09 | 125.09 |
| Income taxed at differential rates | | |
| Dividend from foreign subsidiaries taxed at a different/lower rate | (14.01) | (14.66) |
| Entities taxed at different rates | 58.35 | (11.20) |
| Tax expense reported in the statement of profit and loss | 636.18 | (51.54) |

*As per Section 115BAA of Income Tax Act, the Group has after evaluation, decided to adopt the option of for lower effective corporate tax rate of 25.17% (including surcharge and cess) instead of the earlier rate of 34.94% (including surcharge and cess) for the Financial Year 2019-20, for certain subsidiaries/associates/jointly controlled entities in India. The current tax for the financial year 2019-20 has therefore, been calculated @ 25.17% and the deferred tax assets / liabilities have been adjusted accordingly. As a result of this option, MAT credit available in the books will not be eligible to be carried forward and has been adjusted through the Profit and Loss Account.

The balance in deferred tax assets (liabilities) comprises temporary differences attributable to:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Property, plant and equipment / Intangible assets | (466.29) | (166.23) |
| Defined benefit obligations | 1,175.95 | 1,172.99 |
| Deductions in respect of certain benefits under the Income Tax Act, 1961 | 898.98 | 693.82 |
| Accruals and others | 88.95 | (473.64) |
| Allowance for doubtful debts – trade receivables | 63.53 | 83.48 |
| Unused tax losses | 170.54 | 127.62 |
| Minimum Alternative Tax (MAT) credit entitlement | - | 260.70 |
| Total deferred tax assets/(liabilities) | 1,931.66 | 1,698.74 |

Reflected in the balance sheet as follows:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Deferred tax assets | 2,450.27 | 2,049.55 |
| Deferred tax liabilities | 518.61 | 350.81 |
| Deferred tax assets / (liabilities), net | 1,931.66 | 1,698.74 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Reconciliation of deferred tax assets (liabilities), net:

| Particulars | Property, plant and equipment / Intangible assets | Defined benefit obligations | Deductions in respect of certain benefits under the Income Tax Act, 1961 | Accruals and others | Allowance for doubtful debts – trade receivables | Unused tax losses | Minimum Alternative Tax (MAT) credit entitlement | Total |
|---|---|-----------------------------|--|---------------------|--|-------------------|--|-----------------|
| As at April 1, 2018 | (84.63) | 1,027.36 | 355.32 | (455.76) | 8.18 | 66.88 | 21.85 | 939.20 |
| Tax income/(expense) during the period recognised in profit or loss | 189.94 | 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) |
| Tax income/(expense) during the period recognised through equity | (271.54) | 86.03 | - | 6.14 | 97.84 | 35.91 | - | (45.62) |
| As at March 31, 2019 | (166.23) | 1,172.99 | 693.82 | (473.64) | 83.48 | 127.62 | 260.70 | 1,698.74 |
| Tax income/(expense) during the period recognised in profit or loss | (225.63) | 52.09 | 205.16 | 379.92 | (19.61) | 42.92 | (260.70) | 174.15 |
| Tax income/(expense) during the period recognised in OCI | - | 0.70 | - | - | - | - | - | 0.70 |
| Tax income/(expense) during the period recognised through equity | (172.74) | - | - | 165.18 | - | - | - | (7.56) |
| Addition on business combination | 79.15 | - | - | - | - | - | - | 79.15 |
| Exchange translation | 19.16 | (49.83) | 0.00 | 17.49 | (0.34) | - | - | (13.52) |
| As at March 31, 2020 | (466.29) | 1,175.95 | 898.98 | 88.95 | 63.53 | 170.54 | - | 1,931.66 |

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

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, 2020 | March 31, 2019 |
|----------------------------------|-----------------|-----------------|
| Opening balance | 1,347.43 | 941.64 |
| Acquisition | 1.70 | 144.19 |
| Taxes paid | 781.27 | 648.06 |
| Refund received | (137.75) | (44.57) |
| Current tax payable for the year | (68.67) | (341.89) |
| Income tax assets | 1,923.98 | 1,347.43 |

Current tax liabilities:

| Particulars | March 31, 2020 | March 31, 2019 |
|----------------------------------|----------------|----------------|
| Opening balance | 173.00 | 171.95 |
| Current tax payable for the year | 741.04 | 430.84 |
| Taxes paid | (638.70) | (429.79) |
| Refund received | 33.91 | - |
| Exchange translation | (2.30) | - |
| Current tax liabilities | 306.95 | 173.00 |

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.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

9. OTHER ASSETS

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------------------------------|-----------------|-----------------|
| Other non-current assets | | |
| Capital advances | 3.89 | 13.65 |
| Other advances | 10.81 | 82.84 |
| Total other non-current assets | 14.70 | 96.49 |
| Other current assets | | |
| Prepaid expenses | 309.21 | 275.90 |
| Security deposits | 548.87 | 485.40 |
| Other advances | 197.92 | 142.21 |
| Total other current assets | 1,056.00 | 903.51 |
| Total other Assets | 1,070.70 | 1,000.00 |

10. INVENTORIES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Stock-in-trade | 151.17 | 66.81 |
| Uniforms | 173.57 | 173.39 |
| Consumables | 13.85 | 13.41 |
| Total inventories at the lower of cost and net realisable value | 338.59 | 253.61 |

11. TRADE RECEIVABLES

| Particulars | March 31, 2020 | March 31, 2019 |
|------------------------------------|------------------|-----------------|
| Trade receivables | 12,045.56 | 9,857.72 |
| Less: Allowance for doubtful debts | 295.88 | 328.11 |
| Total trade receivables | 11,749.68 | 9,529.61 |

Break-up of security details:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|------------------|-----------------|
| Secured, considered good | - | - |
| Unsecured, considered good | 11,749.68 | 9,529.61 |
| Doubtful | 295.88 | 328.11 |
| Total | 12,045.56 | 9,857.72 |
| Less: Impairment Allowance (allowance for bad and doubtful debts) | 295.88 | 328.11 |
| Total trade receivables | 11,749.68 | 9,529.61 |

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 39.

Refer Note 40 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 39.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

12. CASH AND BANK BALANCES

Cash and cash equivalents

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Balances with banks: | | |
| – On current accounts | 3,956.33 | 4,007.40 |
| – Bank deposits with original maturity of three months | 211.57 | 185.09 |
| Cash on hand | 3.36 | 4.84 |
| | 4,171.26 | 4,197.33 |

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, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Unclaimed dividend accounts | 1.30 | 0.73 |
| Deposits with original maturity of more than three months and having remaining maturity of less than twelve months from reporting date | 5.14 | 139.42 |
| Ristricted balances | 1,545.21 | 736.64 |
| Margin money * | 414.34 | 354.67 |
| Total | 1,965.99 | 1,231.46 |

* Pledged as Security/Margin Money against guarantees issued by banks on behalf of the Group

13. EQUITY SHARE CAPITAL

Authorised share capital

| Particulars | (Nos. in million) | (₹ million) |
|--|-------------------|-----------------|
| As at April 1, 2018 (Equity shares of ₹ 10 each) | 135.00 | 1,350.00 |
| Increase/(decrease) during the year | - | - |
| As at March 31, 2019 (Equity shares of ₹ 10 each) | 135.00 | 1,350.00 |
| Increase consequent to sub-division of shares * | 135.00 | - |
| As at March 31, 2020 (Equity shares of ₹ 5 each) | 270.00 | 1,350.00 |

Issued, Subscribed and paid up equity capital

| Particulars | (Nos. in million) | (₹ million) |
|--|-------------------|---------------|
| As at April 1, 2018 (Equity shares of ₹ 10 each) | 73.18 | 731.84 |
| Issued on exercise of stock options | 0.13 | 1.29 |
| As at March 31, 2019 (Equity shares of ₹ 10 each) | 73.31 | 733.13 |
| Issued on exercise of stock options | 0.01 | 0.06 |
| Increase consequent to sub-division of shares * | 73.32 | - |
| As at March 31, 2020 (Equity shares of ₹ 5 each) | 146.64 | 733.19 |

* Pursuant to the Ordinary Resolution passed by the shareholders by way of postal ballot on December 17, 2019, the Parent has sub-divided each equity share of face value of ₹ 10 each, fully paid up, into 2 (two) equity shares of face value of ₹ 5 each, fully paid up, effective January 16, 2020, which was the record date.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Notes (pre share sub-division effect):

- 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.

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 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.

Details of shareholders holding more than 5% shares in the Parent

| Name of the shareholder | As at March 31, 2020 | | As at March 31, 2019* | |
|-------------------------|----------------------|------------------------|-----------------------|------------------------|
| | No. in million | % holding in the class | No. in million | % holding in the class |
| Ravindra Kishore Sinha | 59.27 | 40.42% | 59.27 | 40.42% |
| Rita Kishore Sinha | 24.22 | 16.52% | 24.22 | 16.52% |
| Rituraj Kishore Sinha | 16.70 | 11.39% | 16.70 | 11.39% |

* Number of shares has been restated to give effect of share sub-division

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, 2020 | March 31, 2019* | March 31, 2018* | March 31, 2017* | March 31, 2016 * |
|--|----------------|-----------------|-----------------|-----------------|------------------|
| | No. | No. | No. | No. | No. |
| Equity shares allotted as fully paid bonus shares by capitalization of general reserve | 10,480 | 211,960 | 65,480 | 124,914,480 | - |
| Equity shares allotted as fully paid up without payment being received in cash | - | - | - | 81,130 | - |
| Equity shares bought back | - | - | - | - | - |

* Number of shares has been restated to give effect of share sub-division

During the year ended March 31, 2020, 1,048 (March 31, 2019: 21,196) options issued to employees were exercised by them and equity shares were 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 11,528 (March 31, 2019: 233,156) equity shares were allotted by the Company on exercise of 1,048 (March 31, 2019: 21,196) options by the employees, which included a total number of 10,480 (March 31, 2019 : 211,960) equity shares allotted by the Company as bonus shares pursuant to the said terms of ESOP 2008.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Shares reserved for issue under options

Employees share options

Refer note 27 for details regarding employee share options issued by the Company.

14. OTHER EQUITY

| Particulars | March 31, 2020 | March 31, 2019 |
|---|------------------|------------------|
| Reserves and surplus | | |
| Securities premium | 3,511.30 | 3,509.99 |
| General reserve | 185.99 | 188.80 |
| Retained earnings | 9,137.34 | 7,731.05 |
| Share options outstanding account | 252.20 | 215.80 |
| Capital reserve | 181.24 | 181.24 |
| Debenture redemption reserve | 250.00 | 125.00 |
| Total reserves and surplus (A) | 13,518.07 | 11,951.88 |
| Foreign currency translation reserve (B) | (367.07) | (186.08) |
| Total other equity (A+B) | 13,151.00 | 11,765.80 |

Securities premium

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Balance at the beginning of year | 3,509.99 | 3,500.45 |
| Exercise of share options | 1.31 | 9.54 |
| Balance at the end of year | 3,511.30 | 3,509.99 |

General reserve

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Balance at the beginning of year | 188.80 | 186.06 |
| Exercise / forfeiture of employee stock options | 3.69 | 3.80 |
| Capitalisation on issue of bonus shares | (6.50) | (1.06) |
| Balance at the end of year | 185.99 | 188.80 |

Share options outstanding account

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Balance at the beginning of year | 215.80 | 154.24 |
| Stock option compensation expense | 41.40 | 74.90 |
| Transferred to securities premium on exercise of share options | (5.00) | (13.34) |
| Balance at the end of year | 252.20 | 215.80 |

Retained earnings

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Balance at the beginning of year | 7,731.05 | 5,787.61 |
| Net Profit / (loss) for the year | 2,254.53 | 2,146.79 |
| Items of Other Comprehensive Income recognised directly in retained earnings | | |
| - Remeasurements of post-employment benefit plans directly in retained earnings | (3.99) | 29.74 |
| Impact of change in accounting policies on adoption of new accounting standards | (88.42) | (7.48) |
| Appropriations- | | |
| - Final / Interim dividend | (549.89) | (109.78) |
| - Dividend distribution tax | (81.11) | (2.34) |
| - Allocation to non-controlling interests | 0.17 | 11.51 |
| - Transfer to debenture redemption reserve | (125.00) | (125.00) |
| Balance at the end of year | 9,137.34 | 7,731.05 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Foreign currency translation Reserve

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Balance at the beginning of year | (186.08) | (77.16) |
| Translation reserve | (180.99) | (108.92) |
| Balance at the end of year | (367.07) | (186.08) |

Capital reserve

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Balance at the beginning of year | 181.24 | - |
| Increase/ (decrease) during the year | - | 181.24 |
| Balance at the end of year | 181.24 | 181.24 |

Debenture redemption reserve

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Balance at the beginning of year | 125.00 | - |
| Transfer / created from retained earnings | 125.00 | 125.00 |
| Balance at the end of year | 250.00 | 125.00 |

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 utilized in accordance with the Companies Act, 2013.

General Reserve

The general reserve is the result of a Group'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 27 for details.

