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**32nd Annual Report  
for year ended 31st March 2018**

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**SIKA INTERPLANT SYSTEMS LTD**

**BOARD OF DIRECTORS**

Dr C G Krishnadas Nair  
 Mr R N Chawhan  
 Mr S Santhanam  
 Mrs Krishna Sikka  
 Mr Rajeev Sikka, Chairman & Managing Director  
 Mr Kunal Sikka, Whole Time Director & CFO

**COMPANY SECRETARY**

Mrs. Sriee Aneetha M

**AUDITORS**

B.N. Subramanya & Co.  
 Chartered Accountants

**BANKERS**

Canara Bank

**REGISTERED OFFICE**

3 Gangadharchetty Road,  
 Bangalore-560 042  
 Tel: 080 49299144  
 E-mail: comp.sec@sikaglobal.com  
 Website: www.sikaglobal.com

**REGISTRAR & SHARE TRANSFER AGENT**

Integrated Registry Management Services Private Limited  
 No.30, Ramana Residency,  
 4th Cross, Sampige Road,  
 Malleswaram, Bangalore-560 003  
 Tel: 080 23460815  
 E-mail: giri@integratedindia.in  
 Website: www.integratedindia.in

**CORPORATE IDENTITY NUMBER**

L29190KA1985PLC007363

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## NOTICE

**NOTICE** is hereby given that the Thirty-second ANNUAL GENERAL MEETING of Sika Interplant Systems Limited ("the Company") will be held on Thursday, 27<sup>th</sup> September, 2018 at 10.00 a.m. at Hotel Ajantha, 22 M.G. Road, Bangalore 560 001 to transact the following:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2018 together with the Reports of the Directors and the Auditors there on.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2018.
3. To appoint a Director in place of Mr. Kunal Sikka (DIN: 05240807), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, including any statutory modification or amendment thereto or re-enactment thereof for the time being in force, and such other applicable provisions, M/s. B. N. Subramanya & Co (ICAI Firm Registration No. 0041425), Chartered Accountants, be and are hereby reappointed for a second term as Statutory Auditors of the Company, to hold office for a period of five years from the conclusion of this Annual General Meeting (AGM) until the conclusion of the fifth successive AGM to be held in the year 2023, to examine and audit the accounts of the Company for the financial years 2018-19 to 2022-23, on such remuneration as may be agreed upon between the Board of Directors of the Company and the Statutory Auditors."

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 185(2) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, including any statutory modification or amendment thereto or re-enactment thereof for the time being in force, and such other applicable provisions, approval of the members of the Company is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) to give loan to and/or to give any guarantee on behalf of and/or to provide any security in connection with loans taken by the Company's subsidiary company, Aerotek Sika Aviosystems Private Limited, from time to time, up to an aggregate sum of Rs. 2,00,00,000/- (Rupees Two Crores only)."

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this

resolution, including but not limited to negotiate and finalise the terms and conditions of the above said loan(s), security(ies) and/or guarantee(s) as it may deem fit and in the best interest of the Company.

### NOTES:

1. The relevant details of the Director seeking reappointment, pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") are annexed.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A Proxy is not entitled to vote except on a poll. A Proxy form is enclosed herewith. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable.
3. Members/proxies should bring the attendance slips duly filled in and signed for attending the meeting.
4. Corporate members intending to send their authorised representatives to attend the AGM are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
6. The Register of Members and the Transfer Books of the Company will remain closed from 21<sup>st</sup> September 2018 Friday to 27<sup>th</sup> September 2018, Thursday both days inclusive.
7. Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents (R & T), Integrated Registry Management Services Private Limited for shares held in physical form and to their respective Depository Participants (DP) for shares held in electronic form.
8. If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend will be made to those Members whose names appear on the Register of Members of the Company as on 20<sup>th</sup> September 2018.



9. Pursuant to Sections 124 and 125 and other applicable provisions, if any, of the Companies Act, 2013, all unclaimed/ unpaid dividend, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2018.
10. Members holding shares in physical form and who have not registered their e-mail IDs are requested to register the same with R&T.
11. The Notice of the AGM is being sent by electronic mode and subsequently the Annual Report 2017-18 to those Members whose e-mail addresses are registered with the R & T/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. To support the "Green Initiative", Members who have not registered their e-mail addresses are requested to register the same with R & T/Depositories. Further to the "Green Initiative", copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.
13. E-voting:-
- In compliance with the provisions of Section 108 of the Act and read with the Companies (Management and Administration) Rules, 2014 as amended, and Regulation 44 of the SEBI Listing Regulation, the Company is pleased to provide the e-voting (the "Remote e-voting") to, the Members holding shares in physical or dematerialized form, as on the cut-off date of 21<sup>st</sup> September 2018 to exercise their right to vote by electronic means on all the businesses specified in the Notice.
  - The Company is also offering the facility for voting by way of physical ballot at the AGM. Members attending the meeting who have not already cast their vote by remote e-voting are eligible to exercise their right to vote at the meeting. Members who have cast their vote by remote e-voting prior to the AGM are also eligible to attend the meeting but shall not be entitled to cast their vote again. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date.
  - In case Members cast their votes through more than one mode, voting done by e-voting shall prevail and votes cast through physical ballot form shall be treated as invalid.
  - Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - Mrs. Gauri Balankhe, Practicing Company Secretary (Membership FCS No.7786 and COP No.8588), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") as the Agency to provide e-voting facility.
  - A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the DPs as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  - The Scrutinizer, after scrutinizing the votes cast at the meeting, through remote e-voting and ballot, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman or a person authorized by him in writing. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company at [www.sikaglobal.com](http://www.sikaglobal.com). The results shall simultaneously be communicated to the Stock Exchange.
  - Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 27<sup>th</sup> September 2018.  
The instructions for shareholders voting electronically are as under:
  - The remote e-voting period commences on Monday, 24<sup>th</sup> September 2018 at 9:00 a.m. (IST) and ends on Wednesday 26<sup>th</sup> September 2018 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by CDSL for voting thereafter.
  - The instructions for e-voting are as under:
- |     |  |
|-----|--|
| i   | The Member should log on to the e-voting website : <a href="http://www.evotingindia.com">www.evotingindia.com</a>  |
| ii  | Click on "Shareholders".   |
| iii | Now Enter your User ID   |
|     | <ol style="list-style-type: none"> <li>For CDSL: 16-digit beneficiary ID,</li> <li>For NSDL: 8-character DP ID followed by 8-digit Client ID,</li> <li>Members holding shares in Physical Form should enter Folio Number registered with the Company.</li> </ol>   |
| iv  | Next enter the Image Verification as displayed and click on "Login".   |
| v   | If you are holding shares in demat form and had logged on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system. |
| vi  | If you are a first time user follow the steps given below:   |



For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/DP are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or DOB (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log in.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the instruction (iii).</li> </ul>
vii	After entering these details appropriately, click on "SUBMIT" tab
viii	Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
ix	For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
x	Click on the EVSN for 'SIKA INTERPLANT SYSTEMS LIMITED'.
xi	On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
xii	Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
xiii	After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
xiv	Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xv	You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.
xvi	<p>Note for Non-Individual Shareholders and Custodians</p> <ul style="list-style-type: none"> <li>Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and register themselves as Corporates.</li> <li>A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a></li> <li>After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.</li> <li>The list of accounts should be mailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> and on approval of the accounts they would be able to cast their vote.</li> <li>A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.</li> </ul> <p>In case you have any queries or issues regarding e voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <a href="http://www.evotingindia.com">www.evotingindia.com</a>, under help section or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a></p>

14. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business to be transacted at the Meeting is annexed hereto.

By Order of the Board  
Sriee Aneetha .M  
Company Secretary

Bangalore, 07<sup>th</sup> Aug 2018



### ANNEXURE TO THE NOTICE

Pursuant to Section 102 of the Companies Act, 2013 (the "Act"), the following Explanatory Statement sets out all material facts relating to the business mentioned under item No. 5 of the accompanying Notice:

#### Item No. 5

AeroteK Sika Aviosystems Private Limited (AeroteK Sika), the subsidiary of the Company, is currently undertaking advanced aerospace projects for which there is an ongoing requirement for funds. At the same time, AeroteK Sika being a relatively recently incorporated entity, it has limited options to raise the required funds on its own, thus requiring the assistance from the holding company.

The strategic aerospace sector that AeroteK Sika operates in continues to be of importance, despite its slower than anticipated pace of progress. The Company is confident in the growth of this business through its unique product offering and customer acquisitions. This business has a long gestation period globally and hence does take time before seeing any major momentum.

Augmentation of funding is critical for the timely execution of the projects by AeroteK Sika. Accordingly, the Company proposes to loan the funds, based on its cash flow positions and/or provide corporate guarantee and/or security in connection with the loans raised by the AeroteK Sika, from time to time, up to a sum of Rs.2,00,00,000/- (Rupees Two Crore only).

AeroteK Sika, being a related entity, giving loans to, providing guarantee to or security in connection with the loans raised by AeroteK Sika requires the approval of the members of the Company by way of special resolution. Accordingly, the Board of Directors ("the Board") hereby places this resolution before the members for their approval.

The Board commend the Resolution at Item No. 5 of the accompanying Notice for approval by the members of the Company.

None of the Directors or Key Managerial Personnel or their relatives are interested in the Resolution at Item No. 5 of the accompanying Notice, other than theirwith respect to directorship and shareholding in AeroteK Sika. The members are requested to note that Mr. Rajeev Sikka, Chairman and Managing Director, and Mr. Kunal Sikka, Whole-time Director and CFO, are Directors of and hold shares in AeroteK Sika.

### DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Regulation 36(3) of SEBI (LODR) Regulations 2015)

Particulars	Mr. Kunal Sikka
DIN	05240807
Date of Birth	25-08-1984
Date of appointment	01-10-2014
Qualifications	Bachelor's degree in Business Administration from the University of Wisconsin-Madison, USA
Expertise in specific functional areas	Experience in Finance, Management and Business Development
Disclosure of Relationships between Directors inter-se	Mr. Kunal Sikka is the son of Mr. Rajeev Sikka, Chairman & Managing Director, and grandson of Mrs. Krishna Sikka, Non-executive Director
Directorships held in other public listed companies (excluding foreign companies and Section 8 companies)	Nil
Memberships / Chairmanships of committees of other public listed companies	Nil
Number of shares Held in the company	Nil



## DIRECTORS' REPORT

To the Members,

The Directors are pleased to present the Thirty Second Annual Report of the Company and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2018.

### FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2018	FY 2017	FY 2018	FY 2017
Total Income	2314.50	3507.46	2316.63	3554.30
Profit (Loss) before Tax and Depreciation	268.71	333.02	267.51	363.73
Provision for Taxes	47.15	98.49	47.22	104.49
Depreciation	73.62	58.17	73.68	58.23
Profit (Loss) for the Year After Tax and Depreciation	147.93	176.35	146.60	200.99
Earnings per Share (in ₹)	3.48	4.15	3.46	4.73

### COMPANY'S PERFORMANCE

During the year under review, your Company achieved Total Income of ₹ 2,314.50 Lakhs on a Standalone basis as compared to ₹ 3,507.46 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 147.93 Lakhs for the current Financial Year as against Net Profit of ₹ 176.35 Lakhs in the previous Financial Year.

On a Consolidated basis, your Company achieved Total Income of ₹ 2316.63 Lakhs during the year under review as compared to ₹ 3,554.30 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 146.60 Lakhs for the current Financial Year as against Net Profit of ₹ 200.99 Lakhs in the previous Financial Year.

### DIVIDEND

The Directors of your Company recommend a dividend of 8% (₹ 0.80 per share) subject to the approval of the members.

### TRANSFER TO GENERAL RESERVE

No amount is proposed to be transferred to the general reserve.

### SUBSIDIARY COMPANIES

The Company has 4 subsidiaries as on March 31, 2018. There are no associate companies within the meaning of section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries during the period under review.

During the year, the Board of Directors ("the Board") reviewed the affairs of the subsidiaries. In accordance with Section 129(3), consolidated financial statements of the Company have been prepared, which forms a part of this Annual Report. Further, a statement containing salient features of the financial statement of the Company's subsidiaries in Form AOC-1 is appended to the Board's report.

In addition, at an Extra Ordinary General Meeting on 16<sup>th</sup> December 2017 of wholly owned subsidiary company Sikka N Sikka Engineers Private Limited (SNSEPL), a resolution was passed for shifting of its Registered Office from the State of Maharashtra to the State of Karnataka corresponding alteration of its Memorandum of Association. Subsequently, necessary steps were taken by SNSEPL for shifting its Registered Office to Bangalore, Karnataka.

