

Investors

Factors favouring demand for private security and Facility services in India

High global terrorism index²

- India ranks 8th out of the 130 countries in terms of terrorism. The score of India is 7.53 out of 10 in terms of terrorism
- Total number of incidents in 2016 were 1,905 which included an 18% increase in number of deaths from 2015.

Increase in crime rate of 30% between 2012-16¹

- Number of cognizable crimes received by police increased from 60.4 lakhs in 2012 to 78.4 lakhs in 2016
- Number of FIRs registered under IPC and SLL increased to 48.3 lakhs in 2016

Growing urbanization

- Construction is the second largest economic activity in India after agriculture, and has been growing rapidly
- Construction services require a lot of security services primarily manned guarding

Government initiatives

- Compulsory security in schools
 - Each school gate should be manned by at least 3 security guards on a 24 hour basis
 - Installation of CCTV systems all along the boundary as well as some additional locations inside the premises
- Initiatives like Smart Cities and Make in India
 - Public safety and security shall be paramount for "Smart" city administrations. This would include protection against crime, natural disasters, accidents or terrorism
 - Also with 'Make in India', the growth of industrial sector is inevitable. Hence, the opportunity for private security services in these greenfield as well as brownfield projects is significant

Market potential & Strategy



Labor force:
510.1 million (2016 est.)
Country comparison to the world: 2

INDIA - GDP - COMPOSITION, BY SECTOR OF ORIGIN (%)
Agriculture: 17.4%
Industry: 28.8%
Services (Manpower): 46.2% (2016 est.)

- 1. World Bank
- 2. CIA

Market potential & Strategy

The private security sector is among the fastest growing sectors which has witnessed significant growth since 2010 and is expected to continue its growth through 2020. Global demand for private contract security services is likely to increase by 7.4 percent annually and reach US\$ 244 billion (INR 15.86 lakh crore) in 2020. The demand for security services is fueled by an increasing rate of urbanization, improving foreign investment activity and growing middle class owning assets they wish to protect. Fear of terrorism and crime has also fueled this demand.

It is expected that security industry segment will rapidly grow in the developing parts of Asia, Eastern Europe, Africa and the Middle East, where security markets are relatively underdeveloped. In fact, several markets including China, India, Mexico, Russia and South Africa are expected to achieve double digit annual growth through the year 2016.

Private security services are expected to increase at a rate of 20 percent over the next few years.

Global security services Industry (2002-2019)



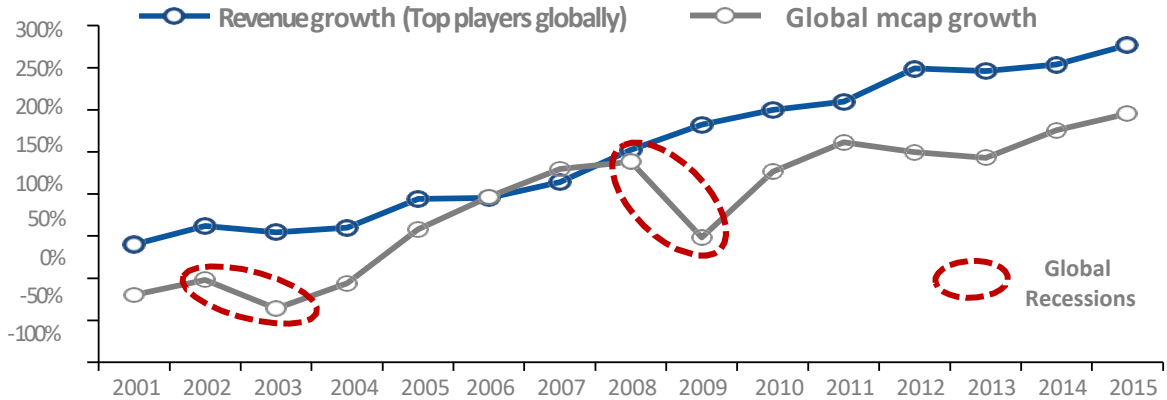
Market potential & Strategy

US\$BN	US\$ BN	US\$ BN	US\$ BN
YTY	2002	2011	2019
Other Countries.	16	29	56
Asia Pacific	6	28	60
Western Europe	31	35	47
North America	39	41	57
Total	92	133	220