Retained earnings

Retained earnings represents the amount of accumulated earnings of the Group and re-measurement differences on defined benefit plans.

Debenture redemption reserve

Pursuant to the provisions of the Act, the Group is required to create debenture redemption reserve out of the profits which is to be utilized 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.

15. BORROWINGS

| Particulars | Note | March 31, 2020 | March 31, 2019 |
|--|------|----------------|----------------|
| Non-current Borrowings | | | |
| Secured | | | |
| Bonds/ Debentures | | | |
| - Non convertible debentures | a | 1,495.12 | 1,490.75 |
| Term Loans | | | |
| From Banks | | | |
| - HDFC Bank Limited | b | 130.72 | 95.29 |
| - National Australia Bank | c | 4,170.23 | 4,008.15 |
| - Yes Bank Limited | d | 27.45 | 89.80 |
| - Small Industries Development Bank of India ('SIDBI') | e | 47.55 | 60.75 |

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All figures in ₹ million unless stated otherwise

| Particulars | Note | March 31, 2020 | March 31, 2019 |
|--|------|-----------------|-----------------|
| - Kotak Mahindra Bank Limited | f | 336.78 | 252.73 |
| - Citizen Credit Co-operative Bank Limited | g | 5.54 | - |
| - Vehicle Loan from various banks | h | 404.16 | 252.98 |
| From other parties | | | |
| - Vehicle Loan from others | j | 84.25 | 86.66 |
| - Finance lease obligation | | - | - |
| Total secured borrowings | | 6,701.80 | 6,337.11 |
| Unsecured | | | |
| Term Loans | | | |
| - Yes Bank Limited | k | 18.73 | 56.08 |
| Total unsecured borrowings | | 18.73 | 56.08 |
| Total non-current borrowings | | 6,720.53 | 6,393.19 |
| Current maturity of long term loans | | (421.87) | (251.59) |
| Non-current borrowings (as per balance sheet) | | 6,298.66 | 6,141.60 |
| Current borrowings | | | |
| Secured | | | |
| Loans repayable on demand | | | |
| From Banks | | | |
| - Kotak Mahindra Bank Limited | l | 650.00 | 541.20 |
| - RBL Bank Ltd | m | 47.17 | - |
| - Axis Bank Limited | l | 631.48 | - |
| - HDFC Bank Limited | l | 814.69 | 365.76 |
| - ICICI Bank Limited | l | 684.78 | 282.31 |
| - Standard Chartered Bank | l | 866.11 | 542.15 |
| - State Bank of India | n | 390.00 | 267.79 |
| - Yes Bank Limited | o | 838.36 | 1,068.92 |
| - Citizen Credit Co-operative Bank Limited | p | 149.85 | 118.60 |
| - Commonwealth bank of Australia | q | 50.46 | 61.89 |
| - Vehicle Loan from various banks | r | - | 93.23 |
| Total secured borrowings | | 5,122.90 | 3,341.85 |
| Unsecured | | | |
| Loans repayable on demand | | | |
| From Banks | | | |
| - HDFC Bank Limited | t | 300.00 | - |
| From Others | | | |
| - Loans and advances from others | | - | 14.14 |
| Total unsecured borrowings | | 300.00 | 14.14 |
| Current borrowings (as per balance sheet) | | 5,422.90 | 3,355.99 |
| Aggregate Secured borrowings | | 11,824.70 | 9,678.96 |
| Aggregate Unsecured borrowings | | 318.73 | 70.22 |

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. The debentures are redeemable after 3 years from the date of issue. i.e. April 13, 2021. As on March 31, 2020, ICICI Prudential Credit Risk Fund is holding the NCDs.

Term loans:

- b. (i) 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.
- (ii) Secured against an exclusive charge over the fixed assets and current assets of Service Master

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Clean Ltd. The term loans are repayable in 54 equal monthly instalments from the date of respective draw down, totaling Rs.1.44 million per month with repayment commencing from January 2020 and are scheduled to be completely repaid by FY 2024-25.

- c. 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). The loan carries interest @ 3.55 per annum.
- d. 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 Rs.1.67 million per month with repayment commenced from June 2016 and are scheduled to be completely repaid by FY 2021-22.
- 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.
- g. Term Loan from Citizen credit co-operative bank limited are secured by way of first charge on the fixed assets purchased out of the loan and by a second charge on the current assets of the Company. The loan is repayable in 60 equal monthly instalments of ₹ 0.17 million each.
- 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 last instalment repayment is scheduled for February 2024.
- i. The terms loans mentioned above except vehicle loans and loan from National Australia Bank ('NAB'), carry interest at quarterly/half-yearly/yearly MCLR plus spread margin ranging from 75 bps to 145 bps. The vehicle loans carry interest from 8.25% to 10.50% per annum.

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 respective financier(s). The loans carry

interest from 8.25% to 11.10% per annum and have various repayment schedules and the last instalment repayment is scheduled for January 2025.

Long Term Borrowings – Unsecured:

Term loans-unsecured:

- 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 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 charges over the current assets and immovable fixed assets and second pari passu charge over movable assets.
- m. (i) Cash Credit facility from RBL Bank Limited is secured by an exclusive charge on the entire assets of SIS Alarm Monitoring and Response Services Pvt. Ltd., both present and future; and an unconditional and irrevocable corporate guarantee of Security and Intelligence Services (India) Limited, the holding company.
- (ii) Secured by pari passu charge over stocks & book debts (both present and future) and second charge over the immovable property of ADIS Enterprises Pvt Ltd and one property of the outgoing promoter shareholders and carries interest @12.00% per annum.
- n. 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.
- o. (i) Secured by pari passu charge over the current assets of the Parent.
- (ii) Secured by first charge over all current assets and fixed assets of Service Master Clean Limited and by a Corporate Guarantee from the Parent, Security and Intelligence Services (India) Limited. The loan carries interest @ 10.50 % per annum which is 0.50% spread over and above 12 months YBL MCLR.
- (iii) Secured by first pari passu charge on current assets of the Dusters Total Solutions Services Pvt. Ltd .
- (iv) Secured by a charge over trade receivables of Tech SIS Limited and have also been guaranteed by the Parent.
- p. 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 one property of the

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

- outgoing promoter shareholders and carries interest @ 10.00% per annum.
- q. Secured by a fixed and floating charge over the assets of Australian subsidiaries of the Group.
- r. Bank 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 February, 2024.
- s. The loans repayable on demand mentioned above except loan from Commonwealth bank of Australia, carry
- interest at quarterly/half yearly/yearly MCLR plus spread margin ranging from 25 bps to 80 bps (March 31, 2019: 20 bps to 95 bps) for cash credit facility and ranging from 8.00% p.a. to 9.65% p.a. for WCDL facilities. The loan from Commonwealth bank of Australia carries interest at 3.25% per annum.
- Short term borrowings - Unsecured:**
- t. The loan carries interest ranging from 8.00% p.a. to 9.00% p.a.

There has been no default in the payment of interest or repayment of principal in respect of the above loans/borrowings

16. TRADE PAYABLES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Non-current | - | - |
| Current | | |
| Trade payables | | |
| - Total outstanding dues of micro enterprises and small enterprises | 15.63 | 13.57 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 522.42 | 647.85 |
| Total current trade payables | 538.05 | 661.42 |
| Total trade payables | 538.05 | 661.42 |

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 39

17. OTHER FINANCIAL LIABILITIES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|------------------|------------------|
| Non-current | | |
| Lease rent equalization | - | 21.18 |
| Liability towards forward contract to purchase non-controlling interests in subsidiaries (refer note 33) | 528.24 | 1,756.07 |
| Liability towards put and call options to purchase non-controlling interests in subsidiaries (refer note 33) | 4,091.95 | 5,982.74 |
| Lease liability | 882.65 | - |
| Other non-current financial liabilities | - | 0.20 |
| Total other non-current financial liabilities | 5,502.84 | 7,760.19 |
| Current | | |
| Capital creditors | 15.86 | - |
| Interest accrued but not due on borrowings | 194.58 | 173.81 |
| Current maturity of long term borrowings (refer note 15) | 421.87 | 251.59 |
| Lease liability | 227.04 | - |
| Unclaimed/unpaid dividends | 1.30 | 0.73 |
| Employee benefits payable | 2,818.68 | 2,690.29 |
| Other payables and accruals | 4,987.85 | 3,227.87 |
| Total other current financial liabilities | 8,667.18 | 6,344.29 |
| Total other financial liabilities | 14,170.02 | 14,104.48 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Contractual maturities of lease liabilities

Details of contractual maturities of lease liabilities recognised as on balance sheet date on undiscounted basis is as below:

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--|--------------------|-----------------|--------------------|----------------------|
| | Undiscounted value | Present value | Undiscounted value | Present value of MLP |
| Within one year | 298.44 | 227.04 | - | - |
| After one year but not more than five years | 848.25 | 620.42 | - | - |
| More than five years | 322.98 | 262.23 | - | - |
| Total minimum lease payments | 1,469.67 | 1,109.69 | - | - |
| Amounts representing finance charges | (359.98) | - | - | - |
| Present value of minimum lease payments | 1,109.69 | 1,109.69 | - | - |

18. FINANCIAL INSTRUMENTS BY CATEGORY

| Particulars | March 31, 2020 | | | March 31, 2019 | | |
|------------------------------------|-----------------|----------|------------------|-----------------|----------|------------------|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| Financial Assets: | | | | | | |
| Investments | | | | | | |
| - Equity instruments | 0.05 | - | - | 0.05 | - | - |
| - Preference shares | 177.77 | - | - | 210.37 | - | - |
| - Bonds and debentures | - | - | 372.00 | - | - | 397.00 |
| - Mutual funds | 1.18 | - | - | 68.21 | - | - |
| Trade receivables | - | - | 11,749.68 | - | - | 9,529.61 |
| Cash and cash equivalents | - | - | 4,171.26 | - | - | 4,197.33 |
| Other Bank balances | - | - | 1,965.99 | - | - | 1,231.46 |
| Other financial assets | 20.40 | - | 5,173.80 | 72.59 | - | 5,515.98 |
| Total Financial Assets | 199.40 | - | 23,432.73 | 351.22 | - | 20,871.38 |
| Financial Liabilities: | | | | | | |
| Trade payables | - | - | 538.05 | - | - | 661.42 |
| Borrowings | - | - | 12,143.43 | - | - | 9,749.18 |
| Other financial liabilities | 6,760.18 | - | 6,987.97 | 7,836.28 | - | 6,016.61 |
| Total Financial Liabilities | 6,760.18 | - | 19,669.45 | 7,836.28 | - | 16,427.21 |

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, 2020 | | | March 31, 2019 | | |
|------------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|
| | Level 1 inputs | Level 2 inputs | Level 3 inputs | Level 1 inputs | Level 2 inputs | Level 3 inputs |
| Financial Assets: | | | | | | |
| Investments carried at FVTPL | 1.18 | - | 177.82 | 68.21 | - | 210.42 |
| Other financial assets | - | - | 20.40 | - | - | 72.59 |
| Total Financial Assets | 1.18 | - | 198.22 | 68.21 | - | 283.01 |
| Other financial liabilities | - | - | 6,760.18 | - | - | 7,836.28 |
| Total Financial liabilities | - | - | 6,760.18 | - | - | 7,836.28 |

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.