### DIRECTORS & KEY MANAGERIAL PERSONNEL

The Company has received necessary declaration from each independent director under Section 149(7) of the Act that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

During the year, the Non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and expenses incurred for attending meetings of the Company.

As per the provisions of the Act, Mr. Kunal Sikka retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. The Board recommends his re-appointment.

Six meetings of the Board were held during the year. For details of the meetings of the Board, reference may be made to the corporate governance report, which forms part of this report.

During the financial year 2017-18, there were no changes in the Board and Key Managerial Personnel of the Company.



## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors' Responsibility Statement is given hereunder:

- i In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- ii The Directors have, in the selection of the accounting policies, consulted the statutory auditors and have 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 that period;
- iii The Directors have taken proper and sufficient care, for the 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 fraud and other irregularities;
- iv The Directors have prepared the annual accounts on a going concern basis;
- v The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi 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.

## BOARD EVALUATION

SEBI Listing Regulations mandates that the Board shall monitor and review the Board evaluation framework. The structure includes the evaluation of directors on various parameters such as board dynamics and relationships, information flow, decision making, relationship with stakeholders, company performance, tracking board and committees' effectiveness, and peer evaluation.

As per the provisions of the Act including Schedule IV, the evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and their remuneration, which is stated in the corporate governance report that forms part of this report.

## AUDIT COMMITTEE

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which forms part of this report.

## AUDITORS

### a. Statutory Auditors

pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed made thereunder, as amended from time to time, the Company hereby ratifies the appointment of B. N. Subramanya & Co., Chartered Accountants (Firm Registration No. 004142S) as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Thirty-Second AGM of the Company to be held in the year 2018, on such remuneration as may be mutually agreed between the Board of Directors and the Auditors.

### b. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs N. K. Hebbar & Associates, a firm of Company Secretaries in Practice to under take the Secretarial Audit of the Company. The report on the Secretarial Audit is annexed here with

### c. Auditor's Report and Secretarial Auditor's Report

The Auditor's Report and Secretarial Auditor's Report do not contain any qualifications, reservations or adverse remarks.

## INTERNAL FINANCIAL CONTROLS 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 preservation of the accounting records, and the timely preparation of reliable financial disclosures

## RISK MANAGEMENT

The Company has a robust Risk Management frame work commensurate with the size and scale of its operations to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The development and implementation of risk management policy has been covered in the Management Discussion and Analysis which is a part of this report.





#### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 (the "Act") are given in note 38 to the Financial Standalone Statements forming part of this report. The same was given to a wholly owned subsidiary of the Company for meeting its statutory requirements.

#### RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, KMP or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval, wherever required. Prior omnibus approvals of the Audit Committee were obtained for the transactions of repetitive nature, as applicable. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company. Information on transactions with related parties, which were in the nature for professional and consultancy services, pursuant to section 134 (3)(h) of the Companies (Accounts) Rules, 2014 are annexed herewith in Form AOC-2 and the same forms part of this report.

#### EXTRACT OF ANNUAL RETURN

As provided under Section 23(3) of the Companies (Amendment) Act 2017, the extract of the annual return in the prescribed form MGT-9 has been placed on the company's website: www.sikaglobal.com

#### DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at work place 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 for prevention and redressal of complaints of sexual harassment at work place. During the financial year 2017-18, the Company had received zero complaints on sexual harassment, and accordingly no complaints remain pending as of 31<sup>st</sup> March 2018.

#### DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Act.

#### PARTICULARS OF EMPLOYEES

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Ratio
Dr. C.G. Krishnadas Nair	0.89
Mr. R.N. Chawhan	0.89
Mr. S. Santhanam	0.89
Mrs. Krishna Sikka	0.89
Mr. Rajeev Sikka	7.38
Mr. Kunal Sikka	6.40

- b. The percentage increase in remuneration of each Directors and KMPs in the financial year:

Name	% change
Dr. C.G.Krishnadas Nair	-
Mr. R.N.Chawhan	-
Mr. S. Santhanam	-
Mrs. KrishnaSikka	-
Mr. Rajeev Sikka, Chairman & Managing Director	13.64%
Mr. Kunal Sikka, Whole Time Director & CFO	13.04%
Mrs. SrieeAneetha M, Company Secretary	7.50%

- c. The percentage increase in the median remuneration of employees in the financial year: 18.85%
- d. The number of permanent employees on the rolls of Company: 43
- e. The explanation on the relationship between average increase in remuneration and Company performance: The average increase takes into account the Company performance, inflation rate, market salary increase and trends

- j. Comparison of the remuneration of the KMP against the performance of the Company:

Aggregate remuneration of KMP ( ₹ in Lakhs)	65.62
Revenue ( ₹ In Lakhs)	2,314.50
Remuneration of KMPs (as a % of revenue)	2.83
Profit before Tax (PBT) ( ₹ in Lakhs)	195.08
Remuneration of KMP (as a % of PBT)	33.64

- g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2018	March 31, 2017	% Change
a. Market Capitalisation ( ₹ in crores)	61.48	95.44	(35.58%)
b. Price Earnings Ratio	48.33	56.27	(14.11%)

- h. Percentage increase / decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer: The Company's share price as at March 31, 2018 has increased 1450% in comparison to the rate at which the Company came out with the last public offer, i.e. ₹ 10/- in March 1989.
- i. The average percentile increase already made in the salaries of employees other than the managerial personnel in the FY 2017-18 was approximately 18.9%; in comparison, the average percentile increase in the managerial for the same period was 13.34%. The average increase take into account the Company's performance, inflation rate, market salary increase and trends.
- j. Comparison of each of the remuneration of the KMP against the performance of the Company:

	( ₹ in lakhs)		
	Mr. Rajeev Sikka, Chairman & Managing Director	Mr. Kunal Sikka, Whole Time Director & CFO	Mrs, Sreee Aneetha .M Company Secretary
Remuneration in FY 17-18	32.45	25.61	7.56
Revenue	2314.50		
Remuneration as % of revenue	1.40	1.10	0.33
Profit before Tax (PBT)	195.08		
Remuneration (as % of PBT)	16.63	13.13	3.87

- k. The key parameters for any variable component of remuneration availed by the Directors:  
Not applicable as no variable component of remuneration was availed by the Directors.
- l. The ratio of the remuneration of the highest paid Director to that of employees who are not Directors, but receive remuneration in excess of the highest paid Director during the year: Nil
- m. Affirmation that remuneration is as per the Remuneration Policy of the Company:  
The Company affirms remuneration is as per the Remuneration Policy of the Company.

#### PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public and, as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

#### DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate on corporate governance are appended, which form part of this report.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO Conservation of Energy:

The operations of the Company are not energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption. Initiatives to integrate energy efficiency into overall operations are undertaken through design considerations and operational practices. The key initiatives towards energy conservation were:

- Improved monitoring of energy consumption;
- Creating awareness within the Company on energy conservation;



- c) Increased focus on procurement of energy efficient equipment; and
- d) Exploring options towards utilisation of renewable energy.

**Technology Absorption, Adaptation and Innovation**

- a) Technology absorption and adaptation continues to be at core of the Company's objectives and associated strategy. The Company continues to use the latest technologies for improving productivity and the quality of its products and services. During the year the Company has made continued efforts in developing new designs to meet requirements of customers.
- b) The research and development efforts of the Company are customer need based and hence it is a continuous process. Because of its in-house R&D efforts the Company was able to deliver the best solutions to the customers in a cost effective manner, including for participation in import substitution programs for aerospace and defence projects capitalising on new business opportunities and improvement of existing designs.
- c) The Company has not imported any technology during the last three years.
- d) The expenditure incurred on Research and Development during the year was Rs.64.89 lakhs.

**Foreign Exchange Earning and Outgo**

During the year under review, the Company earned ₹ 1,040.23 Lakhs in foreign exchange and spent ₹ 1,347.37 Lakhs.

**MATERIAL CHANGES AND COMMITMENTS**

There have been no significant material changes and commitments affecting the financial position between the end of the financial year and the date of the report.

**SIGNIFICANT AND MATERIAL ORDERS**

There were no significant orders passed by any regulators or courts or tribunals during the year under review impacting the going concern status and Company's operations in the future.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the support which the Company has received from its promoters, shareholders, customers, lenders, business associates, vendors, and the employees of the Company.

On behalf of the Board of Directors  
**Rajeev Sikka**  
Chairman & Managing Director

Bengaluru,  
07<sup>th</sup> August 2018

**Annexure -1 AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part A - Subsidiaries**

(₹ in lakhs)

1	Name of the Subsidiary/ Associate	Sikka N Sikka Engineers Private Ltd.	EMSAC Engineering Private Ltd.	Aerotek Sika Aviosystems Pvt. Ltd.	Sika Tourism Private Ltd
2	Share Capital	6.00	5.00	150.00	1.00
3	Reserves & Surplus	113.50	(0.05)	(2.75)	(2.59)
4	Total Assets	119.77	5.06	300.26	0.24
5	Total Liabilities	119.77	5.06	300.26	0.24
6	Investments	36.82	0.00	0.00	-
7	Turnover	2.15	0.24	0.03	-
8	Profit before taxation	0.72	(0.18)	(1.21)	(0.58)
9	Provision for taxation	0.05	0.00	0.00	-
10	Profit after taxation	0.64	(0.18)	(1.21)	(0.58)
11	Proposed Dividend	-	-	-	-
12	% of Shareholding	100.00	100.00	30.86	100.00

**Notes:**

- Reporting period and reporting currency of the above subsidiary is the same as that of the Company.
- Part B of the Annexure is not applicable as there are no associate companies/joint ventures of the Company as on 31<sup>st</sup> March 2018.

For and on behalf of the Board  
Rajeev Sikka  
Chairman & Managing Director

R.N.Chawhan  
Director

Kunal Sikka  
Whole Time Director & CFO

Sriee Aneetha .M  
Company Secretary

**Annexure II - AOC - 2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)  
Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arms-length transactions under third proviso thereto

- Details of contracts or arrangements or transactions not at arm's length basis: The Company has not entered into any material contracts or arrangement or transactions with its related parties which is not at arm's length and hence not applicable.
- Details of contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
Sikka N Sikka Engineers Private Limited - WOS	Consulting Services	Mutual consent as per terms of contract	Engineering Consulting Services	25-05-2017	NA

On behalf of the Board of Directors  
**Rajeev Sikka**  
Chairman & Managing Director

Bengaluru, 07<sup>th</sup> August 2018



## MANAGEMENT DISCUSSION AND ANALYSIS

### THE ECONOMY

In 2017, the global cyclical upswing since mid-2016 continued to strengthen. Economic activity across the world expanded at 3.8% as per the IMF, outperforming consensus expectations meaningfully, making it the best year since the post-crash rebound of 2010. The broadening nature of growth was particularly noteworthy, as evidenced by strengthening industrial production volumes across the world. Beyond improving corporate performance, major national elections, especially in Europe, produced outcomes favourable for continued growth.

With financial conditions still supportive, global economic growth should remain strong in 2018, as both advanced and emerging economies enjoy a harmonized upturn. With broad-based momentum and expectations of a sizable fiscal expansion in the United States over this year and the next, global growth is now projected to inch up to 3.9% in 2018 and 2019 according to the IMF.

However, an escalating cycle of trade restrictions and retaliations by major economies may adversely impact growth. There is also a continued worry about geopolitical risks outside of trade, with the rise of radical populist parties in countries such as Italy and Mexico, and deteriorating politics in the Middle East, where a third of the world's oil is produced, which have contributed to an increase in uncertainty that has translated into depreciating pressures on emerging markets currencies including India and require close monitoring.

Buoyed by 6.7% growth in GDP during the year under review, India retained its position as the world's fastest growing major economy. There was a strong rebound in the second half of the year on the back of a turnaround in investment demand. This was reinforced by an acceleration in manufacturing, rise in sales growth, a pickup in capacity utilization, strong activity in the services sector and a record agricultural yield.

Despite challenges, India has demonstrated a resolve to achieve fiscal consolidation, complemented by wide-ranging and aggressive policies. The period was marked by several key structural, long-term reforms to ensure sustainable growth in the future, which in turn improved confidence in the Indian economy. The Goods & Services Tax (GST), which was implemented from July 2017, reformed the system of indirect taxes by creating a unified marketplace for the first time.

The outlook for India remains largely positive, reinforced by robust private consumption and public investment, as well as the ongoing structural reforms. Global demand has been improving, which should encourage exports and fresh investments. However, the signs of green shoots should not be taken for granted as downside risks remain. The biggest challenges for 2018-19 are as to how the economy can maintain its recovery in the face of increasing inflationary pressures. In addition, risks of fiscal slippage in the run-up to elections next year, concerns over India's banking sector, increasing global trade tensions and higher oil prices all cloud prospects.

