

Security and Intelligence Services (India) Limited

SIS is the leading provider of private security and facility management services in India.

Services include:

- Private Security Services
- facility management services

PRIVATE SECURITY SERVICES comprising of:

- **Security services:** SIS is the second largest security services provider in India, in terms of revenue, as of March 31, 2015, and the fastest growing security services provider in India, based on revenues for Fiscal Years 2010 to 2014, according to Frost & Sullivan. In addition, Freedonia ranks our wholly-owned Subsidiary, MSS Security Pty Limited ("MSS") as the largest security services provider in Australia, jointly with a competitor, in terms of revenues, as of March 31, 2015. They Provide a comprehensive range of security services ranging from providing trained security personnel for general guarding to specialized security roles in India and Australia. In Australia, also provide paramedic and allied health, mobile patrol and fire rescue services.
- **Cash logistics services:** SIS is the second largest cash logistics service provider in India, in terms of market share by revenue, number of employees, ATMs served and cash vans utilized, as of March 31, 2015, according to Frost & Sullivan. Cash logistics business in India includes services such as cash in transit including transportation of bank notes and other valuables, doorstep banking as well as cash processing, ATM related services including ATM replenishment, first line maintenance and safekeeping, and vault related services for bullion and cash.
- **Electronic security services and home alarm monitoring** and response services: In India they provide electronic security services, including integrated and turnkey electronic security and surveillance solutions combining electronic security with trained manpower and have recently entered into a joint venture in order to provide home alarm monitoring and response services.
- **FACILITY MANAGEMENT SERVICES:** SIS facilitate management services in India include cleaning, janitorial services, disaster restoration and clean-up of damage, as well as facility operation and management such as deployment of receptionists, lift operators, electricians and plumbers, and also pest and termite control. Effective August 1, 2016, we acquired 78.72% of the outstanding equity shares of Dusters Total Solutions Services Private Limited ("Dusters"), with the agreement to increase our shareholding to 100% over the next three years. Dusters is the fourth largest facility management services provider in India, in terms of revenues, as of March 31, 2015, according to Frost & Sullivan.
- Also have developed their portfolio of services in order to cater to the needs of diverse consumer segments, including, business entities, Government organizations and households, and to leverage the growth and potential of such customer segments in India.

Total revenue grew at a CAGR of 12.36% to `38,516.82 million for Fiscal Year 2016 from `24,161.11 million for Fiscal Year 2012. On a pro forma basis, giving effect to our acquisition of Dusters for the year ended March 31, 2016; total revenue would have been `41,947.38 million. Revenue from operations for Fiscal Year 2016 from the security services, cash logistics, electronic security and facility management (including pest and termite control) businesses were, `34,473.90 million, `2,869.58 million, `108.65 million and `880.05 million, respectively. Our EBITDA has grown to `1,701.88 million for the Fiscal Year 2016 from `1,653.21 million for the Fiscal Year 2012. EBITDA is a supplemental measure of our performance and liquidity and is not prepared under or required by Indian GAAP or IND-AS.

Price Band	Rs. 805 - 815 per Equity Share
Issues Open	Monday, Jul 31, 2017
Issue Close	Wednesday, Aug 02, 2017
Issue Type	100% Book Built Issue IPO
Bid Lot	18 Equity share and multiple thereafter
Maximum Bid amount for Retail	Rs, 2 Lacs
Total Issue size	Fresh issue of shares aggregating to Rs. 362.25 Crores and Offer for Sale of 5,120,619 Equity Shares
QIB*	75% of the offer
NIB*	15% of the offer
Retail Individual Bidders	10% of the offer
Mode of Payment	ASBA Mandatory (No cheque will be accepted)
Book Running Lead Managers	Axis Capital, ICICI Securities, IIFL, Kotak Investment Banking, SBI Capital Market Limited, Yes Securities (India) Limited, IDBI Capital
Face Value	Rs. 10 per Equity Share
Listing At	NSE, BSE
Registrar	Link Intime India Pvt Ltd.

Competitive Strengths:

- Diverse portfolio of private security and facility management services
- Leader in providing security services in India and Australia
- Second largest cash logistics service provider in India
- Leading position in facility management services in India
- Widespread and integrated branch network in India
- Diverse customer base
- Established systems and processes leading to a scalable business model
- Experienced management and operational team

Company Strategies :

- Grow our businesses across customer segments
- Use and upgrade technology to improve productivity and customer satisfaction
- Leverage our existing branch infrastructure to achieve operational synergies
- Inorganic growth through strategic acquisitions consolidate our market position in existing business lines
- Achieve operating leverage in key markets by unlocking potential efficiency and synergy benefits;
- Strengthen and expand our service portfolio
- Enhance our depth of experience, knowledge-base and know-how
- Increase our branch network, customers and geographical reach.