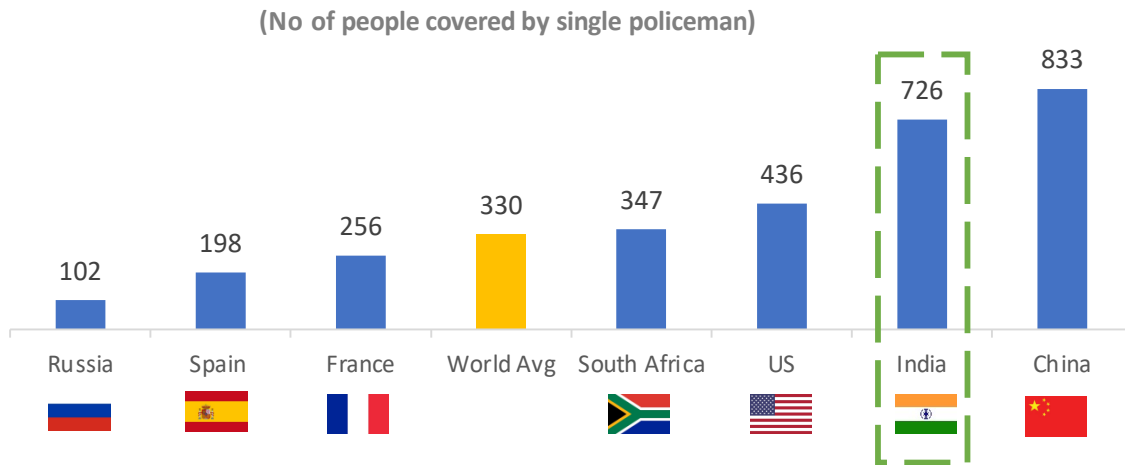
The global security services industry was estimated at US\$133 billion in 2011 with the largest market being North America, followed by Western Europe, Asia Pacific and other countries.

Security services is a recession proof business

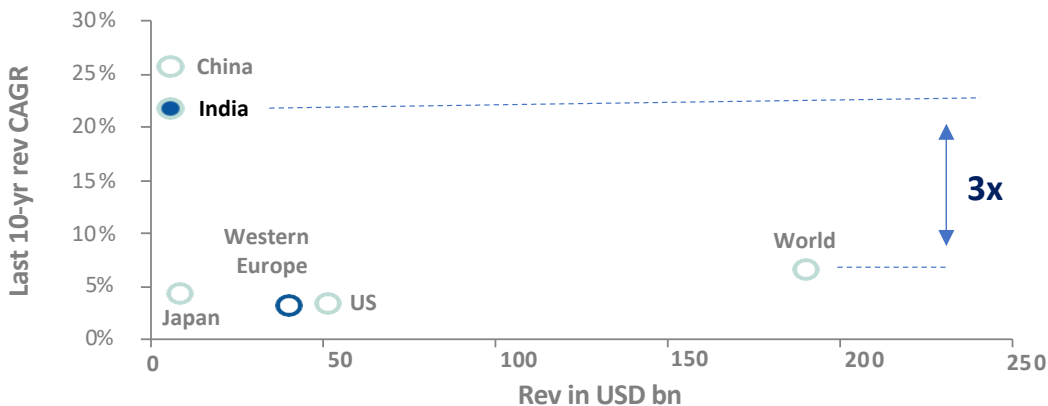
Security services is not tied to economic upturns and downturns



India has among the world's lowest police to population ratio

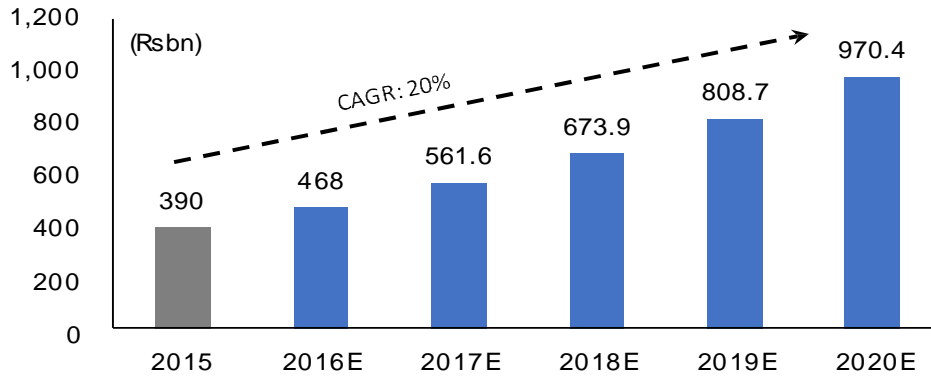


Indian security market has grown 3x faster than the world



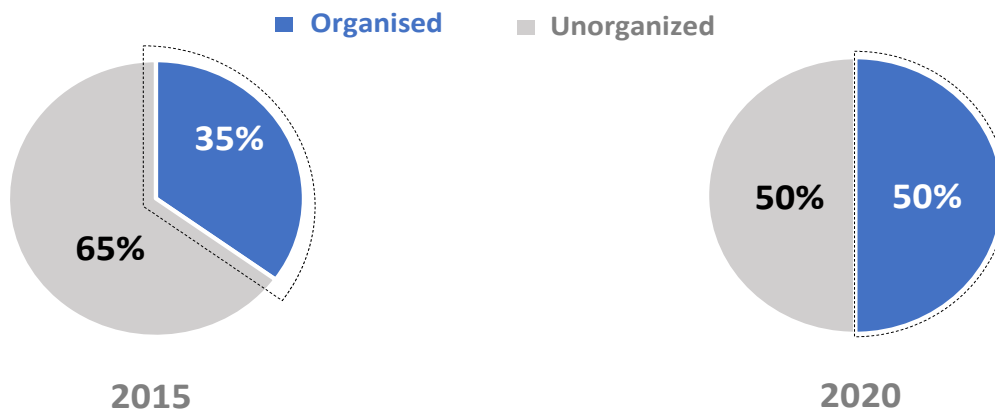
Indian Security industry to grow at 20% CAGR to become \$ 20 bn market by FY20