### COMPANY OVERVIEW

Sika Interplant Systems Limited (Sika) is actively involved in four main areas, namely, engineering (design and development); manufacturing, assembly and testing; projects and systems integration; and maintenance, repair and overhaul (MRO). Additionally, your Company's in-house capabilities in technology development and production are complemented by tie-ups with international partners. The majority of our Company's business is catered to serving the Aerospace & Defence (A&D) and Automotive sectors.

Building on its established expertise in systems integration, documentation and certification, your Company continues to work on a number of prestigious Indian projects within the A&D sector. Under these typically long-gestation programs, Sika offers its customers a combination of one or more of design, development, manufacturing, assembly, testing, certification, supply and integration of systems, and implementation of the projects. In addition, the Company has set up facilities to provide MRO for its own products and, with the backing of its customers, with foreign partners to provide MRO services for their A&D products in India.

Your Company is one of the select private enterprises with design approval from the Center for Military Airworthiness and Certification (CEMILAC). Sika has also been granted an Industrial License for Defence production from the Government of India, which enables it to undertake these projects and also qualifies the Company for offset programs. A number of international OEMs have significant offset obligations outstanding, and so it is expected that the opportunity from offsets in the coming years will be considerable, with avenues likely to be available both in manufacturing and services.

The Company has a professional and experienced team comprised of a variety of backgrounds to ensure that we focus on ensuring that products delivered are of the highest quality, matched by strong after-sales support. In line with this, during the last Financial Year your Company successfully maintained its AS9100 certification while moving up to its latest revision (Rev D), which is a widely adopted and standardised quality management system for the aerospace industry globally.

In recent years your Company has been focused on building advanced facilities to expand its operational base to keep pace with the fast paced development of the A&D sector in India, and Sika is well positioned to meet the requirements of both potential international partners and domestic projects.

Within the automotive sector, your Company continues to undertake projects to supply critical capital equipment to a significant number of the major automobile manufacturers across the country.

### INDUSTRY STRUCTURE AND DEVELOPMENT

India's geopolitical scenario and compulsions, real or perceived, are driving a relentless transformation of its A&D industry. The biggest growth driver is India's burgeoning expenditure in India's defence budgets; the last decade also witnessed India emerge



as one of the most attractive A&D markets in the world with a steady increase in the Ministry of Defence's budget for modernization of the armed forces.

With the world's third largest armed forces, India's defence budget for 2018-19 is around 2.2% of its GDP. The defence budget for 2018-19 has seen a marginal increase of 5.8% over the last year and accounts for 10.74% of the total allocation. Moreover, reversing a five-year trend of declining capital budgets, the allocation in the present budget exceeds by 8.7% over the last year's revised estimates.

India continues to be one of the top defence spending countries in the world and spends about a third of its total Defence budget on capital acquisitions. With its defence spending and aviation market growth rate of estimated 18% (CAGR), this would put the country, in very near future, among one of the top five A&D markets in the world. The sector's growth is also fuelling a MRO market that alone is expected to grow 10% annually and reach \$2.6 billion by 2020.

The Indian government will continue to focus on indigenisation, which is receiving a fillip from the 'Make in India' initiative.

#### OPPORTUNITIES AND THREATS

The country's Defence expenditure has been increasing with big-ticket deals and modernization programs, the latter in response to the urgent need to enhance the deterrent and operation capabilities of the armed forces through up gradation/modernization of existing equipment, as well as additional acquisitions of 'state of the art' equipment. The large scale of the market provides a significant opportunity for foreign original equipment manufacturers (OEMs), Indian industries and SMEs.

Around 70% of our Defence requirements are met through imports. The need for a self-reliant Defence sector and a sharp focus on minimising dependence on imports is seeing the continued opening up of the sector for private participation. In 2001, the government opened this sector to private and foreign investors and set a challenging target of achieving 70% indigenisation. This focus on indigenisation should continue to gather pace, with the current government continually re-emphasising the importance of this endeavour, including with respect to the bigger picture of 'Make in India.'

The implementation of the Defence Procurement Policy (DPP) seeks greater engagement of domestic enterprises and SMEs in defence and internal security. The latest DPP revision released 2016, and its subsequent amendments, has overhauled a number of procedural aspects with a view to improving the procurement cycle time while providing for significantly increasing the share of local purchases through prioritisation of clauses like "Buy Indian Designed, Developed and Manufactured (IDDM)", "Buy Indian" and "Buy & Make (Indian)" ahead of global procurement options, as well as the recent implementation of guidelines for the chapter on Strategic Partnerships. Further, several of the preferential clauses previously only available to defence PSUs have been extended to private industry as well, thereby significantly levelling the playing field.

It is estimated that during the next decade India will buy close to USD 100 billion worth of fighter aircraft, radars, missiles and warships. Though it is difficult to reach a clear estimate on the value of offsets which will be involved with this huge Defence Import, nevertheless the offsets figures could well be above USD 30 billion. The implementation of this value of offsets is both a challenge and an opportunity for the Indian Defence industry.

Most of the threats to the domestic A&D industry are rooted on the policy front. These include slippages on the fiscal front, lengthy procurement and evaluation processes, controversies related to corruption and disputes over short listing in competitive bids. These will serve to delay acquisition plans of the armed forces and impact timing of execution of already long-dated projects.

Further, given the nature of the A&D business, the products and systems involved are typically of complex advanced technologies, often resulting in the approval and certification cycle extending for materially longer than originally planned. This can result in delays in production orders and consequent deliveries, affecting the timing of revenues.

#### OUTLOOK

The overall outlook for next Financial Year (2018-19) is optimistic. As discussed above, we expect that the combination of a continued increase in domestic defence spending and the opportunity from offsets-aided by the 1.5x multiplier made available for MSMEs-coupled with the balancing investments made in expanding your Company's operating base will provide us with a solid platform for sustained and consistent growth in our business over the coming years.

#### RISKS AND CONCERNS

Any delays from the Ministry of Defence (MoD), Government of India, in the execution of A&D projects associated with it, shortfalls in planned Defence outlays, adverse changes to government policy, etc. could directly have a direct impact on the activities of the Company and consequently on its revenues. Further, as many of these projects are initiated by the MoD driven by its own policies and priorities, the continued progression of these into long-term programs with a definitive quantum of orders depends largely on the government's decisions. This results in an uneven and skewed pattern of sales for the Company, which is beyond the control of the Company.

Also, your Company's increasing exposure to international markets brings with it inherent risks like Foreign Currency Risk and Interest Rate risk. In addition, there are various external risk factors like a prolonged slowdown in India and/or the global economy, change or delay in domestic economic reforms, political instability, hostilities, natural disasters, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

#### INTERNAL CONTROL SYSTEMS AND ADEQUACY

We believe the Company has a proper and adequate internal control system commensurate with the size and scale of its operations to in place to ensure that all activities and transactions are monitored, authorized, recorded and reported correctly. An Internal Audit system is in place to conduct a regular check and review accounting methodologies with a view to



improving the control systems. The Audit Committee of the Board of Directors has appraised the adequacy of internal controls.

#### SEGMENT WISE PERFORMANCE

The Company is primarily engaged in the business of manufacturing and rendering of services in engineering products, projects and designs.

#### HUMAN RESOURCES

Human Resources (HR) remained a key focus area for your Company during the year under review various HR initiatives are taken to align the HR policies to the requirement of the business. The Company provides employees with a fair and equitable work environment and support to develop their capabilities. We are also focused on bringing in new talent and competencies to aid the Company's growth strategy.

#### COMPANY PERFORMANCE

As can be seen from the financial results forming part of this report, both the Company's turnover and net profit were lower year on year. The predominant reason for this decline is the significant delay by the Government in concluding orders for major platforms with your Company's primary customers, which

has had a domino effect in terms of delaying receipt, and in some cases execution, of orders by the Company. The Company is optimistic that apparently transformative policy changes recently introduced by the MoD will have a positive impact on awarding of contracts for pending projects in a materially enhanced time bound manner.

In line with the Company's policy of re-investing profits back into business operations, the last Financial Year also saw balancing investments being made in building infrastructure and facilities, information systems, and design and development activities for the future benefit of your Company.

#### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, figures, expectations and predictions may constitute "forward-looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

The company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

### CORPORATE GOVERNANCE REPORT

#### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company believes in providing highest transparency and ethical value in Corporate Governance. Your Company has long recognized the importance of Corporate Governance practices that help ensure an environment of honesty, integrity and transparency combined with effective oversight and strong accountability. The Company endeavours to provide its stakeholders with timely information relating to the affairs of the Company together with complete transparency. The Company complies with various statutory requirements / provisions and is committed to good corporate governance.

The Company has adopted a Code of Conduct for its senior management including the Managing Director and Whole-time Director, and also a Code of Conduct for its Non-Executive Directors, both of which are available on the Company's website.

#### BOARD OF DIRECTORS

As on 31<sup>st</sup> March 2018, the Company had 6 Directors, comprising 4 Non-Executive Directors and 2 Executive Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other public companies as on 31<sup>st</sup> March 2018 are given here in below. Other Directorships do not include Alternate Directorships and directorships in private limited companies, foreign Companies and companies under Section 8 of the Act. Chairmanships / Memberships of Board Committees only include Audit Committee and Shareholders' Relationship Committee.

Name of the Director	Category	No. of Board Meetings Attended	Attended Last AGM	No. of other Directorships and Committee Positions Held		
				Director	Committee Member *	Committee Chairman *
Dr. C.G. Krishnadas Nair (DIN: 00059686)	Independent, Non-Executive	6	No	2	2	1
Mrs. Krishna Sikka (DIN: 01226312)	Non-Executive	6	Yes	-	-	-
Mr. R.N. Chawhan (DIN: 00568833)	Independent Non-Executive	6	Yes	-	-	-
Mr. S. Santhanam (DIN: 02685291)	Independent Non-Executive	6	No	-	-	-
Mr. Rajeev Sikka, Chairman & MD (DIN: 00902887)	Executive	6	Yes	-	-	-
Mr. Kunal Sikka WTD/CFO (DIN: 05240807)	Executive	6	Yes	-	-	-



\*None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Mrs Krishna Sikka, Mr Rajeev Sikka and Mr Kunal Sikka are the Directors on the Board who are related to each other.

Six Board meetings were held during the year 2017-18. The Board meetings were held 25<sup>th</sup> May 2017; 02<sup>nd</sup> August 2017; 06<sup>th</sup> September 2017, 24<sup>th</sup> November 2017, 11<sup>th</sup> December 2017 and 31<sup>st</sup> January, 2018. The information and declarations as required in terms of Listing Regulations is being regularly placed before the Board.

As on 31<sup>st</sup> March 2018, Non-Executive Directors Dr. C.G.Krishnadas Nair holds 80,000 shares and Mrs. Krishna Sikka holds 52 shares respectively of the Company. None of the other Non-Executive Directors holds shares in the Company.

The details of the familiarization programs for Independent Directors are available on the website of the Company <http://www.sikaglobal.com/investors.html>

#### AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act. The Audit Committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company.

The terms of reference of the Audit Committee covers all matters specified in Regulation 18(3) Part C of SEBI Listing Regulations and in concurrence with Section 177 of the Act 2013. The terms of reference broadly include review of internal audit reports and action taken on reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Company. The Audit Committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The Committee also recommends the appointment of internal and statutory auditor. The Audit Committee takes note of any default in the payments to creditors and debtors. The Committee also looks into those matters specifically referred to it by the Board.

The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

During the year, Audit Committee had 5 meetings. The composition of the Audit Committee and the details of meetings attended by its members are as follows:

Sl. No	Name of the Director	Category	No. of Meetings Attended
1.	Mr R N Chawhan - Chairman	Non-Executive, Independent	5
2.	Dr C G Krishnadas Nair - Member	Non-Executive, Independent	5
3.	Mr. S. Santhanam - Member	Non-Executive, Independent	5
4.	Mr. Kunal Sikka - Member	Executive	5

#### NOMINATION AND REMUNERATION COMMITTEE

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

The broad terms of reference of the Nomination and Remuneration Committee are to recommend to the Board the setup and composition of the Board and its committees, the appointment or reappointment of Directors, the appointment of KMP, and the remuneration payable to Directors, considering criteria such as industry bench marks, financial performance of the Company, performance of the respective Director, etc..

During the year Nomination and Remuneration Committee had 4 meetings. The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are as follows:

Sl. No	Name of the Director	Category	No. of Meetings Attended
1.	Mr. R. N. Chawhan - Chairman	Non-Executive, Independent	3
2.	Dr. C. G. Krishnadas Nair - Member	Non-Executive, Independent	3
3.	Mr. S. Santhanam - Member	Non-Executive, Independent	3



**Performance Evaluation criteria for Independent Directors:**

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of performance and judgment.