Objects of the Issue:

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised through the Fresh Issue.

1. The Offer for Sale

Company will not receive any proceeds from the Offer for Sale.

2. The Fresh Issue

The proceeds from the fresh issue will be utilized towards the following objects:

- Repayment and pre-payment of a portion of certain outstanding indebtedness availed by Company.
- Funding working capital requirements of the Company
- General corporate purposes.

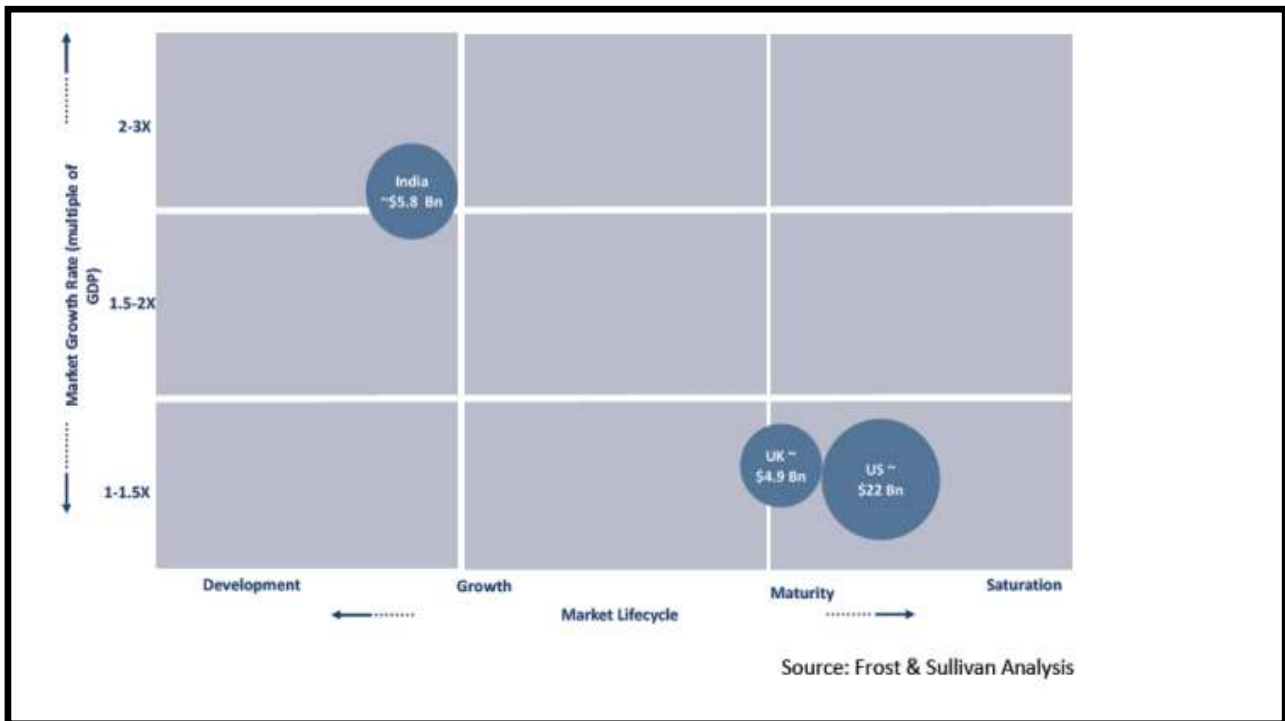
Risks Relating to Business:

- Company Promoter and the Chairman and Managing Director of our Company, Ravindra Kishore Sinha, has been named as one of the respondents in criminal proceedings initiated by certain regulatory authorities.
- Operational risks are inherent in the business as it includes rendering services in challenging environments. A failure to manage such risks could have an adverse impact on the business, results of operations and 20 financial condition.
- They have a large workforce deployed across workplaces and customer premises, consequently they may be exposed to service related claims and losses or employee disruptions that could have an adverse effect on reputation, business, results of operations and financial condition.
- Company's businesses are manpower intensive and also have inability to attract and retain skilled manpower could have an adverse impact on our growth, business and financial condition.
- They may be unable to fully realize the anticipated benefits of our acquisitions, including that of Dusters Total Solutions Services Private Limited, and any future acquisitions or within our expected timeframe. If experience delays or other problems in implementing such projects, our growth, business, results of operations, financial condition may be adversely affected.
- Subject to risks associated with operating with joint venture and other strategic partners.
- They derive a significant portion of the total revenue from the security services business. Any decrease in the demand for the security services may have an adverse impact on the business, financial condition and result of operations.