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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, 2020 and March 31, 2019:

| Particulars | Unlisted equity 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 |
|---|----------------------------|-----------------------|----------------------|--|--|
| As at April 1, 2018 | 0.02 | 61.98 | 86.19 | 540.35 | 2,038.27 |
| Acquisitions | 210.40 | - | - | 1,194.03 | 3,898.96 |
| Unwinding of present value discount | - | 10.61 | 11.28 | 110.06 | 45.51 |
| (Gains) / loss on fair value recognized in statement of profit and loss | - | - | - | 56.76 | - |
| Interim discharge of liability | - | - | - | (145.13) | - |
| As at March 31, 2019 | 210.42 | 72.59 | 97.47 | 1,756.07 | 5,982.74 |
| Acquisitions | (32.60) | 16.43 | - | 127.13 | - |
| Unwinding of present value discount | - | 9.91 | 5.82 | 157.15 | 225.52 |
| (Gains) / loss on fair value recognized in statement of profit and loss | - | (78.53) | (103.29) | (576.31) | 285.24 |
| Discharge of liability | - | - | - | (823.81) | - |
| Translation adjustments | - | - | - | - | (373.55) |
| As at March 31, 2020 | 177.82 | 20.40 | - | 640.23 | 6,119.95 |
| Unrealised fair value (gains) / losses recognized in statement of profit and loss related to assets and liabilities held as on reporting date: | | | | | |
| March 31, 2020 | - | (78.53) | (103.29) | (576.31) | 285.24 |
| March 31, 2019 | - | - | - | 56.76 | - |

Fair Values of assets and liabilities carried at amortised costs are as follows:

| Particulars | March 31, 2020 | | March 31, 2019 | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | | Level 2 inputs | | Level 2 inputs |
| Financial Assets: | | | | |
| Investments | 372.00 | 357.70 | 397.00 | 342.20 |
| Trade receivables | 11,749.68 | 11,749.68 | 9,529.61 | 9,529.61 |
| Cash and cash equivalents | 4,171.26 | 4,171.26 | 4,197.33 | 4,197.33 |
| Other Bank balances | 1,965.99 | 1,965.99 | 1,231.46 | 1,231.46 |
| Other financial assets | 5,173.80 | 5,173.80 | 5,515.98 | 5,515.98 |
| Total Financial Assets | 23,432.73 | 23,418.43 | 20,871.38 | 20,816.58 |
| Financial Liabilities: | | | | |
| Trade payables | 538.05 | 538.05 | 661.42 | 661.42 |
| Borrowings | 12,143.43 | 12,143.43 | 9,749.18 | 9,749.18 |
| Other financial liabilities | 6,987.97 | 6,987.97 | 6,016.61 | 6,016.61 |
| Total Financial Liabilities | 19,669.45 | 19,669.45 | 16,427.21 | 16,427.21 |

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.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

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, 2020 | March 31, 2019 | | |
| Unquoted equity / preference instruments | 177.82 | 210.42 | Cost | Management has considered cost to be approximating to fair value of such investments. |
| Indemnification asset recognised on business combination | 20.40 | 72.59 | Probability of outcome of litigation | Change in estimates by 10% results in increase/decrease in fair value by: March 31, 2020: ₹ 2.04 million March 31, 2019: ₹ 7.26 million |
| Contingent consideration | 6,760.18 | 7,738.81 | Probability of achieving financial projections | Change in estimates by 5% results in increase/decrease in fair value by: March 31, 2020: ₹ 338.01million March 31, 2019: ₹ 386.94 million |
| Contingent liability recognised on business combination | - | 97.47 | Probability of outcome of litigation | Change in estimates by 10% results in increase/decrease in fair value by: March 31, 2020: ₹ Nil million March 31, 2019: ₹ 9.75 million |

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.

19. PROVISIONS

| Particulars | March 31, 2020 | | March 31, 2019 | |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| | Non-current | Current | Non-current | Current |
| Gratuity | 749.21 | 191.68 | 622.26 | 124.72 |
| Leave liabilities | 386.31 | 2,333.08 | 416.99 | 2,242.26 |
| IBNR | - | 43.69 | - | 37.57 |
| Others | 40.57 | 9.29 | 154.64 | 8.00 |
| Total | 1,176.09 | 2,577.74 | 1,193.89 | 2,412.55 |

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 27 for details of employee benefits.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

20. OTHER LIABILITIES

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Other non-current liabilities | - | - |
| Other current liabilities | | |
| Statutory dues payable | 1,498.84 | 1,328.74 |
| Income received in advance | 117.56 | 15.48 |
| Others | 5.78 | 0.95 |
| Total other current liabilities | 1,622.18 | 1,345.17 |
| Total other liabilities | 1,622.18 | 1,345.17 |

21. GOVERNMENT GRANTS

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| As at the beginning of the year | - | - |
| Received during the year | 329.93 | 549.63 |
| Released to the statement of profit and loss | (329.93) | (549.63) |
| As at the end of the year | - | - |
| 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.

22. REVENUE FROM OPERATIONS

| Particulars | March 31, 2020 | March 31, 2019 |
|---|------------------|------------------|
| Sale of products (traded goods) | | |
| Revenue from sale of electronic security devices | 628.27 | 70.68 |
| Total (A) | 628.27 | 70.68 |
| Rendering of services | | |
| Security services | | |
| From guarding and other security services | 70,434.77 | 60,858.42 |
| Facility management services | | |
| From Housekeeping, Cleaning, Facility operation & management services | 12,661.55 | 9,319.71 |
| From pest control services | 216.34 | 144.49 |
| Other services | | |
| From training fees | 76.11 | 72.87 |
| Total rendering of services | 83,388.77 | 70,395.49 |
| Other operating revenues | 834.62 | 466.56 |
| Total (B) | 84,223.39 | 70,862.05 |
| Revenue from operations (A+B) | 84,851.66 | 70,932.73 |

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Disaggregate revenue information

The following table presents the disaggregated revenue from contracts with customers for the year ended March 31, 2020.

| Particulars | Security Services - India | Security Services - International | Facility Management | Inter-segment eliminations | Total |
|---|---------------------------|-----------------------------------|---------------------|----------------------------|------------------|
| Revenue by time of recognition | | | | | |
| At a point in time (sale of equipments) | 113.77 | 514.50 | - | - | 628.27 |
| Over the period of time | 35,036.75 | 36,541.17 | 12,781.72 | (136.25) | 84,223.39 |
| Total | 35,150.52 | 37,055.67 | 12,781.72 | (136.25) | 84,851.66 |
| Revenue by geographical markets | | | | | |
| India | 35,150.52 | - | 12,781.72 | (136.25) | 47,795.99 |
| Outside India | - | 37,055.67 | - | - | 37,055.67 |
| Total | 35,150.52 | 37,055.67 | 12,781.72 | (136.25) | 84,851.66 |

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 eliminations | Total |
|---|---------------------------|-----------------------------------|---------------------|----------------------------|------------------|
| Revenue by time of recognition | | | | | |
| At a point in time (sale of equipments) | 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 |
| Total | 26,962.71 | 34,580.81 | 9,483.19 | (93.98) | 70,932.73 |
| Revenue by geographical markets | | | | | |
| India | 26,962.71 | - | 9,483.19 | (93.98) | 36,351.92 |
| Outside India | - | 34,580.81 | - | - | 34,580.81 |
| Total | 26,962.71 | 34,580.81 | 9,483.19 | (93.98) | 70,932.73 |

23. OTHER INCOME

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Interest income from financial assets at amortized cost | 156.11 | 175.64 |
| Total | 156.11 | 175.64 |

24. OTHER GAINS/LOSSES

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Net gain / (loss) on sale of property, plant and equipment | 24.21 | 5.66 |
| Foreign exchange gain/(loss) | (219.11) | 1.68 |
| Net gain / (loss) on financial assets/liabilities mandatorily measured at fair value through profit or loss | 570.24 | (0.55) |
| Other items | - | (5.52) |
| Total | 375.34 | 1.27 |

25. COST OF MATERIALS CONSUMED

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Purchases of chemicals, consumables, and others | 226.20 | 239.20 |
| Uniforms and related inventories | 29.98 | 20.63 |
| Total | 256.18 | 259.83 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

26. CHANGES IN INVENTORY OF STOCK-IN-TRADE

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|-----------------|
| Inventory at the beginning of the year | 253.61 | 145.18 |
| Acquired on business combination | 42.91 | - |
| Inventory at the end of the year | 338.59 | 253.61 |
| Changes in inventory of stock-in-trade - (increase)/decrease | (42.07) | (108.43) |

27. EMPLOYEE BENEFITS EXPENSE

(a) Employee benefits expense include:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|------------------|------------------|
| Salaries, wages and bonus | 61,888.20 | 51,664.00 |
| Contribution to provident and other funds | 6,114.77 | 5,262.81 |
| Government grants (Note 21) | (329.93) | (549.63) |
| Employee share-based payment expense | 41.40 | 74.90 |
| Gratuity expense | 236.55 | 193.73 |
| Leave compensation | 344.67 | 223.57 |
| Staff welfare expenses | 667.36 | 701.34 |
| Total | 68,963.02 | 57,570.72 |

(b) Unfunded Scheme – leave obligations

The below leave obligations cover liability for sick and earned leave in certain subsidiaries of the Group located in India.

The provision for leave obligations 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, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Current leave obligation not expected to be settled within next 12 months | 69.58 | 44.12 |

Unfunded Schemes:

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Present value of unfunded obligations | 139.80 | 76.82 |
| Expenses to be recognized in the statement of profit and loss | 70.68 | 31.94 |
| Discount rate (per annum) | 5.25% | 6.70% |
| Salary escalation rate (per annum) | 7.70% | 6.78% |

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 have 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 3.25% (4.75% upto June 30, 2019) 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

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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 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.

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Expense recognised during the period towards defined contribution plans | 6,114.77 | 5,262.81 |

(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 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 period:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Current service cost | 194.53 | 160.05 |
| Past service cost | - | - |
| Interest cost | 42.02 | 33.68 |
| Total amount recognised in profit or loss | 236.55 | 193.73 |
| Remeasurements | | |
| Return on plan assets, excluding amounts included in interest income | 8.37 | 8.65 |
| Gain / (loss) from changes in financial assumptions | 51.80 | 21.92 |
| Gain / (loss) from changes in demographic assumptions | 2.18 | 16.19 |
| Experience gain / (loss) | (57.66) | (95.61) |
| Total loss/(gain) recognised in other comprehensive income | 4.69 | (48.85) |

Change in present value of defined benefit obligation is summarized below:

| Reconciliation of opening and closing balances of Defined Benefit Obligation | March 31, 2020 | March 31, 2019 |
|--|-----------------|----------------|
| Defined benefit obligation at the beginning of year | 905.35 | 627.33 |
| Acquired on business combination | 9.59 | 160.30 |
| Current service cost | 194.53 | 160.05 |
| Past service cost | - | - |
| Interest cost | 49.31 | 42.47 |
| Remeasurements | (3.68) | (57.50) |
| Benefits paid | (49.25) | (27.30) |
| Defined benefit obligation at the end of year | 1,105.85 | 905.35 |

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Reconciliation of fair value of plan assets:

| Reconciliation of opening and closing balances of fair value of plan assets | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Fair value of plan assets at the beginning of the year | 158.37 | 145.49 |
| Interest income | 7.29 | 8.79 |
| Remeasurements | (8.37) | (8.65) |
| Contribution by employer | 58.53 | 40.04 |
| Benefits paid | (49.25) | (27.30) |
| Fair value of plan assets at the closing of the year | 166.57 | 158.37 |

Reconciliation of fair value of Assets and Obligations:

| Reconciliation of fair value of Assets and Obligations | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Fair value of plan assets | 166.57 | 158.37 |
| Present value of obligation | (1,105.85) | (905.35) |
| Asset / (liability) recognized in balance Sheet | (939.28) | (746.98) |

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.

A quantitative sensitivity analysis for significant assumption is as shown below:

| Assumptions | March 31, 2020 | March 31, 2019 |
|--------------------------------|----------------|----------------|
| Discount rate | | |
| 0.5% increase | (1.96%) | (2.20%) |
| 0.5% decrease | 2.07% | 2.31% |
| Future salary increases | | |
| 0.5% increase | 1.93% | 2.25% |
| 0.5% decrease | (1.71%) | (2.16%) |

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 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 principal assumptions used in determining gratuity and post-employment benefit obligations for the Group's plans are shown below:

Principal Assumptions:

| Principal actuarial assumptions | March 31, 2020 | March 31, 2019 |
|------------------------------------|----------------|----------------|
| Discount rate | 5.25% | 6.70% |
| Future salary increase | | |
| - Non-billing / indirect employees | 6.00-8.00% | 6.80-8.00% |
| - Billing /direct employees | 5.00-8.00% | 5.00-8.00% |
| Attrition rate | | |
| Billing employees | | |
| - Age from 21-30 years | 29-62% | 29-50% |

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| Principal actuarial assumptions | March 31, 2020 | March 31, 2019 |
|---------------------------------|----------------|----------------|
| - 31-34 | 28-62% | 28-50% |
| - 35-40 | 28-62% | 28-50% |
| - 41-45 | 28-62% | 28-50% |
| - 46-50 | 28-62% | 28-50% |
| - 51 and above | 28-62% | 28-50% |
| Non billing employees | | |
| - Age from 21-30 years | 15-29% | 15-29% |
| - 31-40 | 13-29% | 13-29% |
| - 41-50 | 5-29% | 5-29% |
| - 51 & above | 4-29% | 4-29% |

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 (pre share sub-division effect)

- 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, 1,572 options have been vested and 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, 2019, upon exercise of stock options by the eligible employees, the Company has allotted 116,578 equity shares of ₹ 10 each.
- During the year ended March 31, 2020, upon exercise of stock options by the eligible employees, the Company has allotted 5,764 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:
 - 59,200 options have been forfeited on account of the respective employees no longer in employment
 - 686,914 have vested till March 31, 2020, out of these Options, a total of 550 options were exercised during the year ended on March 31, 2020

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- c) 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.
- d) During the year ended March 31, 2019, the Company issued a further 1,500 options to eligible employee which will vest over three financial years and be eligible for exercise, subject to certain conditions, after October 3, 2020.
- e) During the year ended March 31, 2019, the Company issued a further 9,000 options to eligible employee 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, 2020, upon exercise of stock options by the eligible employees, the Company has allotted 550 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, 2019 (pre share sub-division effect)

| Particulars | ESOP 2008 | | | ESOP 2016 | | | Total |
|--|------------------|--------------|--------------|------------------|---------------|---------------|------------------|
| | ESOPs granted in | | | | | | |
| | 2011-12 * | 2014-15* | 2016-17 * | 2016-17 | 2017-18 | 2018-19 | |
| Outstanding Options as on April 1, 2018 | 8,146 | 2,500 | 1,572 | 1,176,240 | 32,415 | - | 1,220,873 |
| 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 |
| Outstanding Stock Options as at March 31, 2019 | - | - | 1,048 | 1,158,450 | 32,415 | 10,500 | 1,202,413 |
| Excercisable options as at March 31, 2019 | - | - | - | - | - | - | |

* Prior to bonus adjustment

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.