**Remuneration Policy:**

Remuneration policy in the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. The remuneration policy inter alia provides for the following:

- (a) attract, recruit, and retain good and exceptional talent;
- (b) Formulate the criteria for determining the qualifications, positive attributes and independence of the directors of the Company;
- (c) ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- (d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- (e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- (f) Fulfil the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

The Company pays remuneration by way of salary, benefits, perquisites, allowances, contribution to provident / superannuation fund (fixed component) and performance incentive (variable component) to its Managing Director and Whole- time Director/CFO. Annual increments are decided by the Nomination and Remuneration Committee with the salary scale approved by the members. No commission is paid to any of the Directors.

As the Directors on their individual capacity are wholly responsible for the company's growth, the Company do not have fixed component, performance linked incentives criteria, service contracts, and notice period or severance fees.

During the year 2017-18, the Company paid sitting fees of Rs.5,000/- per meeting to each of its Non-Executive Directors for attending meetings of the Board and Committees of the Board. The Company has not had any pecuniary relationship and transaction with any of the Non-Executive Directors during the year under review.

Details of remuneration of the Managing Director and Whole-time Director for Financial Year 2017-18:

Name of the Director and period of appointment	Salary (Rs. In Lakhs)	Benefits, perquisites and allowances (Rs.in Lakhs)	Commission (Rs. In Lakhs)
Mr. Rajeev Sikka Chairman & Managing Director (w.e.f 01 <sup>st</sup> April 2015 for a period of 3 years)	30.00	2.45	Nil
Mr. Kunal Sikka Whole Time Director & CFO (w.e.f 01 <sup>st</sup> October 2017 for a period of 3 years)	24.50	1.11	Nil

The perquisites indicated above exclude gratuity and leave benefits, as these are determined on an actuarial basis for the Company as a whole.

**STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178 of the Act.

The broad terms of reference of the Stakeholders' Relationship Committee are to look into the redressal of investors' complaints in connection with transfer of shares, non-receipt of annual reports, non-receipt of declared dividends, etc. In addition, the Committee also looks into matters which can facilitate services and relations with the investors.



During the year the Stake holders' Relationship Committee met 4 times. The composition of the Stakeholders' Relationship Committee and the details of meetings attended by its members are as follows:

Sl. No	Name of the Director	Category	No. of Meetings Attended
1.	Dr. C. G. Krishnadas Nair - Chairman	Non-Executive, Independent	4
2.	Mr. R. N. Chawhan - Member	Non-Executive, Independent	4
3.	Mr. S. Santhanam - Member	Non-Executive, Independent	4
4.	Mr. Rajeev Sikka - Member	Executive	4

Mrs. Sriee Aneetha M, Company Secretary, is the Compliance Officer of the Company, and shareholders may contact her for any clarification / complaint at the Registered Office of the Company.

There were no shareholders' complaints outstanding as on April 1, 2017 and as on March 31, 2018. During the year all the requests for dematerializations were approved by the Company. No valid transfer / transmission of shares were pending as of 31<sup>st</sup> March 2018.

#### GENERAL BODY MEETINGS

a) Particulars of the last three Annual General Meetings held:

Financial Year	Day & Date	Time	Venue	No. of Special Resolutions passed
2016-17	Wednesday, 27 <sup>th</sup> September 2017	10:00 a.m.	Hotel Ajantha, 22, M.G. Road, Bengaluru 560 001	3
2015-16	Wednesday, 07 <sup>th</sup> September 2016	10:00 a.m.		-
2014-15	Friday, 25 <sup>th</sup> September 2015	10:00 a.m.		-

b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2017-18.

c) No Postal Ballot was conducted during the financial year 2017-18.

d) As of the date of the Report, No special resolutions are proposed to be conducted at AGM.

#### Means of Communication

The notices of the meeting, quarterly, half-yearly and annual results, of the Company are published in leading newspapers including regional language. The same are displayed on the Company's website [www.sikaglobal.com](http://www.sikaglobal.com). The Company does not have any press release or presentation to institutional investors.

#### General shareholder information

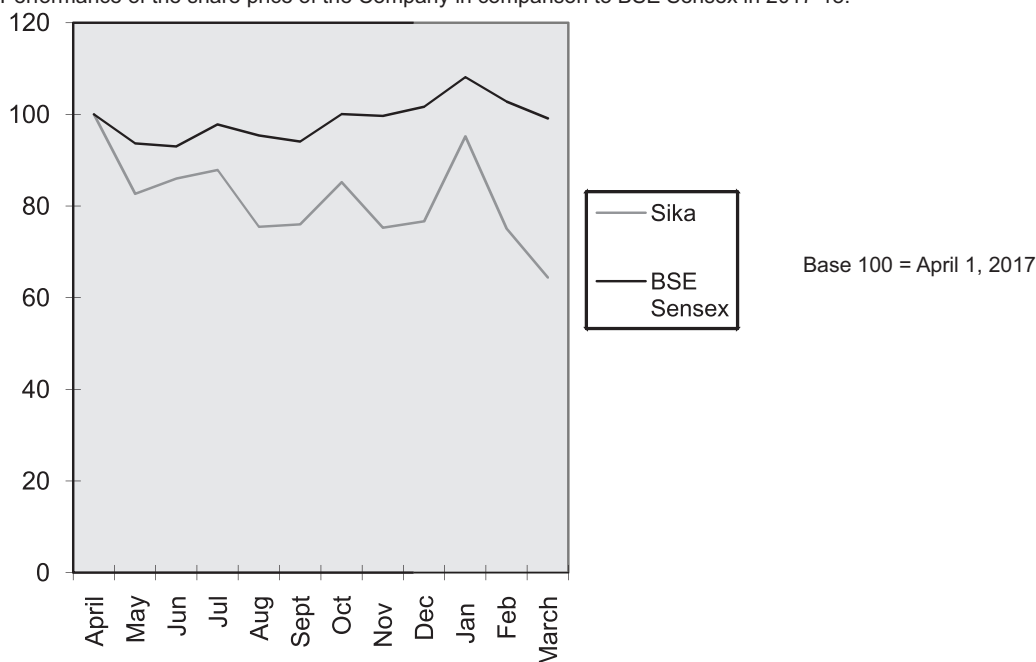
- |  |   |
|--|---|
| a. Annual General Meeting:                     | The AGM is scheduled to be held on Thursday 27th September 2018, 10:00 am at Hotel Ajantha, 22 M.G.Road, Bangalore 560 001. |
| b. Financial Year:                             | 01 <sup>st</sup> April to 31 <sup>st</sup> March  |
| c. Book Closure                                | 21st September 2018 to 27th September 2018 (both day inclusive)   |
| d. Dividend Payment Date:                      | Within 30 days from the date of AGM, subject to Members' approval at the AGM.   |
| e. Listing of Equity Shares on Stock Exchange: | BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.   |
| f. Listing Fees:                               | Listing fee as applicable have been paid.   |
| g. Stock Code:                                 | BSE – 523606  |



h. Market Price Date – high, low during each month in 2017-18:

Month	High (₹)	Low (₹)
April '17	246.90	208.05
May '17	223.25	180.00
June '17	195.75	163.00
July '17	210.00	182.00
August '17	199.45	157.00
September '17	182.85	159.00
October '17	221.00	156.00
November '17	203.00	152.00
December '17	189.85	157.00
January '18	285.00	163.25
February '18	217.50	162.00
March '18	173.85	141.20

i. Performance of the share price of the Company in comparison to BSE Sensex in 2017-18:



j. Registrars & Transfer agents

Integrated Registry Management Services Private Limited  
(Formerly: Integrated Enterprises (India) Limited)  
No.30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road,  
Malleswaram, Bengaluru 560 003.  
Ph.no.080-23460815, Fax-080-23460819  
Email: giri@integratedindia.in, Web site: www.integratedindia.in

k. Share transfer system:

96.96% of the equity shares of the Company are in electronic form. Transfers of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with the RTA. Transfer of shares in physical form is normally processed within ten to fifteen days from the date of receipt, if the documents are complete in all respects. All requests for dematerialization of shares are processed, if found in order and confirmation is given to the respective depositories within 15 days.

I. Distribution of Shareholding as on 31<sup>st</sup> March 2018:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto – 500	2494	89.01	314255	7.41
501 – 1000	175	6.25	141973	3.35
1001 – 2000	64	2.28	93344	2.20
2001 – 3000	24	0.86	62393	1.47
3001 – 4000	9	0.32	32517	0.77
4001 – 5000	7	0.25	32702	0.77
5001 – 10000	11	0.39	72695	1.71
10001 & above	18	0.64	3490296	82.31
<b>Total</b>	<b>2802</b>	<b>100.00</b>	<b>4240175</b>	<b>100.00</b>

Shareholding Pattern of the Company as on 31<sup>st</sup> March 2018

Category	No. of Shareholders	No. of Shares Held	Percentage
Promoters	6	3041217	71.72
Bodies Corporate	36	58826	1.39
Individuals	2740	1132261	26.70
Clearing Member	20	7871	0.19
<b>Total</b>	<b>2802</b>	<b>4240175</b>	<b>100.00</b>

m. Dematerialization of Shares and Liquidity: Trading in equity shares of the Company is permitted only in dematerialized form. As on 31<sup>st</sup> March 2018, 96.96% of the Company's equity shares were held In dematerialized form with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd. (CDSL). Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE438E01016.

n. Outstanding GDRs / ADRs / Warrants / Convertible Instruments: None

o. Stock Option Scheme: None

p. Equity Shares in the Suspense Account: The Company does not have any unclaimed shares and hence there are no disclosures to be made.

q. Plant location: Sika Technology Centre, 21<sup>st</sup> KM Hosur Road, Bommasandra Industrial Area, Bangalore 560 099.

r. Address for Correspondence: Registered Office:  
No.3 Gangadharchetty Road, Bangalore 560 042

s. CIN: CIN:L29190KA1985PLC007363

t. Transfer of Unclaimed / Unpaid Dividends to Investor Education and Protection Fund("IEPF")

Pursuant to Sections 205A and 205C of the Companies Act, 1956 and other applicable provisions, if any, of the Act, all unclaimed / unpaid dividends remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the IEPF. Sections 124 and 125 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules"), applicable with effect from September 05, 2016, as may be amended from time to time, will be applicable to the Company.

During the year under review, the Company has credited Rs.90,748/- being the unpaid Dividend for the financial year 2009-10 lying in the unclaimed dividend account to the IEPF. The Details of unclaimed dividends have been updated in the Company's website, members who have not yet encashed their dividend warrant(s) pertaining to the financial year 2009-10 and onwards are requested to make their claims without any delay to the RTA.

Financial Year	Date of Declaration	Amount Rs.	Due date for transfer to IEPF
2010-2011	30-09-2011	1,02,315.00	29-09-2018
2011-2012	28-09-2012	52,480.00	27-09-2019
2012-2013	27-09-2013	60,684.00	26-09-2020
2013-2014	25-09-2014	78,060.80	24-09-2021
2014-2015	25-09-2015	60,855.20	24-09-2022
2015-2016	07-09-2016	68,893.60	06-09-2023
2016-2017	27-09-2017	76,690.40	28-09-2024

#### 10. Other Disclosures:

##### a) Related Party Transactions

All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

##### b) Disclosure of Accounting Treatment

The Company follows Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and / or by the Institute of Chartered Accountants of India in the preparation of financial statements and has not adopted a treatment different from that prescribed in any Accounting Standard.

##### c) Vigil Mechanism

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been also put up on the website of the Company.

##### d) Details of Non-Compliance

There have been no instances of non-compliance on any matter as regards the rules and regulations prescribed by the Stock Exchange, SEBI or any statutory authority relating to capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

##### e) Reconciliation of Share Capital Audit

The Company conducts a Reconciliation of Share Capital Audit by a practicing Chartered Accountant on a quarterly basis in accordance with SEBI requirements. The Reconciliation of Share Capital Audit Reports of the practicing Chartered Accountant which were submitted to the stock exchange within the stipulated period, inter alia confirm that the equity shares of the Company held in dematerialized form and in physical form tally with the issued and paid-up equity share capital of the Company.

##### f) Compliance with Mandatory and Non-Mandatory Requirements

The Company has complied with mandatory requirements and based on need basis, adopted non-mandatory requirements. The Company has fulfilled the following discretionary requirements:

- The auditors' report on statutory financial statements of the Company are unqualified.
- The Internal Auditors of the Company make presentations to the Audit Committee on their reports.
- Since the Financial Results are published in newspapers having wide circulation and simultaneously also uploaded on the website of the Company and Stock Exchanges, only the Annual Reports are sent to all the Members.