Security Services Market: Market revenue forecast, India



Source: Frost and Sullivan

Organized sector to grow at faster CAGR of 29%

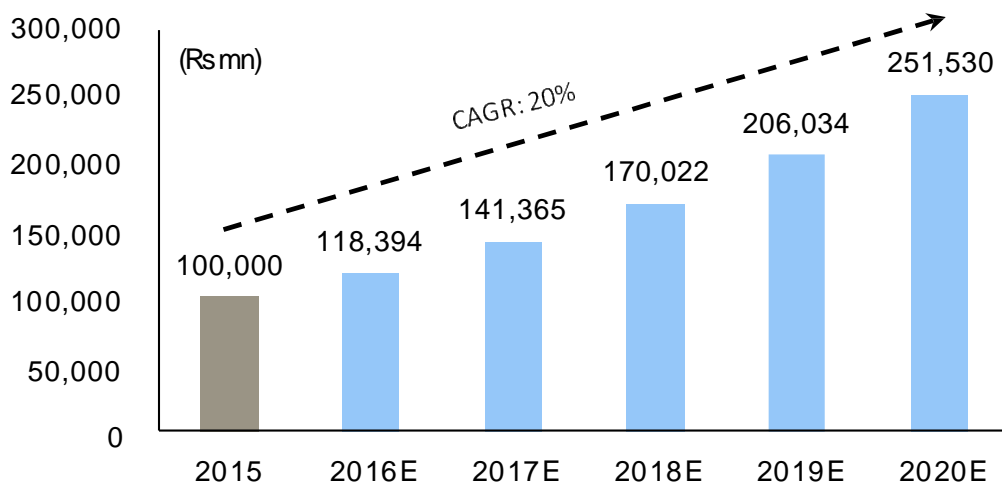


Growth led by GDP, outsourcing and wage increase



Facility Management Market to cross ₹ 250 Billion in India at a CAGR of 20 %

FM Services Market – Market revenue forecast, 2015 -2020



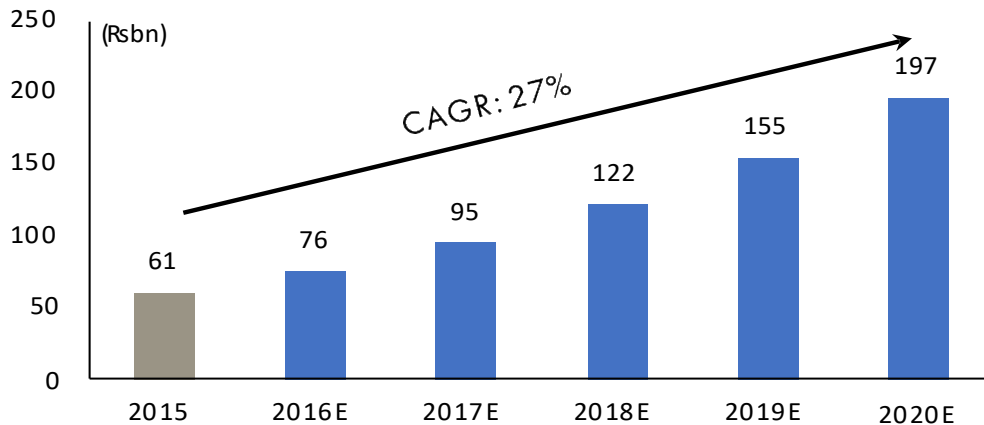
Source: Frost and Sullivan

Demand drivers

Industrial	Better margins than other segments due to Service-level-agreements (SLAs) offering skilled technical expertise for clean rooms, pharma audits, FSA applications
Offices	Innovation in FM services are hugely demanded and appreciated in this segment, thus providing better margins
Retail malls	Margins lesser as compared to others as there are few value-add services in this segment
Healthcare	SLAs are more prominent in this segment but outsources only the infrastructure-based hard services. Margins are high as technical expertise is required
Hospitality	SLAs more prominent by utilizing services in common areas, laundry, kitchen, pubs and restaurants
Residential	Customers are cost-conscious. It is observed that there are no major opportunities for Tier-1 companies
Govt. & Infra	Private companies having good track record in govt. buildings play a major role in bidding for project contracts in this segment

Strong opportunity in Electronic security

Electronic security: Market revenue forecast 2015-2020



Source: Frost and Sullivan

Demand drivers	
Increasing crimes and threat perception	Electronic security creates a sense of security for the inhabitants of buildings or residents of a locality.
Increasing awareness and willingness to invest in electronic security	Declining prices of electronic security systems makes it easy for end-users to adopt
Increasing investments in buildings and infrastructure	Budgets for security and safety are constantly increased to improve safety and security