Year ended March 31, 2020 (post share sub-division effect)

| Particulars | ESOP 2008 | | | ESOP 2016 | | | Total |
|--|------------------|----------|-----------|-----------|---------|---------|-----------|
| | ESOPs granted in | | | | | | |
| | 2011-12 * | 2014-15* | 2016-17 * | 2016-17 | 2017-18 | 2018-19 | |
| Outstanding Options as on April 1, 2019 | - | - | 2,096 | 2,316,900 | 64,830 | 21,000 | 2,404,826 |
| Exercise Price | ₹ 5/- | ₹ 5/- | ₹ 5/- | ₹ 5/- | ₹ 5/- | ₹ 5/- | ₹ 5/- |
| Exercise Period (from the date of grant of the option) | 2 years | 4 years | 4 years | 4 years | 3 years | 3 years | - |
| Options issued during the year | - | - | - | - | - | - | - |
| Options vested and exercised during the year** | - | - | 1,048 | 1,100 | - | - | 2,148 |
| Options forfeited/lapsed during the year | - | - | - | 27,920 | - | - | 27,920 |
| Outstanding Stock Options as at March 31, 2020 | - | - | 1,048 | 2,287,880 | 64,830 | 21,000 | 2,374,758 |
| Excercisable options as at March 31, 2020 | - | - | - | - | - | - | - |

* Prior to bonus adjustment

There were no cancellations or modifications to the awards in March 31, 2020 or March 31, 2019.

**The weighted average share price (post share sub-division effect) at the date of exercise of options during the year ended March 31, 2020 was ₹ 835.74 (March 31, 2019: ₹ 533.35).

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Share options outstanding at the end of the year have the following details (post share sub-division effect):

| Grant | Tranche | Grant date | Vesting date | Expiry date | Exercise price (₹) @ | Fair value (₹) | Share options outstanding March 31, 2020 | Share options outstanding March 31, 2019 |
|----------------------------------|---------|------------|--------------|-------------|----------------------|----------------|--|--|
| Plan I ESOP 2008 : Grant V (a) * | III | 4-Apr-16 | 4-Apr-19 | 4-Apr-20 | 5.00 | 101.19 | - | 11,528 |
| Plan I ESOP 2008 : Grant V (a) * | IV | 4-Apr-16 | 4-Apr-20 | 4-Apr-21 | 5.00 | 99.46 | 11,528 | 11,528 |
| Plan II (ESOP 2016): Grant V | I | 1-Aug-16 | 1-Aug-17 | 1-Aug-22 | 5.00 | 95.41 | 228,788 | 231,690 |
| Plan II (ESOP 2016): Grant V | II | 1-Aug-16 | 1-Aug-18 | 1-Aug-22 | 5.00 | 95.41 | 457,576 | 463,380 |
| Plan II (ESOP 2016): Grant V | III | 1-Aug-16 | 1-Aug-19 | 1-Aug-22 | 5.00 | 95.41 | 686,364 | 695,070 |
| Plan II (ESOP 2016): Grant V | IV | 1-Aug-16 | 1-Aug-20 | 1-Aug-22 | 5.00 | 95.41 | 915,152 | 926,760 |
| Plan II (ESOP 2016): Grant II | I | 3-Jan-18 | 3-Jan-19 | 1-Aug-22 | 5.00 | 561.09 | 17,806 | 17,806 |
| Plan II (ESOP 2016): Grant II | II | 3-Jan-18 | 3-Jan-20 | 1-Aug-22 | 5.00 | 561.09 | 17,806 | 17,806 |
| Plan II (ESOP 2016): Grant II | III | 3-Jan-18 | 1-Aug-20 | 1-Aug-22 | 5.00 | 561.09 | 23,740 | 23,740 |
| Plan II (ESOP 2016): Grant III | I | 29-Jan-18 | 29-Jan-19 | 1-Aug-22 | 5.00 | 596.70 | 1,644 | 1,644 |
| Plan II (ESOP 2016): Grant III | II | 29-Jan-18 | 29-Jan-20 | 1-Aug-22 | 5.00 | 596.70 | 1,644 | 1,644 |
| Plan II (ESOP 2016): Grant III | III | 29-Jan-18 | 1-Aug-20 | 1-Aug-22 | 5.00 | 596.70 | 2,192 | 2,192 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 13-Dec-19 | 3-Oct-23 | 5.00 | 379.66 | 6,000 | 6,000 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 13-Dec-19 | 3-Oct-22 | 5.00 | 379.66 | 2,000 | 2,000 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 3-Oct-20 | 3-Oct-23 | 5.00 | 379.66 | 6,000 | 6,000 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 3-Oct-20 | 3-Oct-22 | 5.00 | 379.66 | 1,000 | 1,000 |
| Plan II (ESOP 2016): Grant IV | IV | 13-Dec-18 | 3-Oct-21 | 3-Oct-23 | 5.00 | 379.66 | 6,000 | 6,000 |
| Total | | | | | | | 2,385,240 | 2,425,788 |

@ 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% | 6.12 | 1.04 | 8.85% | 2.00% |
| 14-Jan-11 | 32.14% | 6.12 | 2.04 | 7.69% | 2.00% |
| 1-Jul-14 | 26.31% | 99.09 | 2.20 | 8.18% | 1.75% |
| 1-Jul-14 | 30.23% | 99.09 | 3.20 | 8.33% | 1.75% |
| 1-Jul-14 | 29.49% | 99.09 | 4.20 | 8.45% | 1.75% |
| 1-Apr-15 | 22.22% | 99.10 | 1.04 | 7.84% | 1.75% |
| 1-Apr-15 | 22.97% | 99.10 | 1.46 | 7.83% | 1.75% |
| 1-Apr-15 | 22.22% | 107.96 | 1.04 | 7.84% | 1.75% |
| 4-Apr-16 | 27.77% | 107.96 | 1.50 | 7.02% | 1.75% |
| 4-Apr-16 | 25.49% | 107.96 | 2.50 | 7.13% | 1.75% |
| 4-Apr-16 | 25.65% | 107.96 | 3.50 | 7.32% | 1.75% |
| 4-Apr-16 | 27.57% | 107.96 | 4.50 | 7.38% | 1.75% |
| 1-Aug-16 | 29.18% | 107.96 | 5.00 | 7.10% | 1.75% |
| 3-Jan-18 | 30.94% | 568.93 | 2.58 | 6.91% | 0.25% |
| 29-Jan-18 | 31.27% | 604.68 | 2.51 | 6.92% | 0.25% |
| 13-Dec-18 | 36.21% | 386.45 | 2.81 | 7.16% | 0.25% |

* Post bonus adjustment, where applicable and post share sub-division effect.

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.

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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 Option Plan’) to reward specific individuals in the organization for their performance to drive ownership among critical, senior professionals towards achievement of long term goals of the organization by providing avenue for significant wealth co-creation as well as to retain and attract critical senior talent with recognised potential to positively impact achievement of long-terms goals. The scheme was approved by the 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 forgone shares of the existing shareholder that

would eventually convert into equity shares of ₹ 10 each in the hands of the employees. The total 125,285 options were granted as at March 31, 2017 out of which 63,137 options were exercised and 23,713 options were forfeited till March 31, 2018. In the financial year 2018-19 there are no new grants from the Company and 22,791 options were forfeited. Further, in the financial year 2019-20 there are no new grants from the Company and 15,644 options were forfeited.

The shares issuable under the Scheme will be issued out of the existing shares held by the existing promoter shareholders of the Company and hence there will be no fresh issuance on exercise of such options.

The number and weighted average exercise prices of share options under employee stock option plans are as follows:

| Particulars | For the year ended 31 March 2020 | | For the year ended 31 March 2019 | |
|--|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Details of movements | | | | |
| Options outstanding as at the beginning | 15,644 | 10.00 | 38,435 | 10.00 |
| Granted during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Lapsed/forfeited during the year | (15,644) | 10.00 | (22,791) | 10.00 |
| Options outstanding as at the end | - | - | 15,644 | 10.00 |
| Options exercisable as at the end | - | - | 15,644 | 10.00 |

The following table summarizes information about the options outstanding under the ESOP Plan as at March 31, 2020:

| Exercise price | No. of shares arising out of options | Weighted average fair value as on grant date | Weighted Average remaining contractual life (years) | Expected life (years) |
|----------------|--------------------------------------|--|---|-----------------------|
| 10.00 | - | - | - | - |
| 10.00 | - | - | - | - |
| 10.00 | - | - | - | - |
| 10.00 | - | - | - | - |

The following table summarizes information about the options outstanding under the ESOP Plan as at March 31, 2019:

| Exercise price | No. of shares arising out of options | Weighted average fair value as on grant date | Weighted Average remaining contractual life (years) | Expected life (years) |
|----------------|--------------------------------------|--|---|-----------------------|
| 10.00 | 5,168 | 137.28 | 0.25 | 4-6 |
| 10.00 | 1,425 | 245.29 | 0.25 | 7-8 |
| 10.00 | 699 | 264.15 | 0.25 | 6-7 |
| 10.00 | 8,352 | 480.00 | 0.25 | 2-3 |
| | 15,644 | | | |

The fair value of each stock option is estimated by management on the date of grant using the Black-Scholes option pricing model with the following assumptions:

| Particulars | March 31, 2020 | March 31, 2019 |
|--------------------------|----------------|----------------|
| Expected term | - | 3 to 4 years |
| Expected dividend | - | 0% |
| Risk free interest rates | - | 7% |
| Expected volatility | - | 30% |

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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.

The fair value of the underlying shares of the company is calculated through the use of Earning Method and Discounted

Cash Flow method, requiring subjective assumptions which greatly affect the calculated values. The fair value of the options has been calculated using the Black-Scholes option pricing model, considering the fair value of the shares on the date of grant, the expected term of the options, an expected dividend rate on the underlying equity shares, volatility in the share price and a risk free rate of return.

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, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Employee option plan | 41.40 | 74.90 |
| Total employee share-based payment expense | 41.40 | 74.90 |

28. FINANCE COSTS

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|----------------|
| Interest and finance charges on financial liabilities not at fair value through profit or loss | 1,365.13 | 884.75 |
| Interest on lease liability | 94.92 | - |
| Other finance costs | 57.18 | 53.59 |
| Total | 1,517.23 | 938.34 |

29. DEPRECIATION AND AMORTIZATION EXPENSE

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|----------------|
| Depreciation on property, plant and equipment (Note 4) | 990.26 | 485.89 |
| Amortization of intangible assets (Note 5) | 293.15 | 173.62 |
| Total | 1,283.41 | 659.51 |

30. OTHER EXPENSES

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| Training expenses | 83.42 | 92.57 |
| Uniform and kit items | 205.39 | 176.69 |
| Recruitment incentive expenses | 51.68 | 59.79 |
| Selling expenses | 56.15 | 54.57 |
| Administrative expenses: | | |
| - Travelling and conveyance | 892.38 | 847.54 |
| - Postage and telephone | 226.59 | 192.02 |
| - Rent * | 305.60 | 309.88 |
| - Rates & taxes | 80.35 | 48.99 |
| - Insurance | 145.67 | 102.09 |
| - Repairs and maintenance: | | |
| - Buildings | 17.33 | 19.94 |
| - Machinery | 97.48 | 90.98 |
| - Others | 32.71 | 24.73 |
| - Vehicle hire charges | 156.49 | 147.70 |
| - Payments to auditors | 40.51 | 37.51 |
| - Legal and professional fees | 596.64 | 545.39 |
| - Bad and doubtful debts provided/written off | 111.15 | 129.56 |
| - Expense towards corporate social responsibility | 56.69 | 39.83 |
| - Other administration and general expenses # | 6,696.16 | 6,164.20 |
| Total | 9,852.39 | 9,083.98 |

* Rent expenses for the year ended March 31, 2020 are pertaining to short-term leases and low value assets.

"Other Administration and General expenses" include an amount of ₹ 6.60 million (March 31, 2019: ₹ 9.79 million) towards contribution to a political party in terms of Section 182 of the Companies Act, 2013.