##### g) Code of Conduct

The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2018. A certificate by the Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management is contained in this annual report.



**h) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

The Company's foreign exchange exposures are typically of short term in nature, and in some cases provide a natural hedge with respect to import and export payments. Given the typically short term nature of the Company's foreign exchange exposures, no hedging by way of derivative financial instruments has been used as the cost of such instruments has been found to be high compared with historical foreign exchange movements over such periods.

**i) Disclosure on Website**

The Company's website has been updated with relevant disclosures and policies as per SEBI (LODR) Regulations 2015.

**j) Compliance with Regulation 39(4) of the SEBI Listing Regulations**

The Company does not have any unclaimed shares and hence there are no disclosures to be made pursuant to Regulation 39(4) of the SEBI Listing Regulations.

**k) Prevention of Insider trading**

The Company has adopted an insider trading policy to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This policy also includes practices and procedures for fair disclosure of unpublished price sensitive information.

**INDEPENDENT AUDITORS'S COMPLIANCE CERTIFICATE****To the Members of Sika Interplant Systems Limited.**

1. We have examined the compliance of conditions of Corporate Governance by Sika Interplant Systems Limited ("the Company") for the year ended 31<sup>st</sup> March 2018 as per stipulated in Regulations 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the SEBI (LORD) Regulations, 2015.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the SEBI Listing Regulations as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B.N.SUBRAMANYA & CO.**  
Chartered Accountants  
Firm Registration No. 004142S

**DEVENDRA NAYAK**  
Partner  
Membership No. 027449

Place : Bangalore,  
Date : 07<sup>th</sup> August, 2018

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that, all the Directors and Senior Management personnel have affirmed compliance to their respective Codes of Conduct for the year ended March 31, 2018.

Rajeev Sikka  
Chairman and Managing Director

Place : Bangalore,  
Date : 07<sup>th</sup> August, 2018



Form No. MR-3  
**SECRETARIAL AUDIT REPORT**  
 FOR THE FINANCIAL YEAR ENDED 31.03.2018  
 [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,  
 Sika Interplant Systems Limited, Bengaluru

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sika Interplant Systems Limited (CIN: L29190KA1985PLC007363) (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 and based on the representations received from the management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2018 (the audit period) complied with the statutory provisions listed hereunder, *subject to my comments therein*, 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 during the audit period according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- v. The management has represented that there are no laws applicable specifically to the Company, other than general laws.

I have also examined compliance with the applicable clauses of the following:

- (i) Listing Agreement' entered into by the Company with BSE Ltd.
- (ii) Secretarial Standards with respect to Board and General Meetings issued by The Institute of Company Secretaries of India.

During the year under review (audit period), the Company has generally complied with provisions of the Act, rules, regulations and guidelines, etc mentioned above.

I/we further report that, there were no action/events in pursuance of-

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- g. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

requiring compliance thereof by the Company during the audit period.

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. There were no changes in the composition of the Board of Directors during the period under review were carried out in compliance with the provisions of the Act.

Based on the representation made by the management, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes 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.

As per the minutes of meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.





I further report that, based on the information provided by the Company, its officers and authorised representatives during the conduct of audit, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that, during the audit period there were no other specific events/actions in pursuance of the above referred laws, rules, regulations and guidelines, etc. having a major bearing on the Company's affairs.

The compliance by the Company of applicable financial laws, like direct and Indirect tax laws have not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

For N K Hebbar & Associates,  
Company Secretaries

Nityanand Hebbar  
Proprietor  
ACS No. 26717  
C P No. 9618

Place: Bengaluru  
Date: 30/05/2018

## INDEPENDENT AUDITOR'S REPORT

**To the members of  
Sika Interplant Systems Limited**

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **M/s SIKA INTERPLANT SYSTEMS LIMITED** ("the Company"), which comprises of Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS,

- In the case of the Balance Sheet, of the state of affairs (financial position) of the Company as at 31st March, 2018,
- In the case of the Statement of Profit and Loss, of its Profit (financial performance including other comprehensive income),
- its cash flows and the changes in equity for the year ended on that date.



### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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, the cash flow statement and Statement of Changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid stand alone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2018 take non record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act; and

- (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 B";
- (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, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B N Subramanya & Co.,  
Chartered Accountants  
FRN. 004142S

Devendra Nayak  
Partner  
M. No. 027449

Place : Bengaluru  
Date : 30<sup>th</sup> May 2018

### Annexure A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2018, we report that:

#### i) Fixed Assets

- a) The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation of the assets.
- b) The Management has conducted a physical verification of the fixed assets during the year and no material discrepancies were noticed on such verification.
- c) The title deeds of immovable properties are held in the name of the company.

#### ii) Inventory

The inventory has been physically verified during the year by the management at reasonable intervals and there are no material discrepancies noticed.

#### iii) Loans and Advances

The Company has granted unsecured loans to Companies covered in the register maintained under section 189 of Companies Act, 2013 and the amount involved are as below:

Number of parties	Maximum Amount Involved	Amount as at 31.03.2018
1	1,71,180	1,71,180

- a) The terms and conditions of the grant of such loan is not prejudicial to the company's interest;
- b) There are no stipulated terms in respect of repayment of principal and interest.
- c) We are also unable to ascertain the overdue amount for the period exceeding 90 days as there has been no stipulation with respect to the repayment of such loans or the payment of Interest.

#### I) Loans/Investments/Guarantees

In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with in respect of loans, investments, guarantees, and security given by the company.

#### ii) Deposits

According to the information and explanation given to us, the company has not accepted any deposits, consequently directives of the RBI and the provision of Section 73 and 76 or any other relevant provision of the Companies Act, 2013, and the rules framed there under are not applicable to the company.

#### iii) Cost records

According to information and explanation given to us, the company is not required to maintain cost records as per sub section (1) of section 148 of the Act, hence no comment is required on the same.

**iii) Cost records**

According to information and explanation given to us, the company is not required to maintain cost records as per sub section (1) of section 148 of the Act, hence no comment is required on the same.

**iv) Statutory Dues**

- a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employee State Insurance, Income tax, sales tax, service tax, duty of customs, value added tax, duty of excise, cess and other statutory dues applicable to it.
- b) According to the records of the Company, there are no dues of Income tax or Sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

**viii) Repayment of Loans**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

**ix) Diversion of Funds**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no further public offer during the year and moneys raised by way of term loans were applied for the purposes for which those are raised.

**x) Frauds noticed / Detected**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no material fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.

**xi) Managerial Remuneration**

According to the information and explanations given to us and based on our examination of the records of the company, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

**xii) Nidhi Company**

The company is not a Nidhi Company as mentioned in section 406 of the Companies Act, 2013 and hence no comment is required on the same.

**xiii) Related Party Transactions**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of the transactions have been disclosed in the Financial Statements as required by the accounting standards and The Companies Act, 2013.

**xiv) Preferential allotment**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence no comment is required on the same.

**xv) Non-cash transactions**

According to the information and explanations 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 him and hence no comment is required on the same.

**xvi) Certification for Non-Banking Financial Institution**

The company is not a Non-Banking Financial Institution, hence registration under section 45-IA of the Reserve Bank of India Act, 1934 is not required.

For B N Subramanya & Co.,  
Chartered Accountants  
FRN. 004142S

Devendra Nayak  
Partner  
M. No. 027449

Place : Bengaluru  
Date : 30<sup>th</sup> May 2018



## Annexure B to Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)

We have audited the internal financial controls over financial reporting of M/s. SIKAIINTERPLANT SYSTEMS LIMITED ("the Company") as of March 31st, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management 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, including adherence to company'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 Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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.

#### 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.

#### Opinion

In our opinion, 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, 2018, 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.

For B N Subramanya & Co.,  
Chartered Accountants  
FRN. 004142S

Place : Bengaluru  
Date : 30<sup>th</sup> May 2018

Devendra Nayak  
Partner  
M. No. 027449



**SIKA INTERPLANT SYSTEMS LIMITED**  
CIN: L29190KA1985PLC007363  
No. 3, Gangadhar Chetty Road, Bangalore - 560 0042. Karnataka, India.

**BALANCE SHEET AS AT 31st MARCH 2018**

Particulars	Note No	31-Mar-2018	31-Mar-2017	01-Apr-2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	2(a)	36,20,99,034	36,73,27,125	34,85,80,209
(b) Capital work-in-progress	2(c)	28,57,795	28,57,795	28,57,795
(c) Investment Property		-	-	-
(d) Goodwill		-	-	-
(e) Other Intangible assets	2(b)	2,94,372	4,72,962	7,08,893
(f) Intangible assets under development		-	-	-
(g) Biological Assets other than bearer plants		-	-	-
(h) Financial Assets				
i. Investments	3	4,23,14,740	4,66,44,675	2,03,62,388
ii. Trade receivables		-	-	-
iii. Loans	4	55,62,581	31,13,787	31,98,972
iv. Others		-	-	-
(i) Deferred tax assets (net)		-	-	-
(j) Other non-current assets		-	-	-
<b>Current assets</b>				
(a) Inventories	5	1,72,77,669	1,49,78,421	96,75,440
(b) Financials Assets				
i. Investments		-	-	-
ii. Trade receivables	6	3,08,81,973	1,38,30,122	10,66,08,209
iii. Cash and Cash equivalents	7(a)	44,05,473	67,29,739	68,61,006
iv. Bank balances other than (iii) above	7(b)	1,98,28,080	2,75,41,831	4,16,03,708
v. Loans		-	-	-
vi. Others	8	6,50,005	25,20,304	14,74,320
(c) Current Tax Assets(Net)	9	4,10,924	-	-
(d) Other current assets	10	5,00,888	4,60,561	21,48,301
<b>Total Assets</b>		<b>48,70,83,533</b>	<b>48,64,77,324</b>	<b>54,40,79,241</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	11	4,24,01,750	4,24,01,750	4,24,01,750
(b) Other Equity	12	38,95,82,381	37,88,71,455	36,53,02,037
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
(a) Financial Liabilities				
i. Borrowings	13	93,41,189	1,63,58,027	43,44,944
ii. Trade payables		-	-	-
iii. Other financial Liabilities		-	-	-



## BALANCE SHEET AS AT 31st MARCH 2018

Particulars	Note No	31-Mar-2018	31-Mar-2017	01-Apr-2016
(b) Provisions	14	7,51,719	3,35,225	1,62,070
(c) Deffered Tax Liabilities(Net)	15	68,24,290	62,67,575	46,04,425
(d) Other non-current Liabilities	16	16,70,000	16,70,000	16,70,000
<b>Current Liabilities</b>				
(a) Financial Liabilities				
i. Borrowings	17	1,07,36,576	13,28,090	1,26,70,757
ii. Trade payables	18	77,52,551	1,10,19,663	8,40,48,032
iii. Other financial Liabilities	19	71,64,025	70,84,264	88,89,608
(b) Other current Liabilities	20	97,87,199	1,98,75,032	1,33,43,918
(c) Provisions	21	10,71,850	12,66,242	66,41,700
(d) Current Tax Liabilities(Net)		-	-	-
<b>Total Equity and Liabilities</b>		<b>48,70,83,533</b>	<b>48,64,77,324</b>	<b>54,40,79,241</b>

Significant Accounting Policies  
Notes on accounts

1

The notes referred to above form an integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

**M/s. B N Subramanya & Co.,**  
Chartered Accountants  
FRN. 004142S

**For and on behalf of the Board of Directors**

**Rajeev Sikka**  
Chairman & Managing Director  
DIN: 00902887

**Kunal Sikka**  
Whole Time Director & CFO  
DIN: 05240807

**Devendra Nayak**  
Partner  
M. No. 027449

**R.N. Chawhan**  
Director  
DIN: 00568833

**Sriee Aneetha M**  
Company Secretary

Bengaluru  
30/05/2018



## STATEMENT OF PROFIT AND LOSS AS AT 31st MARCH 2018

(in Rs.)