- Cash logistics business exposes them to additional risks in relation to the conduct of our employees, contractual liability and inadequate insurance cover, all of which may have an adverse effect on the reputation, business, results of operations and financial condition.

Industry

The security services market in India is witnessing high growth due to an improved economic environment, increasing concerns about crime, terrorism, inadequate public safety measures and urbanization. A comparative chart of the growth of security services markets in India, United Kingdom and United States of America is as follows:



The urban population is growing and is estimated to reach 590 million in Fiscal Year 2030. Due to this mass migration of people from semi-urban and rural areas to cities, up to 75.00% of India’s GDP will be attributed to the contribution of urban areas by Fiscal Year 2021. The market for security services in India was `169.00 billion in Fiscal Year 2010 and grew at the rate of about 18.20% CAGR to reach `390.00 billion in Fiscal Year 2015. The primary end-user segments for security services are the IT and ITES sectors, industrial, banking, financial services and insurance sectors. Together, these segments constitute approximately 80.00% of the total business of organized companies and have adopted global best practices in terms of security services, with high quality control for deployed guards. Organized industry participants cater to these segments chiefly due to their clear emphasis on compliance. Sensitive infrastructure assets such as airports and metro stations are increasingly employing private security guards at their premises to mitigate the shortage of government security forces. Delhi, Mumbai, Cochin, Hyderabad, Bangalore, and Nagpur airports all have their own private security forces.

Competitive Landscape in India Because cash management involves huge volumes of cash and associated risks, competition is restricted to organized companies. Currently, there are 12 companies, both international and domestic, that operate in the cash logistics market.

The table below presents key operational data for the top five cash logistics companies in India:

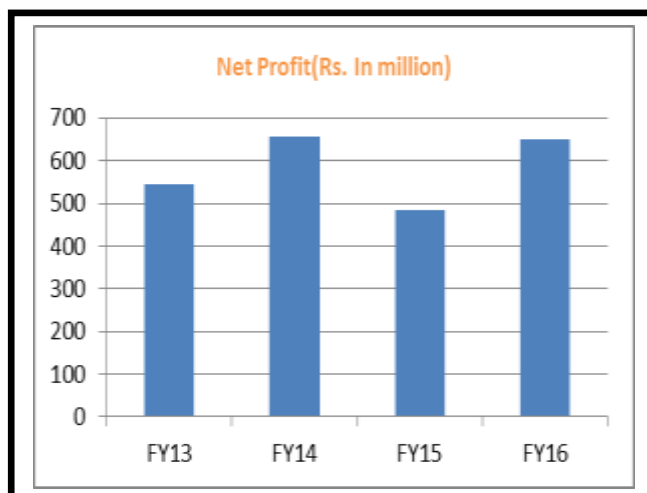
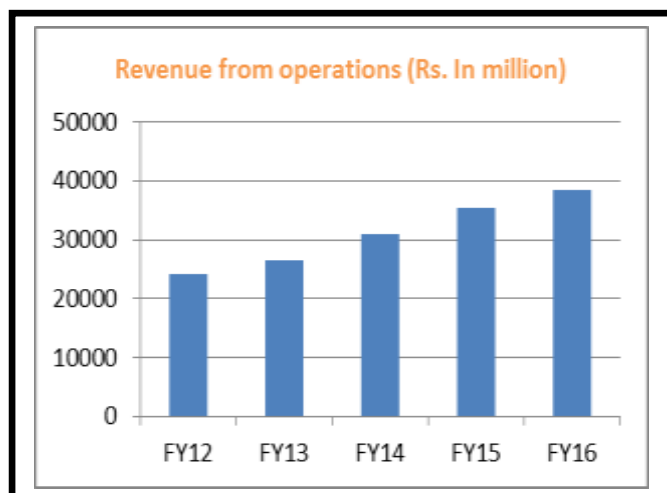
Company Name	Number of ATMs	Revenue Growth % (2013 – 14)	Geographic Coverage	Employees	Cash Vans	Market Share in terms of Revenues (%)
CMS Info Systems	48,000	21.0	Pan-India	21000	3000	40
SIS Prosegur ¹²	18,000	47.0	Pan-India	10000	2500	10-11
Brink's Arya Private Limited ¹³	13,000	12.6	Regional	7500	NA	7
Writer Safeguard Pvt. Ltd. (WSG)	14,000	20.0	Regional	5000	900	7
Securevalue India Ltd.	10,000	18.0	Regional	7000	470	6