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31. EARNINGS PER SHARE (EPS)

A reconciliation of profit for the year and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

| Particulars | March 31, 2020 | March 31, 2019* |
|---|--------------------|--------------------|
| Profit attributable to equity holders of the Company : | | |
| Continuing operations | 2,254.61 | 2,158.17 |
| Profit attributable to equity holders of the Company for basic earnings | 2,254.61 | 2,158.17 |
| Profit attributable to equity holders of the Company adjusted for the effect of dilution | 2,254.61 | 2,158.17 |
| Weighted average number of Equity shares for basic EPS (Numbers) | 146,636,099 | 146,502,268 |
| Effect of dilution: | | |
| Stock options (Numbers) | 2,332,925 | 2,395,054 |
| Weighted average number of Equity shares adjusted for the effect of dilution | 148,969,024 | 148,897,322 |
| Nominal value of equity shares (₹) | 5.00 | 5.00 |
| Earnings per share | | |
| - Basic (₹) | 15.38 | 14.74 |
| - Diluted (₹) | 15.13 | 14.51 |

* Pursuant to the Ordinary Resolution passed by the shareholders by way of postal ballot on December 17, 2019, Parent has sub-divided each equity share of face value of ₹ 10 each, fully paid up, into 2 (two) equity shares of face value of ₹ 5 each, fully paid up, effective January 16, 2020, which was the record date. Consequent to the sub-division of equity shares, 73,318,987 equity shares of face value of ₹ 10 each has been sub-divided into 146,637,974 equity shares of face value of ₹ 5 each. Accordingly, all shares and per share information in the financial results reflect the effect of sub-division (Split) retrospectively.

32. DISTRIBUTIONS MADE AND PROPOSED

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Cash dividends on Equity shares declared and paid: | | |
| Final dividend @ ₹ 3.50 per share (March 31, 2018: ₹ 1.50 per share) | 256.61 | 109.78 |
| Dividend distribution tax on proposed dividend | 20.83 | 2.34 |
| Interim dividend @ ₹ 2.00 per share (March 31, 2019: ₹ Nil per share) | 293.28 | - |
| Dividend distribution tax on Interim dividend | 60.28 | - |
| Proposed dividends on Equity shares: | | |
| Final dividend @ ₹ Nil per share (March 31, 2019: ₹ 3.50 per share) | - | 256.59 |
| Dividend distribution tax on proposed dividend | - | 52.75 |

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.

33. COMMITMENTS AND CONTINGENCIES

(a) Capital commitment

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for | 0.08 | 0.08 |

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All figures in ₹ million unless stated otherwise

(b) Commitment towards forward contract/ put and call option to purchase non-controlling interests

| Particulars | March 31, 2020 | March 31, 2019 |
|---|-----------------|-----------------|
| SLV Security Services Private Limited | 112.00 | 868.29 |
| Rare Hospitality and Services Private Limited | 16.33 | 53.98 |
| Uniq Detective and Security Services Private Limited | 503.63 | 331.86 |
| Dusters Total Solutions Services Private Limited | - | 501.94 |
| ADIS Enterprises Private Limited | 8.28 | - |
| Liability for forward contracts/Share purchase agreement (A) | 640.24 | 1,756.07 |
| SIS Henderson Holdings Pte Ltd | 3,635.67 | 3,434.28 |
| Platform 4 Group Ltd | 456.28 | 492.87 |
| Southern Cross Protection Pty Ltd (SXP) | 2,028.00 | 2,055.59 |
| Liability for put & call options (B) | 6,119.95 | 5,982.74 |
| Carrying value at the end of the year (A+B) | 6,760.19 | 7,738.81 |

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.

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.

Commitment towards Uniq Detective and Security Services Private Limited ('Uniq')

Effective February 01, 2019, the Company acquired 51% of the outstanding equity shares of Uniq Detective and 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.

Commitment towards Dusters Total Solutions Services Private Limited ('DTSS')

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) 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.

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

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.

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.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

c) Contingent liabilities

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Claims against the Group not acknowledged as debt: | | |
| - Litigation matters with respect to direct taxes | 35.35 | 35.06 |
| - Litigation matters with respect to indirect taxes | 95.46 | 155.29 |
| Other money for which the Group is contingently liable | 9.98 | 7.53 |
| Total | 140.79 | 197.88 |

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 respect to loss contingencies for legal and other contingencies as at March 31, 2020.

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.

34. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Refer note 32 regarding dividend proposed by the Board of Directors in their meeting held on April 30, 2020. There were no other significant events that occurred after the Balance Sheet date.

35. 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

| Particulars | March 31, 2020 | | | March 31, 2019 | | |
|-------------------------------------|------------------|---------------|------------------|------------------|---------------|------------------|
| | External | Inter-segment | Total | External | Inter-segment | Total |
| Revenue | | | | | | |
| Security services – India | 35,050.52 | 100.00 | 35,150.52 | 26,910.82 | 51.89 | 26,962.71 |
| Security services – International | 37,055.67 | - | 37,055.67 | 34,580.81 | - | 34,580.81 |
| Facility Management | 12,745.47 | 36.25 | 12,781.72 | 9,441.10 | 42.09 | 9,483.19 |
| | 84,851.66 | 136.25 | 84,987.91 | 70,932.73 | 93.98 | 71,026.71 |
| Inter.co/inter-business elimination | | | (136.25) | | | (93.98) |
| | | | 84,851.66 | | | 70,932.73 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

| Particulars | March 31, 2020 | | | March 31, 2019 | | |
|--|-----------------|---------------|-----------------|-----------------|---------------|-----------------|
| | External | Inter-segment | Total | External | Inter-segment | Total |
| EBITDA | | | | | | |
| Security services – India | 2,049.30 | 63.76 | 2,113.06 | 1,502.05 | 12.05 | 1,514.10 |
| Security services - International | 2,211.67 | - | 2,211.67 | 1,520.72 | - | 1,520.72 |
| Facility Management | 944.39 | (65.19) | 879.20 | 628.82 | 11.08 | 639.90 |
| | 5,205.36 | (1.43) | 5,203.93 | 3,651.59 | 23.13 | 3,674.72 |
| Inter.co/inter-business elimination | | | 1.43 | | | (23.13) |
| | | | 5,205.36 | | | 3,651.59 |
| Unallocated corporate expenses | | | (1.43) | | | (0.14) |
| | | | 5,203.93 | | | 3,651.45 |
| Finance costs | | | (1,134.56) | | | (615.07) |
| Depreciation and amortisation | | | (1,057.64) | | | (519.06) |
| Other income | | | 156.11 | | | 219.20 |
| Share of net profits from associates | | | (44.03) | | | (135.39) |
| Profit before tax reported to CODM | | | 3,123.81 | | | 2,601.13 |
| Exceptional items | | | - | | | - |
| Other gains/ (losses) and effect of entries resulting from consolidation and business combination accounting | | | (233.10) | | | (505.87) |
| Profit before tax | | | 2,890.71 | | | 2,095.26 |
| Other information | | | | | | |
| Trade receivables | | | 11,749.68 | | | 9,529.61 |
| Gross debt | | | 13,253.12 | | | 9,749.18 |
| Net debt | | | 7,025.05 | | | 4,169.39 |
| Capital expenditure | | | 837.51 | | | 863.95 |

The total of non-current assets other than financial instruments and deferred tax assets by geographical location:

| Particulars | March 31, 2020 | March 31, 2019 |
|---------------|------------------|------------------|
| India | 7,263.40 | 6,314.08 |
| International | 11,778.62 | 11,498.65 |
| Total | 19,042.02 | 17,812.73 |

36. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

I. Acquisition of remaining shareholding in Dusters Total Solutions Services Pvt. Ltd ('DTSS')

Effective July 30, 2019, the Company acquired all of the remaining shareholding of 6.94% in Dusters Total Solutions Services Private Limited ("DTSS"), a subsidiary of the Company, for an aggregate consideration of ₹ 525.95 million which resulted in DTSS becoming a wholly owned subsidiary of the Company.

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.

II. Acquisition of additional interest in SIS Alarm Monitoring and Response Services Private Limited ('Alarms')

Effective May 1, 2019, the Parent acquired an additional 50% of the voting rights and shares, in addition to the 50% already held, directly and indirectly, in SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosecur Alarm Monitoring and Response Services Private Limited) ("Alarms") for an aggregate consideration of ₹ 200 million. Alarms was formerly a jointly controlled entity and, as a result, has now become a wholly owned subsidiary of the Group.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

| | |
|--|---------------|
| Purchase consideration | |
| Cash paid for acquisition of 50% of the shares | 200.00 |
| Fair value of existing equity | 74.82 |
| Total consideration | 274.82 |

Net assets acquired:

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

| Particulars | Fair value recognised on acquisition |
|--|--------------------------------------|
| Assets | |
| Property, plant and equipment | 71.90 |
| Intangible Assets | 0.37 |
| Non-current investments | - |
| Cash and cash equivalents | 41.16 |
| Other bank balances | 22.93 |
| Trade receivables | 10.27 |
| Inventories | 42.91 |
| Other financial assets | 6.51 |
| Other non-financial Assets | 47.04 |
| Income tax assets | 1.84 |
| Deferred tax assets | 75.33 |
| Less: Liabilities | |
| Borrowings | 100.00 |
| Trade payables | 15.28 |
| Provisions | 2.74 |
| Other financial liabilities | 44.49 |
| Other non-financial liabilities | 8.11 |
| Total identifiable net assets at fair value | 149.64 |

Calculation of goodwill:

| | |
|--|---------------|
| Particulars | |
| Total consideration | 274.82 |
| Less: Net identifiable assets acquired | 149.64 |
| Goodwill | 125.18 |

(i) Revenue and profit contribution

From the date of acquisition, Alarms has contributed ₹ 107.34 million of revenue and ₹ 50.37 million to the loss before tax from continuing operations to the Group for the year ended March 31, 2020.

The goodwill is attributable to the workforce, high prospective growth of the acquired business and control premium.

(ii) Acquired receivables

The fair value of acquired trade receivables is ₹ 10.27 million. The gross contractual amount of trade receivables due is ₹ 10.27 million, of which ₹ Nil million is expected to be uncollectible.

(iii) Purchase consideration – cash outflow

| | |
|----------------------------|---------------|
| Particulars | |
| Cash consideration | 200.00 |
| Less: Cash acquired | 41.16 |
| Bank overdraft | - |
| Net outflow of cash | 158.84 |

III. Acquisition of ADIS Enterprises Private Limited ('ADIS')

Effective February 1, 2020, the Company, through its wholly owned subsidiary, acquired 51% of the outstanding equity shares of ADIS Enterprises Private Limited, for an aggregate consideration of ₹ 8.61 Million. In addition, the share purchase agreement (SPA), executed on December 05, 2019 provides for acquisition of 100% of the outstanding equity shares, by January 2021. The Group has accounted for the acquisition on the assumption of 100% acquisition based on SPA entered with the minority shareholders.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

| | |
|--|--------------|
| Purchase consideration | |
| Cash paid for acquisition of 51% of the shares | 8.61 |
| Future consideration | 8.28 |
| Total consideration | 16.89 |

Net assets acquired:

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

| Particulars | Fair value recognised on acquisition |
|--|--------------------------------------|
| Assets | |
| Intangible Assets | 7.69 |
| Cash and cash equivalents | 2.53 |
| Inventories | 5.55 |
| Other financial assets | 3.34 |
| Other non-financial Assets | 0.08 |
| Income tax assets | 0.36 |
| Less: Liabilities | |
| Trade payables | 0.07 |
| Provisions | 0.00 |
| Deferred tax liabilities | 0.33 |
| Other financial liabilities | 5.63 |
| Other non-financial liabilities | 1.07 |
| Total identifiable net assets at fair value | 12.45 |

Calculation of goodwill:

| | |
|--|-------------|
| Particulars | |
| Total consideration | 16.89 |
| Less: Net identifiable assets acquired | 12.45 |
| Goodwill | 4.44 |

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(i) Revenue and profit contribution

From the date of acquisition, ADIS has contributed ₹ 7.04 million of revenue and ₹ 0.53 million to the profit before tax from continuing operations to the Group for the year ended March 31, 2020.

The goodwill is attributable to the workforce, high prospective growth of the acquired business and control premium.

(ii) Acquired receivables

The fair value of acquired trade receivables is ₹ 5.55 million. The gross contractual amount of trade receivables due is ₹ 5.55 million, of which ₹ Nil million is expected to be uncollectible.

(iii) Purchase consideration – cash outflow

| Particulars | |
|----------------------------|-------------|
| Cash consideration | 8.61 |
| Less: Cash acquired | 2.53 |
| Bank overdraft | - |
| Net outflow of cash | 6.08 |

IV. Acquisition of BAS Securities, Triton Security and NSR Security

Effective June 01, 2019, the Group acquired BAS Securities ('BAS'), a Christchurch based business, thereby obtaining control. BAS Securities is engaged in the business of patrolling and the acquisition was made to enhance the Group's footprint in the region.

Effective June 01, 2019, the Group also acquired 100% voting shares of Triton Security ('Triton'), a Christchurch based alarms monitoring business, thereby obtaining control. Triton Security is engaged in the business of alarms monitoring and response and the acquisition was made to enhance the Group's footprint in the region.