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>REVENUE</b>			
Revenue from Operations	22	22,29,26,650	34,19,22,236
Other income	23	85,23,434	88,23,892
<b>Total Revenue</b>		<b>23,14,50,084</b>	<b>35,07,46,128</b>
<b>EXPENSES</b>			
Cost of material and consumables	24	1,95,84,736	1,50,87,545
Cost of material (Trading)	25	11,64,01,441	23,92,29,968
Changes in inventory of work-in-progress	26	22,20,470	(29,14,912)
Employee benefits expense	27	3,10,73,052	3,01,15,122
Finance costs	28	26,81,882	29,06,622
Depreciation and amortisation expense	29	73,62,483	58,17,114
Other Expenses	30	3,26,17,270	3,30,19,572
<b>Total Expenses</b>		<b>21,19,41,335</b>	<b>32,32,61,031</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; Tax</b>		<b>1,95,08,748</b>	<b>2,74,85,097</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; Tax</b>		<b>1,95,08,748</b>	<b>2,74,85,097</b>
Extraordinary items		-	-
<b>Profit/(Loss) before Tax</b>		<b>1,95,08,748</b>	<b>2,74,85,097</b>
Less: Tax expenses			
Current Tax		41,58,406	77,50,000
Current Tax expense for earlier years		-	4,36,127
Deferred Tax		5,56,715	16,63,151
<b>Other Comprehensive Income, Net off Income Tax</b>		-	-
A. Items that will not be reclassified to Profit & Loss		-	-
Exchange Gain / (Loss) due to translation		-	-
B. Items that will be reclassified to Profit & Loss		-	-
<b>Total Comprehensive Income, Net of Income Tax</b>		-	-
<b>Profit/(Loss) for the period</b>		<b>1,47,93,628</b>	<b>1,76,35,819</b>
<b>Earnings per equity share</b>			
Basic and Diluted		<b>3</b>	<b>4</b>
Weighted no of shares		<b>42,40,175</b>	<b>42,40,175</b>
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements.  
This is the Statement of Profit & Loss referred to in our report of even date.

For and on behalf of  
**M/s. B N Subramanya & Co.,**  
Chartered Accountants  
FRN. 004142S

**Devendra Nayak**  
Partner  
M. No. 027449  
Bengaluru  
30/05/2018

For and on behalf of the board of Directors

**Rajeev Sikka**  
Chairman & Managing Director  
DIN: 00902887

**R.N. Chawhan**  
Director  
DIN: 00568833

**Kunal Sikka**  
Whole Time Director & CFO  
DIN: 05240807

**Sriee Aneetha M**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

(In Rs.)

Particulars	31.03.2018		31.03.2017	
<b>A] CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit Before Taxation and Extraordinary item	1,95,08,748		2,74,85,097	
<b>Adjustments for:</b>				
Depreciation	73,62,483		58,17,114	
Financial expenses (Considered under Financial Activities)	26,81,882		29,06,622	
Interest Income (Considered under Investment Activities)	(15,17,799)		(26,75,535)	
Dividend Received (Considered under Investment Activities)	-		(86,373)	
Profit on sale of Asset (Considered in Investment Activities)	(4,70,991)		(54,887)	
Gain on sale of Investments			(18,932)	
Revaluation of Investments	(14,67,754)		(9,47,943)	
<b>Operating Profit Before Working Capital Changes</b>		<b>2,60,96,570</b>		<b>3,24,25,163</b>
(Increase)/ Decrease in Current Assets, Loans & Advances	(1,02,18,298)		10,21,78,737	
Increase/(Decrease) in Current Liabilities	(1,24,96,367)		(7,18,41,751)	
Working Capital Changes		(2,27,14,664)		3,03,36,986
<b>Cash Generated from operations</b>		<b>33,81,905</b>		<b>6,27,62,149</b>
Income Tax (including Fringe Benefit Tax)		(47,15,121)		(98,49,278)
<b>Cash Flow Before Extraordinary Item</b>		<b>(13,33,216)</b>		<b>5,29,12,871</b>
Extra-ordinary items		-		-
<b>Net cash from operating activities</b>		<b>(13,33,216)</b>		<b>5,29,12,871</b>
<b>B Cash flows from Investment activities</b>				
Additions to Fixed Assets	(19,55,802)		(2,45,57,574)	
Sale of Fixed Asset	-		2,84,360	
Sale of Long Term Investment	1,07,81,180		41,84,598	
Dividend Received	-		86,373	
Investment in Subsidiary	(12,500)		(10)	
Investment in long term investment	(45,00,000)		(2,95,00,000)	
Change in Long term Loans & Advances	(24,48,794)		85,185	
Interest Income	15,17,799		26,75,535	
<b>Net cash from Investing activities</b>		<b>33,81,884</b>		<b>(4,67,41,531)</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

(In Rs.)

Particulars	31.03.2018	31.03.2017
<b>C Cash flows from financing activities</b>		
Repayment of Loans, Deposits & Overdraft	(70,16,838)	-
Acceptance of Term Loans	-	1,20,13,083
Acceptance of security Deposits	-	-
Financial Cost	(26,81,882)	(29,06,622)
Dividend Paid	(33,92,140)	(33,92,140)
Tax on Dividend	(6,90,560)	(6,74,260)
<b>Net cash from Financing activities</b>	<b>(1,37,81,420)</b>	<b>50,40,061</b>
<b>Net Increase / Decrease in cash and cash equivalents</b>	<b>(1,17,32,752)</b>	<b>1,12,11,400</b>
Cash and cash equivalents at beginning of period	54,01,649	(58,09,751)
<b>Cash and cash equivalents at end of period</b>	<b>(63,31,103)</b>	<b>54,01,649</b>

**Notes of the Cash Flow Statement:**

- Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 : "Statement of Cash Flows" as specified in Section 133 of the Companies Act, 2013.
- Component of Cash and Cash Equivalents as per IndAS is as under:

Particulars	31-Mar-18	31-Mar-17
Cash in Bank	80,967	36,094
<b>Balance in banks</b>		
Current Accounts	20,51,349	1,07,220
EEFC Accounts	7,43,319	21,37,644
Demand Deposit Accounts	15,29,838	44,48,781
<b>Bank Overdraft</b>		
Canara Bank OCC 033	(1,07,36,576)	(13,28,090)
<b>Total</b>	<b>(63,31,103)</b>	<b>54,01,649</b>

- Cash and cash equivalents at the end of the year 2017-18 represent cash and bank balances and include unrealized loss of Rs. 2,484/- Previous year ( for the F.Y.2016-17 of Rs. 2,75,726/- unrealized loss) on account of translation of foreign currency bank balances.
- The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.

This is the Cash Flow Statement referred to in our Audit report of even date.

For and on behalf of  
**M/s. B N Subramanya & Co.,**  
Chartered Accountants  
FRN. 004142S

For and on behalf of the board of Directors

**Rajeev Sikka**  
Chairman & Managing Director  
DIN : 00902887

**Kunal Sikka**  
Whole Time Director & CFO  
DIN : 05240807

**Devendra Nayak**  
Partner  
M. No. 027449

**R.N. Chawhan**  
Director  
DIN : 00568833

**Sriee Aneetha M**  
Company Secretary

Bengaluru  
30/05/2018

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31st MARCH , 2018

## NOTE :3 -Non - Current Investments

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Investments (At cost)</b>			
<b><u>Investments in equity instruments in Subsidiaries</u></b>			
<b>Unquoted, Fully paid up</b>			
Investment in EMSAC Pvt Ltd. [Current Year- 5,00,000/- Equity Shares of Re. 1/- Each (Previous Year- 2,55,000 equity shares of Re.1/-Each)]	2,67,500	2,55,000	2,55,000
Investment in Sika Tourism Pvt Ltd., [Current Year- 1,00,000 Equity Shares of Re. 1/- Each (Previous Year- 1,00,000 equity shares of Re.1/-Each)]	1,00,000	1,00,000	99,990
Sikka N Sikka Engineers Pvt. Ltd [Current Year- 6,000 Equity Shares of Rs. 100/- Each (Previous Year- 6,000 equity shares of Rs 100/-Each)]	1,26,98,000	1,26,98,000	1,26,98,000
Investment in Aerotek Sika Aviosystems Pvt Ltd., [Current Year- 46,290 Equity Shares of Rs. 100/- Each (Previous Year- 46,290 Equity Shares of Rs. 100/- Each)]	46,75,290	46,75,290	46,75,290
<b>Investments (At Market value)</b>			
<b><u>Quoted, Fully paid up</u></b>			
Investment in equity in other companies Melstar Information Technology Ltd	-	-	4,800
<b><u>Investments in Mutual Fund</u></b>			
HDFC Short Term Plan (Current year - 2,53,857.97 units of Rs.34.43 each) (Previous Year Rs. 2,07,935.88 units of Rs. 31.50 each)	87,40,330	67,39,202	-
Birla Dynamic Bond Fund (Current year - 13,805.290 units of Rs.29.97 each) (Previous Year - 13,805.290 units of Rs.18.11 each)	4,13,745	4,00,767	3,63,642
Reliance Liquid Fund	-	-	11,48,500
Templeton India Ultra Short Bond Fund	-	-	11,17,166
DSP Blackrock Income Opportunity Fund (Current year - 1,55,083.46 units of Rs.29.46 each) (Previous Year - 1,55,083.46 units of Rs.26.115 each)	45,68,758	42,69,448	-
Kotak Income Opportunity Fund (Current year - 5,67,824 units of Rs.19.11 each) (Previous Year - 4,89,770.29 units of Rs.17.252 each)	1,08,51,117	86,96,779	-
Reliance RSF Debt Fund (Previous Year - 3,88,799.17 units of Rs.21.99 each)	-	88,10,189	-
<b>Total</b>	<b>4,23,14,740</b>	<b>4,66,44,675</b>	<b>2,03,62,388</b>
<b>Note:</b>			
a) Aggregate amount of quoted investments	2,45,73,950	2,89,16,385	26,34,108
b) Aggregate amount of unquoted investments	1,77,40,790	1,77,28,290	1,77,28,280
<b>Total</b>	<b>4,23,14,740</b>	<b>4,66,44,675</b>	<b>2,03,62,388</b>

**Note 4 - Non Current Loans**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
(Unsecured, considered good)			
Loans to related parties	1,71,180	1,21,180	21,180
Security Deposits	37,23,521	13,21,491	15,16,992
Rental Deposits	16,67,880	16,71,116	16,60,800
<b>Total</b>	<b>55,62,581</b>	<b>31,13,787</b>	<b>31,98,972</b>

**Note 5 - Inventories**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Raw material (Valued at landed cost which includes freight)	96,46,615	51,26,897	27,38,828
Work-in-Progress (Valued at cost)	76,31,054	98,51,524	69,36,612
<b>Total</b>	<b>1,72,77,669</b>	<b>1,49,78,421</b>	<b>96,75,440</b>

**Note 6 - Trade Receivables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
(Unsecured, considered good)			
Trade Receivables - Related parties	4,38,109	33,22,395	3,18,264
Trade Receivables - Others	3,04,43,864	1,05,07,727	10,62,89,945
<b>Total</b>	<b>3,08,81,973</b>	<b>1,38,30,122</b>	<b>10,66,08,209</b>

**Note :7(a) - Cash & Bank Balances**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Cash on hand</b>	80,967	36,094	1,39,784
<b>Balances with Banks</b>			
Current Accounts	20,51,349	1,07,220	1,10,745
EEFC Accounts	7,43,319	21,37,644	40,46,923
Demand Deposit Accounts	15,29,838	44,48,781	25,63,554
<b>Total</b>	<b>44,05,473</b>	<b>67,29,739</b>	<b>68,61,006</b>

**Note: 7 (b) - Bank balances other than cash and cash equivalents**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Balances with Banks</b>			
held as margin money	2,55,075	2,55,075	2,55,075
balance in unpaid dividend account	4,99,980	5,19,286	5,80,854
Demand Deposit Accounts	1,90,73,025	2,67,67,471	4,07,67,779
<b>Total</b>	<b>1,98,28,080</b>	<b>2,75,41,831</b>	<b>4,16,03,708</b>

**Note 8 - Financial Assets - Others**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
(Unsecured, considered good)			
Balances with Government Authorities	-	10,65,606	8,52,775
Advances to Creditors	2,31,922	8,20,563	1,91,000
Advance given to Employees	1,45,445	2,72,355	3,46,061
Prepaid Expenses	2,72,638	3,61,780	84,484
<b>Total</b>	<b>6,50,005</b>	<b>25,20,304</b>	<b>14,74,320</b>

**Note 9 - Current Tax Assets(Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Refund receivable	4,10,924	-	-
<b>Total</b>	<b>4,10,924</b>	<b>-</b>	<b>-</b>

**Note 10 - Other current assets**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
(Unsecured, considered good)			
Income Tax refund receivable	3,33,598	3,02,882	-
Interest Accrued	-	-	19,42,951
Other receivables	1,67,290	1,57,679	2,05,350
<b>Total</b>	<b>5,00,888</b>	<b>4,60,561</b>	<b>21,48,301</b>

**Note 11- Share Capital**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Authorized Share Capital (50,00,000 Equity Shares of Rs.10/- each) (Previous Year 50,00,000 Equity Shares of Rs. 10/- each)	5,00,00,000	5,00,00,000	5,00,00,000
<b>Equity Shares with Voting Rights</b> Issued, Subscribed & Paid Up Share Capital (42,40,175 Equity Shares of Rs.10/- each fully paid up) (previous year 42,40,175 shares of Rs. 10/- each ) (Of the above shares 26,00,000 shares are issued for consideration other than cash)	4,24,01,750	4,24,01,750	4,24,01,750
<b>Total</b>	<b>4,24,01,750</b>	<b>4,24,01,750</b>	<b>4,24,01,750</b>

**(a) Reconciliation of number of Shares outstanding at the beginning & at the end of the reporting period**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Shares outstanding at the beginning	<b>42,40,175</b>	<b>42,40,175</b>	<b>42,40,175</b>
Shares Issued during the period	-	-	-
Capital Reduction during the Period	-	-	-
Shares outstanding at the end	<b>42,40,175</b>	<b>42,40,175</b>	<b>42,40,175</b>



(b) The Company has only one class of shares ("Equity Shares"), having a face value of Rs 10 each.