A strict adherence to RBI regulations, compliance with statutory requirements such as wages and insurance along with a robust business continuity or contingency plan in terms of cash and funding in times of credit crunch are key determinants of success in this industry.

Key Demand Drivers in India

- Increase in number of ATMs and ATM transactions
- Increasing number of organized retail shops, jewellers, gold loan companies and hospital chains
- Positive economic outlook and continued use of cash in the country

Graphical Representation of Performance



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Summary statement of Balance Sheet

Security and Intelligence Services (India) Limited						
Annexure I – Restated Consolidated Statement of Assets and Liabilities of Security and Intelligence Services (India) Limited						
(Amount in Rupees millions unless otherwise stated)						
Particulars	Annexures	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Equity and Liabilities						
(A) Shareholders' funds						
Share capital	VI	62.00	61.75	61.75	213.30	213.30
Reserves and surplus	VII	4,438.26	3,854.65	3,857.29	3,106.06	2,588.31
		<u>4,500.26</u>	<u>3,916.40</u>	<u>3,919.04</u>	<u>3,319.37</u>	<u>2,801.61</u>
(B) Share application money pending allotment	VIII	-	54.05	-	-	-
(C) Minority Interest	IX	25.75	764.73	363.76	393.06	390.25
		<u>25.75</u>	<u>764.73</u>	<u>363.76</u>	<u>393.06</u>	<u>390.25</u>
(D) Non - current liabilities						
Long-term borrowings	X	1,789.72	2,003.58	595.83	602.48	753.73
Long-term provisions	XII	669.54	551.44	749.67	701.65	586.55
		<u>2,459.26</u>	<u>2,555.02</u>	<u>1,345.50</u>	<u>1,304.13</u>	<u>1,340.29</u>
(E) Current liabilities						
Short-term borrowings	XIII	2,208.71	1,948.71	1,402.46	966.58	1,194.18
Trade payables	XI					
Total outstanding dues of micro and small enterprises and						
Total outstanding dues of creditors other than micro and small enterprises		332.70	425.84	287.27	288.84	317.49
Other current liabilities	XIV	3,228.75	3,326.97	2,681.11	2,623.27	1,993.70
Short-term provisions	XIII	2,007.93	1,643.43	1,562.31	1,477.41	1,393.34
		<u>7,778.09</u>	<u>7,344.95</u>	<u>5,933.15</u>	<u>5,356.40</u>	<u>4,898.71</u>
Total (A+B+C+D+E)		<u>14,763.35</u>	<u>14,635.15</u>	<u>11,561.45</u>	<u>10,372.96</u>	<u>9,430.85</u>
Assets						
(F) Non current assets						
Fixed assets						
Tangible assets	XVA	1,325.10	1,233.55	1,231.72	983.02	782.66
Intangible assets	XVB	1,754.70	2,051.61	1,281.69	1,330.86	1,306.52
Capital work-in-progress		0.41	68.57	71.36	58.90	48.19
Intangible assets under development		1.01	0.00	12.90	2.28	0.00
Non-current investments	XVI	120.33	104.20	114.33	114.57	101.24
Deferred tax assets (net)	XVII	471.22	403.61	378.41	291.76	212.73
Long-term loans and advances	XVIII	153.23	126.21	112.39	128.22	98.88
Other non-current assets	XIX	3.29	2.44	2.04	2.54	3.14
		<u>3,829.29</u>	<u>3,990.19</u>	<u>3,204.85</u>	<u>2,912.13</u>	<u>2,553.37</u>
(G) Current assets						
Inventories	XX	10.61	65.46	53.09	36.63	34.63
Trade receivables	XXI	2,887.25	3,121.58	2,533.47	2,993.66	2,601.06
Cash and bank balances	XXII	3,492.76	3,744.87	2,969.38	2,532.46	2,838.68
Short-term loans and advances	XVIII	522.62	434.15	201.16	393.70	197.39
Other current assets	XIX	4,020.82	3,278.89	2,599.51	1,504.38	1,205.72
		<u>10,934.06</u>	<u>10,644.95</u>	<u>8,356.60</u>	<u>7,460.83</u>	<u>6,877.49</u>
Total (F+G)		<u>14,763.35</u>	<u>14,635.15</u>	<u>11,561.45</u>	<u>10,372.96</u>	<u>9,430.85</u>