On April 01, 2019, the Group acquired NSR Security ('NSR'), a security and static guarding business. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:

| | NSR | Triton | BAS |
|-------------------------------------|--------------|---------------|--------------|
| Purchase consideration | | | |
| Cash paid for acquisition of shares | 57.67 | 224.71 | 95.53 |
| Deferred consideration | 14.42 | - | - |
| Total consideration | 72.09 | 224.71 | 95.53 |

Net assets acquired:

The fair values of the identifiable assets and assumed liabilities as at the date of acquisition were:

| Particulars | NSR | Triton | BAS |
|---|--------------|--------------|--------------|
| Assets | | | |
| Property, plant and equipment | 2.51 | 2.33 | 1.37 |
| Intangible assets / Acquired contracts on acquisition (net of deferred tax liability) | 35.36 | 58.63 | 13.26 |
| Cash and cash equivalents | - | 6.94 | - |
| Trade receivables | - | 4.91 | - |
| Less: Liabilities | | | |
| Borrowings | - | 24.33 | - |
| Trade payables | - | 2.34 | - |
| Other liabilities | - | 11.24 | 0.71 |
| Total identifiable net assets at fair value | 37.87 | 34.90 | 13.92 |

Calculation of goodwill:

| Particulars | NSR | Triton | BAS |
|--|--------------|---------------|--------------|
| Total consideration | 72.09 | 224.71 | 95.53 |
| Less: Net identifiable assets acquired | 37.87 | 34.90 | 13.92 |
| Goodwill | 34.22 | 189.81 | 81.61 |

V. Acquisition of additional interest in SLV Security Services Private Limited ('SLV')

On February 10, 2020, the Parent acquired an additional 39.01% of the outstanding equity shares of SLV Security Services Private Limited, increasing its ownership interest to 90.01%. An interim cash consideration of ₹ 254.00 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.

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:

| | August 31, 2019 | September 01, 2018 |
|---|-----------------|--------------------|
| Purchase consideration | | |
| Cash paid for acquisition of 51% of the shares | 505.00 | 505.00 |
| Liability for forward contract to purchase of non-controlling interests | 816.37 | 816.37 |
| Total consideration | 1,321.37 | 1,321.37 |

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All figures in ₹ million unless stated otherwise

Net assets acquired:

The fair values of the identifiable assets and assumed liabilities were:

| Particulars | August 31, 2019 | September 01, 2018 |
|--|--------------------|-----------------------|
| Assets | | |
| Property, plant and equipment | 11.56 | 11.56 |
| Intangible Assets | 148.05 | 148.05 |
| Non-current investments | 32.60 | 32.60 |
| Cash and cash equivalents | 116.53 | 116.53 |
| Trade receivables | 601.05 | 601.05 |
| Other financial assets | 47.73 | 31.30 |
| Other Non-financial Assets | 43.94 | 43.94 |
| Income tax assets | 102.64 | 102.64 |
| Deferred Tax Assets | 29.06 | 27.50 |
| Less: Liabilities | | |
| Borrowings | 664.30 | 664.30 |
| Trade payables | 1.06 | 1.06 |
| Provisions | 40.73 | 40.73 |
| Other financial liabilities | 278.27 | 256.47 |
| Other Current Liabilities | 239.10 | 239.10 |
| Total identifiable net assets at fair value | (90.30) | (86.49) |

Calculation of goodwill:

| Particulars | August 31, 2019 | September 01, 2018 |
|--|--------------------|-----------------------|
| Total consideration | 1,321.37 | 1,321.37 |
| Less: Net identifiable assets acquired | (90.30) | (86.49) |
| Goodwill | 1,411.67 | 1,407.86 |

On August 31, 2019, the end of measurement period, the Group completed the fair valuation of net assets acquired as at the acquisition date. The change in the net assets acquired as determined as on date of acquisition is primarily on account of identification & recognition of indemnification assets and certain liabilities related to prior acquisition. These have resulted in net reduction in goodwill by ₹ 3.81 million.

(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 to 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.

(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 |
| Net outflow of cash | 896.01 |

(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 | March 31, 2020 | March 31, 2019 |
|--|-------------------|-------------------|
| Assets: | | |
| Advance to Suppliers | 0.60 | 0.36 |
| Other | 1.62 | 0.79 |
| Total assets classified as held for distribution to shareholders of subsidiary | 2.22 | 1.15 |
| Liabilities | | |
| Trade payable | 1.15 | 0.12 |
| Other | 1.67 | 1.74 |
| Total liabilities classified as held for distribution to shareholders of subsidiary | 2.82 | 1.86 |

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VI. Acquisition of Rare Hospitality and Services Private Limited ('Rare')

During the year ended March 31, 2020, the Parent converted its loan given to Rare of ₹ 70.00 million into equity investment. Consequent of this transaction, the Parent has increased its stake in Rare by 2.89%, resulting total ownership interest to 82.89% as on March 31, 2020.

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:

| Purchase consideration | |
|---|---------------|
| Cash paid for acquisition of 80% of the shares | 319.66 |
| Liability for forward contract to purchase of non-controlling interests | 51.43 |
| Total consideration | 371.09 |

Net assets acquired:

The fair values of the identifiable assets and assumed liabilities as at the date of acquisition were:

| Particulars | Fair value recognised on acquisition |
|--|--------------------------------------|
| Assets | |
| 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 |
| Less: Liabilities | |
| Borrowings | 145.89 |
| Trade payables | 43.68 |
| Provisions | 79.52 |
| Other financial liabilities | 77.13 |
| Other Current Liabilities | 157.40 |
| Deferred Tax Assets | 7.68 |
| Total identifiable net assets at fair value | (91.06) |

Calculation of goodwill:

| Particulars | |
|--|---------------|
| Total consideration | 371.09 |
| Less: Net identifiable assets acquired | (91.06) |
| Goodwill | 462.15 |

(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.

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 |
| Net outflow of cash | 408.75 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

VII. Acquisition of Uniq Detective and Security Services Private Limited ('Uniq')

Effective February 01, 2019, the Parent acquired 51% of the outstanding equity shares of Uniq Detective and 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:

| | January 31, 2020 | February 01, 2019 |
|---|---------------------|----------------------|
| Purchase consideration | | |
| Cash paid for acquisition of 51% of the shares | 515.00 | 515.00 |
| Liability for forward contract to purchase of non-controlling interests | 445.09 | 326.23 |
| Total consideration | 960.09 | 841.23 |

Net assets acquired:

The fair values of the identifiable assets and liabilities of Uniq as at the date of acquisition were:

| Particulars | January 31, 2020 | February 01, 2019 |
|--|---------------------|----------------------|
| Assets | | |
| Property, plant and equipment | 10.86 | 10.86 |
| Intangible Assets | 113.88 | 113.88 |
| Investments | 98.09 | 98.09 |
| Cash and cash equivalents | 55.56 | 55.56 |
| Other Bank Balances | - | - |
| Inventories | 1.45 | 1.45 |
| Trade receivables | 303.36 | 303.36 |
| Other financial assets | 22.01 | 22.01 |
| Other Non-financial Assets | 7.07 | 7.07 |
| Income tax assets | 15.47 | 15.47 |
| Deferred Tax Assets | 18.80 | 18.80 |
| Less: Liabilities | | |
| Borrowings | 0.64 | 0.64 |
| Trade payables | 23.84 | 23.84 |
| Provisions | 70.50 | 70.50 |
| Other financial liabilities | 135.06 | 135.06 |
| Other Current Liabilities | 93.89 | 93.89 |
| Total identifiable net assets at fair value | 322.62 | 322.62 |

Calculation of goodwill:

| Particulars | January 31, 2020 | February 01, 2019 |
|--|---------------------|----------------------|
| Total consideration | 960.09 | 841.23 |
| Less: Net identifiable assets acquired | 322.62 | 322.62 |
| Goodwill | 637.47 | 518.61 |

On January 31, 2020, the end of measurement period, the Group completed the fair valuation of net assets acquired and Liability for forward contract to purchase of non-controlling interests as at the acquisition date. The change in liability for forward contract is primarily on account of change in underlying factor considered to determine liability as on acquisition date. This has resulted in net increase in goodwill by ₹ 118.86 million.

(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 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

| Particulars | |
|----------------------------|---------------|
| Cash consideration | 515.00 |
| Less: Cash acquired | 55.56 |
| Net outflow of cash | 459.44 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

VI. 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:

| Particulars | February 29, 2020 | February 28, 2019 |
|---|-------------------|-------------------|
| Purchase consideration | | |
| Cash paid for acquisition of 60% of the shares | 2,205.82 | 2,205.82 |
| Liability for call and put options to purchase of non-controlling interests | 3,468.16 | 3,429.46 |
| Total consideration | 5,673.98 | 5,635.28 |

Net assets acquired:

The fair values of the identifiable assets and liabilities of SISHH as at the date of acquisition were:

| Particulars | February 29, 2020 | February 28, 2019 |
|--|-------------------|-------------------|
| Assets | | |
| Property, plant and equipment | 41.25 | 41.25 |
| Intangible assets | 153.23 | 153.23 |
| Cash and cash equivalents | 359.01 | 359.01 |
| Trade and other receivables | 738.32 | 738.32 |
| Other assets | 5.18 | 5.18 |
| Less: Liabilities | | |
| Trade and other payables | 11.24 | 11.24 |
| Borrowings | 5.44 | 5.44 |
| Provisions | 173.49 | 173.49 |
| Deferred tax liabilities | 2.61 | 2.61 |
| Current tax liabilities | 55.13 | 55.13 |
| Other Liabilities | 130.38 | 130.38 |
| Total identifiable net assets at fair value | 918.70 | 918.70 |

Calculation of goodwill:

| Particulars | February 29, 2020 | February 28, 2019 |
|--|-------------------|-------------------|
| Total consideration | 5,673.98 | 5,635.28 |
| Less: Net identifiable assets acquired | 918.70 | 918.70 |
| Goodwill | 4,755.28 | 4,716.58 |

On February 2020, the end of measurement period, the Group completed the fair valuation of net assets acquired and Liability for forward contract to purchase of non-controlling interests as at the acquisition date. The change in liability for forward contract is primarily on account of change in underlying factor considered to determine liability as on acquisition date. This has resulted in net increase in goodwill by ₹ 38.70 million.

(i) Revenue and profit contribution

From the date of acquisition, SISHH 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.

(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 |
| Net outflow of cash | 1,846.81 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

IX. 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:

| | |
|---|---------------|
| Purchase consideration | |
| 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 |
| Total consideration | 517.50 |

Net assets acquired:

The fair values of the identifiable assets and liabilities of P4G as at the date of acquisition were:

| Particulars | Fair value recognised on acquisition |
|--|--------------------------------------|
| Assets | |
| Property, plant and equipment | 13.24 |
| Intangible assets | 13.68 |
| Cash and cash equivalents | 6.77 |
| Trade and other receivables | 47.65 |
| Less: Liabilities | |
| Trade and other payables | 13.92 |
| Borrowings | 43.42 |
| Provisions | 23.76 |
| Current tax liabilities | 7.62 |
| Other Liabilities | 9.71 |
| Total identifiable net assets at fair value | (17.09) |

Calculation of goodwill:

| | |
|--|---------------|
| Particulars | |
| Total consideration | 517.50 |
| Less: Net identifiable assets acquired | (17.09) |
| Goodwill | 534.59 |

(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

| | |
|----------------------------|--------------|
| Particulars | |
| Cash consideration | 48.00 |
| Less: Cash acquired | 6.77 |
| Net outflow of cash | 41.23 |

X. 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.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Redfrog Security acquired were:

| Particulars | Fair value recognised on acquisition |
|--|--------------------------------------|
| Assets | |
| Property, plant and equipment | 11.73 |
| Intangible assets | 33.59 |
| Less: Liabilities | |
| Borrowings | 10.80 |
| Deferred tax liabilities | 10.08 |
| Other Liabilities | 0.45 |
| Total identifiable net assets at fair value | 23.99 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Calculation of goodwill:

| Particulars | |
|--|--------------|
| Total consideration | 34.06 |
| Less: Net identifiable assets acquired | 23.99 |
| Goodwill | 10.07 |

Purchase consideration:

| Purchase consideration | |
|----------------------------|--------------|
| Amount settled in cash | 14.23 |
| Deferred consideration | 19.83 |
| Total consideration | 34.06 |

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Notes to the Consolidated Financial Statements