(c) Shares in company held by each shareholders holding > 5% shares specifying number of shares held

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Ultraweld Engineers Private Limited			
No of shares	29,72,315	29,72,315	29,72,315
% Held	70.10	70.10	70.10
<b>Total</b>	<b>29,72,315</b>	<b>29,72,315</b>	<b>29,72,315</b>

(d) No shares are reserved for issue under options or contracts/commitments for the sale of shares/ dis-investment.

(e) There are no calls unpaid by directors or officers of the company.

(f) Details of Shares held by Holding Company

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Ultraweld Engineers Private Limited			
No of shares	29,72,315	29,72,315	29,72,315
% Held	70.10	70.10	70.10
<b>Total</b>	<b>29,72,315</b>	<b>29,72,315</b>	<b>29,72,315</b>

#### Note 13 - Non Current Borrowings

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Secured</b>			
<b>A. Loans From Canara Bank</b>			
Term Loan - 1927773000116 (Sanctioned amount Rs. 74,00,000/- in 2014 and secured by way of 1st charge over book debts, stock, fixed assets purchased out of loan and land at Bommasandra. Balance outstanding repayable in 18 monthly instalments)	7,13,828	23,33,828	39,53,828
Term Loan - 1927773000122 (Sanctioned amount Rs. 2,12,00,000/- in 2015 and secured by way of 1st charge on Land at Bommasandra and Machinery/ Office Equipments/ purchased out of Fresh Loan. Balance outstanding repayable in 36 monthly instalments)	65,37,739	1,07,10,457	3,91,116
	72,51,567	1,30,44,285	43,44,944
<b>B. From other parties</b>			
Long term Maturities of NBFC Loans (Secured by way of charge on Motor Vehicles purchased out of above)	20,89,622	33,13,742	-
<b>Total</b>	<b>93,41,189</b>	<b>1,63,58,027</b>	<b>43,44,944</b>

Particulars	Loan Tenure	Rate of Interest
Term Loan - 1927773000116	5 Years	Base rate + 2.75% + 0.25% Term Premium currently at 12.50%
Term Loan - 1927773000122	5 Years	Base rate + 2.25%+0.5% Term Premium currently at 12.25%
Daimler Financial Services India Pvt Ltd	4 Years	7.79%
Kotak Mahindra Prime Ltd	3 Years	5.82%

**Note 14 - Long - Term Provisions**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Provision for employee benefits</b>			
Leave Encashment (Unfunded)	7,51,719	3,35,225	1,62,070
<b>Total</b>	<b>7,51,719</b>	<b>3,35,225</b>	<b>1,62,070</b>

**Note 15 - Deferred Tax Liabilities (Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
The Accumulated impact of deferred tax arising on account of timing differences and expected to be reversed during the forthcoming years is recognised as an adjustment to balance of profit and loss as prescribed in Ind AS 12. The composition of accumulated deferred tax liability is as follows.			
<b>Deferred tax Liability</b>			
Related to Fixed Assets- Depreciation	65,08,638	63,96,530	49,56,137
On Account gain on Investment	5,85,542	3,49,555	36,137
<b>Deferred Tax asset</b>			
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	2,69,890	4,78,510	3,87,849
<b>Deferred Tax Liability (Net)</b>	<b>68,24,290</b>	<b>62,67,575</b>	<b>46,04,425</b>

**Note 16 - Other Non current liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Security Deposits	16,70,000	16,70,000	16,70,000
<b>Total</b>	<b>16,70,000</b>	<b>16,70,000</b>	

**Note 17 - Current Borrowings**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Loans Repayable on Demand</b>			
Canara Bank OCC 033 (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommasandra)	1,07,36,576	13,28,090	1,26,70,757
<b>Total</b>	<b>1,07,36,576</b>	<b>13,28,090</b>	<b>1,26,70,757</b>

**Note 18 - Trade Payables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Dues to</b>			
Micro and Small Enterprises	618	15,525	18,526
Trade Payables- Others	77,51,933	1,10,04,138	8,40,29,506
<b>Total</b>	<b>77,52,551</b>	<b>1,10,19,663</b>	<b>8,40,48,032</b>

Note: Balances of trade payables and classification of MSME are subject to confirmation by the concerned parties.

**Note 19 - Other Financial Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Current Maturities of Long term debt			
<b>Secured</b>			
Term Loans from Bank	58,80,000	58,80,000	88,89,608
Term Loans from NBFC	12,84,025	12,04,264	13,32,418
<b>Total</b>	<b>71,64,025</b>	<b>70,84,264</b>	<b>1,02,22,026</b>

**Note 20 - Other Current Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Other payables</b>			
Statutory Remittances	27,60,350	6,88,971	7,12,158
Payables to related parties	3,25,466	2,89,866	2,27,489
Unclaimed Dividend	4,99,979	5,14,196	5,75,142
Payables to Employees	15,57,779	14,76,440	10,67,831
Advances from Customer for Supplies/Services	28,80,277	1,52,26,611	91,01,693
Other Payables	4,73,423	4,50,448	3,27,187
Advance Rent	12,89,925	12,28,500	-
<b>Total</b>	<b>97,87,199</b>	<b>1,98,75,032</b>	<b>1,20,11,500</b>

**Note 21 - Current Provisions**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Provision for employee benefits</b>			
Leave Encashment	1,40,714	1,24,090	58,802
Provision for Bonus	9,07,402	9,87,951	9,52,190
Gratuity Provision	23,734	-	-
<b>Provision for Others</b>			
Provision for Income Tax (Net of taxes paid)	-	1,54,201	56,30,707
<b>Total</b>	<b>10,71,850</b>	<b>12,66,242</b>	<b>66,41,700</b>

**Note 22 - Revenue From Operations**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Sale of Engineering Products	14,57,54,468	28,36,06,503
Sale of Engineering Systems	3,93,79,028	1,85,82,978
Sale of Services	3,77,93,154	3,97,32,755
<b>Total</b>	<b>22,29,26,650</b>	<b>34,19,22,236</b>

**Note 23 - Other Income**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Interest From Bank Deposits	15,17,799	26,75,535
Rental Income	50,41,628	48,01,550
Dividend received	-	86,373
Gain on sale of Asset / Investment	4,70,991	73,819
Other income	25,262	2,38,672
Revaluation of Investments at Fair Value	14,67,754	9,47,943
<b>Total</b>	<b>85,23,434</b>	<b>88,23,892</b>

**Note 24 - Cost of Material and Consumables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Opening Stock	51,26,897	27,38,828
Purchases	2,41,04,454	1,74,75,614
Closing Stock	96,46,615	51,26,897
<b>Total</b>	<b>1,95,84,736</b>	<b>1,50,87,545</b>

**Note 25 - Cost of Material (Trading)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Opening Stock	-	-
Purchase of Stock in Trade	11,64,01,441	23,92,29,968
Closing Stock	-	-
<b>Total</b>	<b>11,64,01,441</b>	<b>23,92,29,968</b>



**Note 26 - Changes in inventory of work-in-progress**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Inventory at the end of the year	76,31,054	98,51,524
Inventory at the beginning of the year	98,51,524	69,36,612
<b>Net (Increase)/Decrease</b>	<b>22,20,470</b>	<b>(29,14,912)</b>

**Note 27 - Employee Benefits Expense**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Salaries & Wages	2,65,37,533	2,56,00,229
Bonus & Ex-Gratia	27,45,480	28,79,248
Contribution to provident & Other Funds	11,97,595	11,61,876
Staff Welfare Expenses	5,92,444	4,73,769
<b>Total</b>	<b>3,10,73,052</b>	<b>3,01,15,122</b>

**Note 28 - Finance Costs**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Bank Guarantee Commission	2,68,723	5,24,207
Interest Expense	24,13,159	23,82,415
<b>Total</b>	<b>26,81,882</b>	<b>29,06,622</b>

**Note 29 - Depreciation And Amortisation Expense**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Tangible Asset	71,24,394	55,81,183
Intangible Asset	2,38,090	2,35,931
<b>Total</b>	<b>73,62,483</b>	<b>58,17,114</b>

### A) Equity Share Capital

Balance at the beginning of the	Changes in equity share capital during	Changes in equity share capital during
42,401,750	-	42,401,750

### B) Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	6,06,76,001	17,79,67,000	4,401,400	135,827,053	-	-	-	-	-	-	378,871,453	
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Dividends</b>	-	-	-	-	-	(3,392,140)	-	-	-	-	-	-	(3,392,140)	
<b>Tax on Dividend</b>	-	-	-	-	-	(690,560)	-	-	-	-	-	-	(690,560)	
<b>Transfer to retained earnings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Any other change</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Profit for the year</b>	-	-	-	-	-	14,793,628	-	-	-	-	-	-	14,793,628	
Balance at the end of the reporting period	-	-	60,676,001	177,967,000	4,401,400	146,537,980	-	-	-	-	-	-	389,582,381	


**Note No. 2 - Fixed Assets**

Description	Life Span of Assets in Years	Gross Block (At cost)			Accumulated Depreciation			Net Block	
		As at 01.04.2017	Additions	Deletions	As at 31.03.2018	Additions	Deletions	As at 31.03.2018	As at 31.03.2017
		01.04.2017	01.04.2017	01.04.2017	31.03.2018	01.04.2017	31.03.2018	31.03.2018	31.03.2017
<b>a) Tangible Assets</b>									
Freehold Land at Bommasandra		25,43,81,946	-	-	25,43,81,946	-	-	25,43,81,946	25,43,81,946
Freehold Land at Thimmanahalli		7,58,344	-	-	7,58,344	-	-	7,58,344	7,58,344
Lease Hold land at Mysore*		58,82,629	-	-	58,82,629	-	-	58,82,629	58,82,629
Building	30	7,45,85,461	-	-	7,45,85,461	16,78,235	-	6,69,81,706	6,86,59,941
Roads	10	20,65,220	-	-	20,65,220	2,06,522	-	16,52,176	18,58,698
Plant and Machinery	15	1,82,36,517	8,35,444	-	1,90,71,961	12,72,497	-	1,50,20,882	1,54,57,935
Office Equipment	5	53,43,313	7,07,805	-	60,51,118	37,97,067	-	43,61,344	15,46,246
Furniture and Fixtures	10	89,06,350	2,74,139	-	91,80,489	7,81,712	-	35,29,377	40,36,950
Vehicles	8	2,21,21,887	-	-	2,21,21,887	24,30,109	-	1,17,87,969	1,42,18,077
Computer & Accessories	3	47,02,493	78,914	-	47,81,407	1,91,041	-	4,14,233	5,26,361
<b>Subtotal (a)</b>		<b>39,69,84,160</b>	<b>18,96,302</b>	-	<b>39,88,80,462</b>	<b>71,24,394</b>	-	<b>36,78,14,426</b>	<b>36,73,27,125</b>
<b>b) Intangible Assets</b>									
Software	6	14,31,787	59,500	-	14,91,287	9,58,825	-	11,96,915	4,72,962
<b>Subtotal (b)</b>		<b>14,31,787</b>	<b>59,500</b>	-	<b>14,91,287</b>	<b>9,58,825</b>	-	<b>11,96,915</b>	<b>4,72,962</b>
<b>c) Capital Work In Progress - Tourism Project</b>									
		28,57,795	-	-	28,57,795	-	-	28,57,795	28,57,795
<b>Subtotal (c)</b>		<b>28,57,795</b>	-	-	<b>28,57,795</b>	-	-	<b>28,57,795</b>	<b>28,57,795</b>
<b>Total (a+b+c)</b>		<b>40,12,73,742</b>	<b>19,55,802</b>	-	<b>40,32,29,544</b>	<b>73,62,483</b>	-	<b>37,97,78,341</b>	<b>37,06,57,882</b>
<b>Previous Year</b>		<b>37,80,42,375</b>	<b>2,45,57,574</b>	<b>13,26,207</b>	<b>40,12,73,742</b>	<b>58,17,114</b>	<b>10,96,734</b>	<b>37,06,57,882</b>	<b>35,21,46,897</b>

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2018, hence the Company has not recognized any impairment losses.