Summary statement of Income statement

Annexure II - Restated Consolidated Statement of Profit and Loss of Security and Intelligence Services (India) Limited						
(Amount in Rupees millions unless otherwise stated)						
Particulars	Annexures	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue						
Revenue from operations	XXIII	38,362.22	35,506.28	30,976.56	26,436.86	24,055.31
Revenue from operations		38,362.22	35,506.28	30,976.56	26,436.86	24,055.31
Other income	XXIV	154.61	154.52	107.63	151.02	105.80
Total revenue (A)		38,516.82	35,660.80	31,084.19	26,587.87	24,161.11
Expenses						
Cost of raw materials and components consumed	XXV	35.86	23.78	20.05	16.77	10.47
Purchase of traded goods		71.22	103.63	13.19	16.68	5.55
Increase/(decrease) in inventories		(1.01)	(3.92)	0.77	(2.34)	(0.55)
Employee benefits expense	XXVI	31,162.43	28,920.15	25,383.47	21,594.99	19,022.36
Depreciation and amortisation expense	XV(A&B)	431.57	454.36	305.24	255.30	210.88
Finance costs	XXVII	475.18	477.41	256.06	310.65	313.49
Other expenses	XXVIII	5,391.83	4,869.27	4,079.41	3,566.32	3,364.26
Total expenses (B)		37,567.09	34,844.68	30,058.19	25,758.37	22,926.47
Profit/(loss) before taxation (A-B) (C)		949.74	816.12	1,026.01	829.50	1,234.64
Tax expense/(income)						
Current tax		396.44	376.71	458.78	357.64	435.22
Short provision for income tax in earlier years						
Deferred tax charge/(credit)		(97.47)	(45.70)	(88.41)	(71.79)	(61.42)
Total tax expense (D)		298.98	331.01	370.37	285.85	373.80
Net profit/(loss) after taxation (C-D) (E)		650.76	485.11	655.64	543.65	860.84
Profit/(loss) for the year before minority interest and share of associate company		650.76	485.11	655.64	543.65	860.84
Conversion to JV from Subsidiary		92.80				
Profit/(loss) for the year before minority interest and share of associate company		743.56	485.11	655.64	543.65	860.84
Less : Minority interest in profit/(loss) for the year		(18.78)	(141.98)	(32.27)	(27.97)	1.69
Profit (Loss) for the year attributable to majority shareholder		762.34	627.09	687.91	571.62	859.15

Management:

<u>Name of board members</u>	<u>Designation</u>
<u>Ravindra Kishore Sinha</u>	<u>Chairman-cum-Managing Dairector</u>
<u>Uday Singh</u>	<u>Whole-time Director and Group CEO</u>
<u>Rita Kishore Sinha</u>	<u>Director</u>
<u>Jayanta Kumar Basu</u>	<u>Nominee Director</u>
<u>Arun Kumar Batra</u>	<u>Independent Director</u>
<u>Ashok Kumar Matoo</u>	<u>Independent Director</u>
<u>Amrendra Prasad Verma</u>	<u>Independent Director</u>
<u>Dr. Ajoy Kumar</u>	<u>Independent Director</u>
<u>Devdas Apte</u>	<u>Independent Director</u>
<u>Tirumalai Cunnavakaum Anandanpillai Ranganathan</u>	<u>Independent Director</u>

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Just Trade Securities Limited (Formerly “Bajaj Capital Investor Services Limited), CIN No.: U67120DL2004PLC130803, Regd Office: Bajaj House 97, Nehru Place, New Delhi – 110019 Tel: (91-11) 41693000. Fax: (91-11) 66608888 E-mail: info@justtrade.in Website: www.justtrade.in; National Stock Exchange of India Ltd. SEBI Regn. No. : INB 231269334/ INB 231269334, Bombay Stock Exchange Ltd. SEBI Regn. No.:INB011269330/ INF011269330; SEBI RA Regn.:- INH000002862.

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