All amounts in ₹ million except share data

37. GROUP INFORMATION Information about subsidiaries

The subsidiaries (which along with Security and Intelligence Services (India) Limited, the Parent, constitute the Group) 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 Group | | | Ownership interest held by the non-controlling interest | |
|------|--|--|--------------------------------------|----------------|----------------|---|----------------|
| | | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2019 |
| 1 | Service Master Clean Limited | Providing facility management services | 100.00% | 100.00% | 0.00% | 0.00% | 0.00% |
| 2 | Tech SIS Limited | Trading and installation of electronic security devices and systems | 100.00% | 100.00% | 0.00% | 0.00% | 0.00% |
| 3 | Terminix SIS India Private Limited | Pest Control Management Services | 50.01% | 50.01% | 49.99% | 49.99% | 49.99% |
| 4 | Dusters Total Solutions Services Private Limited | Providing facility management services | 100.00% | 93.06% | 0.00% | 0.00% | 6.94% |
| 5 | SIS Business Support Services and Solutions Private Limited | Rendering business support services including guarding, parking services, pest control services | 100.00% | 100.00% | 0.00% | 0.00% | 0.00% |
| 6 | SISCO Security Services Private Limited | Rendering security and related services in areas of manned guarding | 100.00% | 100.00% | 0.00% | 0.00% | 0.00% |
| 7 | SLV Security Services Private Limited | Providing manned guarding, facilities management and business process outsourcing. | 90.01% | 51.00% | 9.99% | 49.00% | 49.00% |
| 8 | Rare Hospitality and Services Private Limited | Providing facility management services. | 82.89% | 80.00% | 17.11% | 20.00% | 20.00% |
| 9 | Uniq Detective and Security Services Private Limited | Providing Security Services. | 51.00% | 51.00% | 49.00% | 49.00% | 49.00% |
| 10 | Uniq Detective and Security Services (AP) Pvt. Ltd. * | Providing Security Services. | 51.00% | 51.00% | 49.00% | 49.00% | 49.00% |
| 11 | Uniq Detective and Security Services (Tamilnadu) Private Limited * | Providing Security Services. | 51.00% | 51.00% | 49.00% | 49.00% | 49.00% |
| 12 | Uniq Facility Services Private Limited * | Providing facility management services. | 51.00% | 51.00% | 49.00% | 49.00% | 49.00% |
| 13 | SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosecur Alarm Monitoring and Response Services Private Limited) | Alarm Monitoring and Response Services | 100.00% | - | 0.00% | - | - |
| 14 | ADIS Enterprises Private Limited | Providing facility management services | 51.00% | - | 49.00% | - | - |
| 15 | ONE SIS Solutions Private Limited | Providing Security Services, facility management, pest control, alarm monitoring and response services | 100.00% | - | 0.00% | - | - |
| 16 | SIS International Holdings Limited | Holding company for international operations | 100.00% | 100.00% | 0.00% | 0.00% | 0.00% |
| 17 | SIS Asia Pacific Holdings Limited | Holding company for international operations | 100.00% | 100.00% | 0.00% | 0.00% | 0.00% |
| 18 | SIS Australia Holdings Pty Ltd | Holding company for Australia | 100.00% | 100.00% | 0.00% | 0.00% | 0.00% |
| 19 | SIS Australia Group Pty Ltd ** | Holding company | 100.00% | 100.00% | 0.00% | 0.00% | 0.00% |

Notes to the Consolidated Financial Statements

All amounts in ₹ million except share data

| Name | Principal place of business and country of incorporation | Principal activities | Ownership interest held by the Group | | | Ownership interest held by the non-controlling interest | |
|------|--|----------------------|--|----------------|----------------|---|----------------|
| | | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2020 | March 31, 2019 |
| 20 | SIS Group International Holdings Pty Ltd | Australia | Holding company | 100.00% | 100.00% | 0.00% | 0.00% |
| 21 | MSS Strategic Medical and Rescue Pty Ltd | Australia | Provision of paramedic and emergency response services | 100.00% | 100.00% | 0.00% | 0.00% |
| 22 | SIS MSS Security Holdings Pty Ltd | Australia | Holding company | 100.00% | 100.00% | 0.00% | 0.00% |
| 23 | MSS Security Pty Ltd | Australia | Provision of services relating to all aspects of physical security | 100.00% | 100.00% | 0.00% | 0.00% |
| 24 | Australian Security Connections Pty Ltd | Australia | Provision of services relating to all aspects of physical security | 100.00% | 100.00% | 0.00% | 0.00% |
| 25 | MSS AJG Pty Ltd | Australia | Provision of services relating to all aspects of physical security | 100.00% | 100.00% | 0.00% | 0.00% |
| 26 | SX Protective Holdings Pty Ltd (Formerly known as Andwills Pty. Limited) *** | Australia | Holding company | 42.36% | 42.36% | 57.64% | 57.64% |
| 27 | SX Protective Services Pty. Ltd. | Australia | Holding company | 45.56% | 45.56% | 54.44% | 54.44% |
| 28 | Southern Cross Protection Pty. Ltd. | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 29 | Southern Cross FLM Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 30 | Southern Cross Loss Prevention Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 31 | Cage Security Alarms Pty. Limited **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 32 | Cage Security Guard Services Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 33 | Eymet Security Consultants Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 34 | Askara Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 35 | Charter Customer Services Pty Ltd **** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 36 | Charter Security Protective Services Pty Ltd**** | Australia | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 37 | Charter Security (NZ) Pty Limited **** | New Zealand | Loss prevention, asset protection and security services | 51.01% | 51.01% | 48.99% | 48.99% |
| 38 | Platform 4 Group Limited | New Zealand | Guard services, patrols and monitoring services and event services | 51.00% | 51.00% | 49.00% | 49.00% |
| 39 | Triton Security Services Limited | New Zealand | Alarm Monitoring and Response Services | 51.00% | - | 49.00% | - |
| 40 | The Alarm Center Limited | New Zealand | Alarm Monitoring and Response Services | 51.00% | - | 49.00% | - |
| 41 | SIS Henderson Holdings Pte Ltd | Singapore | Holding company | 60.00% | 60.00% | 40.00% | 40.00% |
| 42 | Henderson Security Services Pte Ltd | Singapore | Manned Guarding Services | 60.00% | 60.00% | 40.00% | 40.00% |
| 43 | Henderson Technologies Pte Ltd | Singapore | Building a building mechanical & electrical services | 60.00% | 60.00% | 40.00% | 40.00% |

* 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 Consolidated Financial Statements

All figures 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 Group | |
|--|--|--|--------------------------------------|----------------|
| | | | March 31, 2020 | March 31, 2019 |
| 1 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% |
| 2 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% |
| 3 SIS Prosegur Cash Logistics Private Limited ** | India | Cash-in-transit, ATM cash replenishment activities and secure transportation of precious items and bullion | 49.00% | 49.00% |

*Wholly owned subsidiary of SIS Cash Services Private Limited

**wholly owned subsidiary of SIS Prosegur Holdings Private Limited

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 Group | |
|--|--|--|--------------------------------------|----------------|
| | | | March 31, 2020 | March 31, 2019 |
| 1 SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosegur Alarm Monitoring and Response Services Private Limited) * | India | Alarm Monitoring and Response Services | - | 50.00% |
| 2 Habitat Security Pty Ltd | Australia | Provision of services relating to all aspects of physical security | 49.00% | 49.00% |

*During the year ended March 31, 2020, SIS Alarm Monitoring and Response Services Private Limited (formerly known as SIS Prosegur Alarm Monitoring and Response Services Private Limited) has become subsidiary of the Company (refer note 36)

Notes to the Consolidated Financial Statements

All amounts in ₹ million except share data

Additional information under General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

| Name | Net Assets i.e. total assets minus total liabilities | | Share in profit/(loss) for the year | | Share in other comprehensive income/(loss) for the year | | Share in total comprehensive income/(loss) for the year | |
|---|---|-----------------------|---|-----------------------|--|-----------------------|--|-----------------------|
| | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated net assets | Amount (₹ million) |
| Parent Company | | | | | | | | |
| 1 Security & Intelligence Services (India) Limited | 54.6% | 7,579.71 | 38.3% | 863.28 | -6.7% | 12.36 | 42.3% | 875.64 |
| Subsidiaries - Indian | | | | | | | | |
| 2 Service Master Clean Limited | 10.0% | 1,388.54 | 4.9% | 111.53 | 2.5% | (4.57) | 5.2% | 106.96 |
| 3 Tech SIS Limited | 0.0% | 1.51 | -1.5% | (34.32) | 0.1% | (0.24) | -1.7% | (34.56) |
| 4 Terminix SIS India Private Limited | 0.0% | 6.02 | 0.0% | (0.17) | 0.1% | (0.18) | 0.0% | (0.35) |
| 5 Dusters Total Solutions Services Private Limited | 12.3% | 1,701.76 | 20.9% | 470.88 | 13.8% | (25.53) | 21.5% | 445.35 |
| 6 SIS Business Support Services and Solutions Private Limited | 0.0% | 0.13 | 0.0% | (0.01) | 0.0% | - | 0.0% | (0.01) |
| 7 SISCO Security Services Private Limited | 0.0% | 0.13 | 0.0% | (0.01) | 0.0% | - | 0.0% | (0.01) |
| 8 SLV Security Services Private Limited | -0.9% | (124.56) | 1.4% | 31.55 | -2.0% | 3.70 | 1.7% | 35.25 |
| 9 Rare Hospitality and Services Private Limited | 0.0% | 3.21 | 0.3% | 7.39 | 2.0% | (3.73) | 0.2% | 3.66 |
| 10 Uniq Detective and Security Services Private Limited | 3.0% | 415.87 | 5.5% | 124.00 | -3.9% | 7.26 | 6.3% | 131.26 |
| 11 Uniq Detective and Security Services (AP) Pvt. Ltd. | 0.0% | (3.56) | 0.0% | 1.08 | 0.1% | (0.12) | 0.0% | 0.96 |
| 12 Uniq Detective and Security Services (Tamilnadu) Private Limited | 0.0% | (3.02) | 0.0% | 0.24 | -0.1% | 0.10 | 0.0% | 0.34 |
| 13 Uniq Facility Services Private Limited | 0.0% | (0.41) | 0.0% | 0.78 | -0.1% | 0.27 | 0.1% | 1.05 |
| 14 SIS Alarm Monitoring and Response Services Private Limited | 0.5% | 67.35 | -3.8% | (85.52) | 0.1% | (0.25) | -4.1% | (85.77) |
| 15 ADIS Enterprises Private Limited | 0.1% | 7.38 | 0.0% | 0.67 | 0.0% | - | 0.0% | 0.67 |
| 16 ONE SIS Solutions Private Limited | 0.0% | 0.07 | 0.0% | (0.03) | 0.0% | - | 0.0% | (0.03) |
| Subsidiaries - Foreign | | | | | | | | |
| 17 SIS International Holdings Limited | 1.3% | 185.10 | 6.8% | 153.75 | 0.0% | - | 7.4% | 153.75 |
| 18 SIS Asia Pacific Holdings Limited | 1.3% | 185.13 | 6.8% | 153.75 | 0.0% | - | 7.4% | 153.75 |
| 19 SIS Australia Holdings Pty Ltd | 1.6% | 223.51 | 8.0% | 180.17 | 0.0% | - | 8.7% | 180.17 |
| 20 SIS Australia Group Pty Ltd | 10.5% | 1,458.52 | 20.4% | 459.27 | 3.6% | (6.66) | 21.9% | 452.61 |
| 21 SIS Group International Holdings Pty Ltd | 0.7% | 95.55 | 1.8% | 40.22 | 0.0% | - | 1.9% | 40.22 |
| 22 MSS Strategic Medical and Rescue Pty Ltd | 1.1% | 149.66 | 2.6% | 59.31 | 0.0% | - | 2.9% | 59.31 |
| 23 SIS MSS Security Holdings Pty Ltd | 9.4% | 1,302.52 | 19.7% | 443.87 | 0.0% | - | 21.4% | 443.87 |
| 24 MSS Security Pty Ltd | 38.7% | 5,370.62 | 34.0% | 765.65 | 0.0% | - | 37.0% | 765.65 |
| 25 Australian Security Connections Pty Ltd | 0.0% | 0.46 | 0.0% | - | 0.0% | - | 0.0% | - |
| 26 MSS A/J Pty Ltd | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - |

Notes to the Consolidated Financial Statements

All amounts in ₹ million except share data

| Name | Net Assets i.e. total assets minus total liabilities | | Share in profit/(loss) for the year | | Share in other comprehensive income/(loss) for the year | | Share in total comprehensive income/(loss) for the year | |
|---|---|-----------------------|---|-----------------------|--|-----------------------|--|-----------------------|
| | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated net assets | Amount (₹ million) | As a % of consolidated net assets | Amount (₹ million) |
| 27 SX Protective Holdings Pty Ltd (Formally known as Andwills Pty. Limited) | 0.0% | 0.11 | 2.1% | 47.38 | 0.2% | (0.38) | 2.3% | 47.00 |
| 28 SX Protective Services Pty. Ltd. | 0.1% | 17.40 | 2.5% | 55.76 | 0.0% | - | 2.7% | 55.76 |
| 29 Southern Cross Protection Pty. Ltd. | 3.5% | 482.66 | 9.9% | 224.03 | 0.0% | - | 10.8% | 224.03 |
| 30 Southern Cross FLM Pty Ltd | 0.0% | (4.26) | 0.0% | - | 0.0% | - | 0.0% | - |
| 31 Southern Cross Loss Prevention Pty Ltd | 0.1% | 17.60 | 0.0% | - | 0.0% | - | 0.0% | - |
| 32 Cage Security Alarms Pty. Limited | 1.0% | 140.63 | 0.0% | (0.90) | 0.0% | - | 0.0% | (0.90) |
| 33 Cage Security Guard Services Pty Ltd | 0.3% | 42.95 | 0.0% | - | 0.0% | - | 0.0% | - |
| 34 Eymet Security Consultants Pty Ltd | 0.0% | 1.95 | 0.0% | (0.41) | 0.0% | - | 0.0% | (0.41) |
| 35 Askara Pty Ltd | 0.0% | 4.34 | 0.0% | 0.21 | 0.0% | - | 0.0% | 0.21 |
| 36 Charter Customer Services Pty Ltd | 0.7% | 91.59 | 0.0% | - | 0.0% | - | 0.0% | - |
| 37 Charter Security Protective Services Pty Ltd | 1.2% | 160.00 | 0.1% | 1.73 | 0.0% | - | 0.1% | 1.73 |
| 38 Charter Security (NZ) Pty Limited | 0.4% | 51.12 | 0.2% | 5.50 | 0.0% | - | 0.3% | 5.50 |
| 39 Platform 4 Group Limited | -1.1% | (155.09) | -2.1% | (47.21) | -4.8% | 8.95 | -1.8% | (38.26) |
| 40 Triton Security Services Limited | 0.7% | 101.21 | 1.0% | 21.72 | 0.0% | - | 1.0% | 21.72 |
| 41 The Alarm Center Limited | 0.1% | 7.16 | 0.0% | 0.34 | 0.0% | - | 0.0% | 0.34 |
| 42 SIS Henderson Holdings Pte Ltd | 6.5% | 903.51 | 0.0% | (0.63) | 49.5% | (91.60) | -4.5% | (92.23) |
| 43 Henderson Security Services Pte Ltd | 7.0% | 966.52 | 12.4% | 280.34 | -3.2% | 5.86 | 13.8% | 286.20 |
| 44 Henderson Technologies Pte Ltd | 1.4% | 194.28 | 2.7% | 60.84 | 8.9% | (16.41) | 2.1% | 44.43 |
| Joint ventures / Associates - Indian | | | | | | | | |
| 1 SIS Cash Services Private Limited | 9.8% | 1,360.37 | 0.4% | 8.68 | -2.2% | 4.12 | 0.6% | 12.80 |
| 2 SIS Prosegur Holdings Private Limited | 9.4% | 1,300.96 | -4.4% | (99.18) | -0.4% | 0.75 | -4.8% | (98.43) |
| 3 SIS Prosegur Cash Logistics Private Limited | 5.0% | 691.20 | 0.1% | 1.41 | 0.2% | (0.29) | 0.1% | 1.12 |
| Joint ventures / Associates - Foreign | | | | | | | | |
| 4 Habitat Security Pty Ltd | 0.0% | 5.99 | 0.1% | 3.06 | 0.0% | - | 0.1% | 3.06 |
| Others | | | | | | | | |
| Adjustments arising out of consolidation/translation adjustments | | (12,509.21) | | (2,055.39) | | (78.30) | | (2,133.69) |
| Non-controlling interests | | 3.02 | | (0.08) | | (0.09) | | (0.17) |
| Total | | 13,887.21 | | 2,254.53 | | (184.98) | | 2,069.55 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

38. INTERESTS IN OTHER ENTITIES

a) Non-controlling interests (NCI)

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Share capital / investment | 112.48 | 112.48 |
| Other equity | (109.46) | (109.03) |
| Total non-controlling interests | 3.02 | 3.45 |

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.

Joint ventures

The Group holds 50% interest in SIS Prosegur Alarm Monitoring and 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, 2020 | March 31, 2019 |
| SIS Cash Services Private Limited | India | 49.00% | Associate | Equity method | 377.31 | 455.20 |
| SIS Alarm Monitoring and Response Services Private Limited * | India | 50.00% | Joint venture | Equity method | - | 78.31 |
| Habitat Security Pty Ltd. | Australia | 49.00% | Joint venture | Equity method | 2.72 | 4.90 |
| Total equity accounted investments | | | | | 380.03 | 538.41 |

*Refer note 36

The share of profits from associates and joint ventures recognised by the Group is given below:

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|-----------------|
| Share of profits from associates | (42.06) | (82.50) |
| Share of profits from joint ventures | (1.97) | (52.89) |
| Total share of profits from associates and joint ventures | (44.03) | (135.39) |

| Aggregate amount of share of those joint ventures and associates | Joint ventures | | Associates | | Total | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| (a) Profit or loss from continuing operations | (1.97) | (55.12) | (44.30) | (83.61) | (46.27) | (138.73) |
| (b) Post-tax profit or loss from discontinued operations. | - | - | - | - | - | - |
| (c) Other comprehensive income | - | 2.23 | 2.24 | 1.11 | 2.24 | 3.34 |
| (d) Total comprehensive income | (1.97) | (52.89) | (42.06) | (82.50) | (44.03) | (135.39) |
| (e) Impact of change in accounting policies on adoption of new accounting standards | (0.21) | - | (35.83) | - | (36.04) | - |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

39. RELATED PARTY TRANSACTIONS

Note 37 above provides the information about the Group's structure.

Names of related parties

| Key Management Personnel and their relatives | Associates/Joint Venture entities | Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group |
|--|--|---|
| Mr. Ravindra Kishore Sinha (Chairman) | SIS Cash Services Private Limited | Saksham Bharat Skills Limited |
| Mr. Uday Singh (Non-Executive Director) | SIS Prosecur Holdings Private Limited | Security Skills Council India Limited |
| Mr. Rituraj Kishore Sinha (Managing Director) | SIS Prosecur Cash Logistics Private Limited | SIS Group Enterprises Limited |
| Mr. Arvind Kumar Prasad (Director - Finance) | Habitat Security Pty Ltd (Joint venture) | Mritunjay Educational Foundation Limited |
| Ms. Rita Kishore Sinha – Non-Executive Director | SIS Alarm Monitoring and Response Services Private Limited (upto April 30, 2019) | Rituraj Resorts Limited |
| Mr. Arun Batra – Independent Director (resigned w.e.f. October 24, 2019) | | Superb Intelligence Services Private Limited |
| Mr. Amrendra Prasad Verma – Independent Director | | Sunrays Overseas Private Limited |
| Mr. T C A Ranganathan – Independent Director | | Vardan Overseas Private Limited |
| Mr. Devdas Apte – Independent Director | | SIS Asset Management Limited |
| Mr. Rajan Krishnanath Medhekar – Independent Director | | Mahamanav Mritunjay Institute of Yoga & Alternative Medicine Limited |
| Ms. Renu Mattoo – Independent Director | | Lotus Learning Private Limited |
| Mr. Sunil Srivastav - Additional Director (Independent), appointed w.e.f. October 24, 2019 | | |
| Mr. Devesh Desai (Chief Financial Officer) | | |
| Mr. Brajesh Kumar (Chief Financial Officer – Security Solutions and Facility Management) | | |
| Ms. Pushpalatha Katkuri (Company Secretary) | | |

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

| Particulars | Associates/ Joint venture | | 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 | | Total | |
|--|---------------------------|----------------|--|----------------|---|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Purchase of property, plant and equipment | - | 0.08 | - | - | - | - | - | 0.08 |
| Purchase of goods / receiving of services / expenses reimbursed to related parties | 0.67 | 0.92 | - | - | 317.69 | 311.71 | 318.36 | 312.63 |
| Sale of goods / rendering of services / expenses reimbursed by related parties | 14.22 | 16.83 | - | - | 108.99 | 30.77 | 123.21 | 47.60 |
| Investments Made | 75.00 | 150.00 | - | - | - | - | 75.00 | 150.00 |
| Interest income on bonds or debentures or loans | 34.22 | 29.38 | - | - | 8.44 | 2.24 | 42.66 | 31.62 |
| Salary & remuneration paid * | - | - | 61.98 | 64.11 | - | - | 61.98 | 64.11 |
| Rent paid | - | - | 16.57 | 18.32 | 66.04 | 45.93 | 82.61 | 64.25 |

* Post-employment benefits are actuarially determined for the Group as a whole and hence not separately provided

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

Balances outstanding at end of the year

| Particulars | Associates/ Joint venture | | 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 | | Total | |
|---------------------------------------|---------------------------|----------------|--|----------------|---|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Trade payables / Other payables | 0.54 | 0.13 | - | - | 81.08 | 66.97 | 81.62 | 67.10 |
| Trade receivables / Other receivables | 170.65 | 145.45 | - | - | 109.52 | 114.07 | 280.17 | 259.52 |
| Investment in shares | 380.04 | 538.41 | - | - | - | - | 380.04 | 538.41 |
| Investment in bonds / debentures | 372.00 | 397.00 | - | - | - | - | 372.00 | 397.00 |

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.

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, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ 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 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.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:

| Particulars | Financial liabilities | |
|--|-----------------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Foreign Currency Risk in ₹ | | |
| SGD | 3,635.67 | 3,434.28 |
| NZD | 456.28 | 492.87 |
| USD | 5.84 | 10.33 |
| EURO | 37.87 | - |
| Net exposure to foreign currency risk | 4,135.66 | 3,937.48 |

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 | Financial liabilities | |
|------------------------|-----------------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Sensitivity | | |
| INR/AUD-Increase by 5% | 206.78 | 196.87 |
| INR/AUD-Decrease by 5% | (206.78) | (196.87) |

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, 2020 | March 31, 2019 |
|----------------------------------|------------------|-----------------|
| Variable rate borrowings: | | |
| - Loan repayable on demand | 5,422.90 | 3,355.99 |
| - Loans | 4,737.00 | 4,562.79 |
| Fixed rate borrowings | | |
| - Bonds/ Debentures | 1,495.12 | 1,490.75 |
| - Vehicle loan | 488.41 | 339.65 |
| Total | 12,143.43 | 9,749.18 |

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 variable rate borrowings as a result of changes in interest rates.

| Particulars | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| Interest rates - increase by 25 basis points * | 25.40 | 19.80 |
| Interest rates - decrease by 25 basis points * | (25.40) | (19.80) |

*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. 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, 2020 and March 31, 2019, respectively and revenues for the year ended March 31, 2020 and March 31, 2019, 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

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

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.

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.

The below table summarises the Group's long-term debt that will mature in less than one year based on the carrying value of borrowings reflected in the financial statements.

| Particulars | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| Group's long-term debt | 6,720.53 | 6,393.19 |
| Group's long-term debt that will mature in less than one year from reporting period | 421.87 | 251.59 |
| | 6.28% | 3.94% |

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, 2020

| Particulars | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|-----------------------------|-----------|--------------------|----------------|--------------|-----------|-----------|
| Borrowings | 5,422.90 | 81.43 | 338.88 | 6,330.06 | - | 12,173.27 |
| Lease liability | - | 74.61 | 223.83 | 848.25 | 322.98 | 1,469.67 |
| Other Financial Liabilities | - | 7,823.69 | - | - | - | 7,823.69 |
| Trade payables | - | 538.05 | - | - | - | 538.05 |
| Contingent consideration | - | 112.00 | 6,648.18 | - | - | 6,760.18 |

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 |

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

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 | March 31, 2020 | March 31, 2019 |
|--------------------------|------------------|------------------|
| Financial Assets: | | |
| Investments | 372.00 | 397.00 |
| Trade receivables | 11,749.68 | 9,529.61 |
| Other financial assets | 5,173.80 | 5,515.98 |
| Total | 17,295.48 | 15,442.59 |

41. 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 including bank balances and deposits irrespective of their duration / maturity.

| Particulars | March 31, 2020 | March 31, 2019 |
|--|-----------------|-----------------|
| Borrowings (Note 15) | 11,721.56 | 9,497.59 |
| Current portion of long term debt (Note 15) | 421.87 | 251.59 |
| Lease liability (Note 17) | 1,109.69 | - |
| Cash and cash equivalents (Note 12), other bank balances and deposits (Including margin money) | (6,228.07) | (5,579.79) |
| Net Debt | 7,025.05 | 4,169.39 |
| EBITDA | 5,205.36 | 3,651.59 |
| Gearing ratio | 1.35 | 1.14 |

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.

Notes to the Consolidated Financial Statements

All figures in ₹ million unless stated otherwise

The Parent's Board, at its meeting dated February 20, 2020, has declared an interim dividend of ₹ 2 per share aggregating to ₹ 293.28 million for the year ended March 31, 2020.

The Parent's Board, at its meeting dated April 30, 2020, has not proposed final dividend for the year ended March 31, 2020 (March 31, 2019: ₹ 3.50 per share aggregating to ₹ 256.59).

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.

As per our report on even date

For **Saxena & Saxena**

Chartered Accountants

(Firm Regn. No. 006103N)

For and on behalf of the Board

CA. Dilip Kumar

(Partner)

Membership No. 082118

UDIN: 20082118AAAADT2226

Ravindra Kishore Sinha

Chairman

(DIN: 00945635)

Rituraj Kishore Sinha

Managing Director

(DIN: 00477256)

Arvind Kumar Prasad

Director – Finance

(DIN: 02865273)

Place: Noida

Date: April 30, 2020

Devesh Desai

Chief Financial Officer

Brajesh Kumar

Chief Financial Officer

(Security solutions & FM)

Pushpalatha Katkuri

Company Secretary



A Market Leader in
Security, Cash Logistics
& Facility Management

Group Enterprises

Registered Office

Annapoorna Bhawan, Telephone
Exchange Road, Kurji, Patna

Corporate Office

A-28 & 29 Okhla Industrial Area, Phase-1,
New Delhi - 110020