(ii) During the year, the Company has reviewed the useful life of all category/subcategory of the Fixed Assets, in the context of useful life prescribed under Schedule II of the Companies Act, 2013. Further, where the useful life of the items is 'Nil' as on 1st April, 2014 in accordance with schedule II of the Companies Act, 2013, the carrying value as on 1st April, 2014 of Rs. 1,15,57,079/- has been added to the opening balance of deficit in the Statement of Profit & Loss Account.

(iii) The Depreciation is charged on Straight Line basis over the useful life of the assets as per Schedule II of the Companies Act, 2013.

(iv) \* Karnataka Industrial Area Development Board (KIADB) allotted land aggregating to 8.33 acres to the Company for Rs.58,82,629/- on a lease-cum-sale basis. The agreement has expired on 06-04-2015. The Company has applied for renewal of the agreement and is pending as on reporting date.

**Note 30 - Other Expenses**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b><u>Manufacturing &amp; Operating Expenses</u></b>		
Electricity and Water Charges	8,53,219	6,20,344
Repairs & Maintenance - Factory, Building	22,20,049	16,59,851
Repairs & Maintenance - Machinery	2,355	34,065
Retainership Fee	20,42,545	24,57,861
<b><u>Establishment Expenses</u></b>		
Audit Fees	3,00,000	2,75,000
AGM Expenses	1,03,913	69,153
Electricity and Water Charges	2,60,478	2,47,799
Repairs & Maintenance	1,91,906	-
Bank Charges	4,68,217	5,82,422
Listing fees	2,50,000	-
Membership & Subscription Charges	3,57,429	27,192
Rent	8,91,455	9,00,536
Legal & Professional Charges	51,47,626	55,00,765
Postage & Courier Charges	55,126	-
Communication Expenses	4,91,192	7,53,667
Insurance	4,18,411	2,19,476
Repair & Maintenance	5,00,794	10,32,733
Vehicle Maintenance	9,18,777	7,65,534
Rates & Taxes	2,27,893	4,62,247
Sitting Fee	1,15,000	80,000
Travelling & Conveyance	82,72,521	83,48,483
Printing and Stationary	2,67,954	3,11,643
Office Expenses	5,40,864	5,33,254
Donations	1,85,000	1,80,000
Discounts, Bad debts and Write offs	26,703	3,14,042
Business promotion Expenses	45,56,038	43,95,749
Seminar & Exhibition Charges	10,32,500	28,71,344
Advertisement Expenses	1,96,058	-
Foreign Exchange Loss (Net)	17,16,576	2,77,490
LD Charges	6,673	98,922
<b>Total</b>	<b>3,26,17,270</b>	<b>3,30,19,572</b>

**Note 31 - Payments to Auditors during the year**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
As Auditor	2,50,000	2,50,000
For Taxation Matters	25,000	25,000
For Certification Charges	25,000	-
<b>Total</b>	<b>3,00,000</b>	<b>2,75,000</b>

**Note 32 - Contingent Liability and Commitments**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Bank Guarantee	1,31,79,721	1,29,59,677
<b>Total</b>	<b>1,31,79,721</b>	<b>1,29,59,677</b>

**Note 33**

The information required to be disclosed under the Micro, Small, Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no over dues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.

**Note 34**

Capital Reserve and Securities Premium have arisen pursuant to a scheme of merger approved by the Honourable High Court of Karnataka.

**Note 35 - Sale by class of goods and services**

Particulars	2017 - 2018	2016 - 2017
1. Finished Engineering Systems		
a. Handling Systems	1,96,01,860	1,30,29,282
b. Others	51,37,848	55,53,696
2. Engineering Products		
a. Servo Products	15,42,19,229	27,36,47,452
b. Others	61,74,558	99,59,051
3. Sale of Engineering Services		
a. Design and Drawings	3,38,53,154	3,29,37,755
b. Others	39,40,000	67,95,000
<b>Total</b>	<b>22,29,26,650</b>	<b>34,19,22,236</b>

**Note 36 - Expenditure in Foreign Currency**

Particulars	2017 - 2018	2016 - 2017
Purchase of Raw Materials & components (CIF value)	1,49,61,716	63,06,185
Purchase of Stock in Trade (CIF value)	11,63,84,914	23,71,94,603
Travelling Expenses	33,91,006	27,44,192
<b>Total</b>	<b>13,47,37,636</b>	<b>24,62,44,980</b>

**Note 37 - Earnings in Foreign Currency (FOB Basis)**

Particulars	2017 - 2018	2016 - 2017
Export of Services	3,38,53,154	3,29,38,190
Export of Goods	7,01,70,449	5,15,53,229
<b>Total</b>	<b>10,40,23,603</b>	<b>8,44,91,419</b>

**Note 38 - Related Party Disclosure**

Particulars	Category
<b>Category (a)</b>	
M/s Ultraweld Engineers Pvt Ltd	Promoter Holding Company
M/s Sikka N Sikka Engineers Pvt Ltd	Subsidiary Company
M/s Emsac Engineering Pvt Ltd	Subsidiary Company
M/s Aerotek Sika Aviosystems Pvt Ltd	Subsidiary Company
M/s Sika Tourism Pvt Ltd	Subsidiary Company
<b>Category (b)</b>	
M/s Gourmet Estates Pvt Ltd	Associate Company
<b>Category (c)</b>	
Mr. Rajeev Sikka	Key Management Personnel
Mr. Kunal Sikka	Key Management Personnel
Mrs. Anuradha Sikka	Relative of Key Management Personnel
Mrs. Sree Aneetha M	Key Management Personnel

**Related party Transactions**

Particulars	Referred to in (a) above		Referred to in (b) above		Referred to in (c) above	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017	31.3.2018	31.3.2017
<b>Purchase:</b>						
Engineering Services	-	-	-	-	-	-
<b>Sales:</b>						
Engineering Services		94,500				
Export of Products			-	-		
<b>Expenses:</b>						
Professional/ Consultancy Charges	60,000	3,15,000			3,69,600	3,17,520
Remuneration Paid					58,06,615	50,78,441
Salary paid					7,56,096	6,65,647
<b>Other Transactions:</b>						
Loans borrowed						
Loans repaid						
Loans given	50,000	1,00,000				
Loans recovered						
Interest paid						
Security Deposit paid	-					
<b>Outstanding</b>						
Professional Charges/Remuneration					3,51,926	4,36,866
Loans receivable	1,71,180	1,21,180				
Salary Payable					58,535	59,000

**Note 39 - The disclosure as per Indian Accounting Standard 19 "Employee Benefits" are given below****a. Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expense for the year as under:

Particulars	2017 - 2018	2016 - 2017
Employer's Contribution to Provident Fund	5,92,901	5,45,107
Employer's Contribution to Pension Scheme	4,01,210	4,43,125
<b>Total</b>	<b>9,94,111</b>	<b>9,88,232</b>

**b. Defined Benefit Plans**

The employee's Gratuity Fund Scheme is a defined benefit plan wherein a separate trust is formed which is managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated absences is recognised in the same manner as Gratuity.

Particulars	Gratuity	
	2017 - 2018	2016 - 2017
<b>Components of Employer Expenses</b>		
Current Service cost	3,97,794	2,02,420
Past service cost - Plan Amendment	11,01,988	
Interest on Obligations	2,09,889	2,15,056
Expected Return on Plan Assets	(3,13,652)	(2,92,583)
Net actuarial loss/ (gain) recognized during the year	(1,32,775)	(68,937)
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>12,63,244</b>	<b>55,956</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	42,91,847	30,14,171
Fair value of plan assets	42,68,113	42,53,681
Funded status[Surplus/(deficit)]	(23,734)	12,39,510
Unrecognised past service costs	-	-
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present Value of DBO at beginning of the year	30,14,171	26,88,195
Current Service Cost	3,97,794	2,02,420
Interest Cost	2,09,889	2,15,056
Prior Service Costs	11,01,988	-
Actuarial(Gains)/Losses	(1,46,180)	(68,937)
Benefits Paid	(2,85,815)	(22,563)
Present Value of DBO at end of the year	42,91,847	30,14,171
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	42,53,681	39,83,661
Expected Return on Plan Assets	3,13,652	2,92,583
Actuarial(Gains)/Losses	(13,405)	-
Benefits Paid	(2,85,815)	(22,563)
Plan Assets at End of the Year	42,68,113	-
Actual Return on Plan Assets	3,00,247	42,53,681
<b>Actuarial assumptions</b>		
Discount Rate	7.63%	8.00%
Expected Return on Plan Assets	7.63%	7.34%
Salary Escalation	8.00%	7.00%
Attrition rate	5.00%	5.00%



The discount rate is based on the prevailing market yields of Government of India securities as the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan the eligible employees are entitled to Gratuity under a defined benefit plan.

Particulars	Leave Encashment	
	2017 - 2018	2016 - 2017
<b>Changes in Defined Obligations</b>		
Obligations at period beginning - Current	1,24,090	1,24,090
Obligations at period beginning - Non Current	3,35,225	3,35,225
Service Cost	1,35,660	58,593
Interest on Defined benefit obligation	29,344	17,272
Benefits settled	(1,15,792)	-
Actuarial gain/(loss)	3,83,906	1,62,578
<b>Obligations at period end</b>	<b>8,92,433</b>	<b>4,59,315</b>
Current Liability (within 12 months)	1,40,714	1,24,090
Non Current Liability	7,51,719	3,35,225
<b>Changes in Plan Assets</b>		
Plans assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Contributions	1,15,792	-
Benefits settled	(1,15,792)	-
Plans assets at period end, at fair value	-	-
<b>Funded Status</b>		
Closing PBO	8,92,433	4,59,315
Closing Fair value of plan assets	-	-
Closing Funded status	(8,92,433)	(4,59,315)
Net Asset/(Liability) recognized in the Balance Sheet	(8,92,433)	(4,59,315)
<b>Expenses recognized in the P&amp;L account</b>		
Service cost	1,35,660	58,593
Interest cost	29,344	17,272
Expected return on plan assets	-	-
Actuarial (Gain)/Loss	3,83,906	1,62,578
<b>Net gratuity / leave cost</b>	<b>5,48,910</b>	<b>2,38,443</b>
Experience Adjustment on Plan Liabilities	1,04,959	1,05,275
Experience Adjustment on Plan Assets	-	-
<b>Assumptions</b>		
Discount factor	8%	7%
Estimated rate of return on plan assets	0%	0%
Salary increase	8%	7%
Attrition rate	5%	5%



**Note 40 - The expenditure incurred on Research and Development activities comprises of the following**

Particulars	2017 - 2018	2016 - 2017
Salaries & Wages	56,54,000	54,52,301
Plant & Machinery	8,35,444	1,12,72,015
<b>Total</b>	<b>64,89,444</b>	<b>1,67,24,316</b>

**Note 41-** A lease hold land is allotted by KIADB to the company and the company has also been incurring capital expenses in the same regard. The company has made an application for further renewal which is pending approval.

**Note 42-Litigation**

The Company is subject to legal proceedings and claims which have arisen in respect of the rights in and/or title to two immovable properties of the Company and such legal proceedings are pending and being litigated appropriately.

The Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operation or financial position.

**Note 43-** The previous year's figure have been regrouped/ recast / restated wherever necessary to confirm to the current presentation.

**Note 44-Reconciliation between IGAAP and Ind AS****Reconciliations of equity as previously reported under IGAAP and Ind AS as on 1st April, 2016**

Particulars	IGAAP	Effects of Transition to Ind AS	Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	34,85,80,209	-	34,85,80,209
(b) Capital work-in-progress	28,57,795	-	28,57,795
(c) Investment Property	-	-	-
(d) Goodwill	-	-	-
(e) Other Intangible assets	7,08,893	-	7,08,893
(f) Intangible assets under development	-	-	-
(g) Biological Assets other than bearer plants	-	-	-
(h) Financial Assets			
i. Investments	2,02,53,089	1,09,299	2,03,62,388
ii. Trade receivables	-	-	-
iii. Loans	3,198,972	-	31,98,972
iv. Others	-	-	-
(i) Deferred tax assets (net)	-	-	-
(j) Other non-current assets	-	-	-
<b>Current assets</b>			
(a) Inventories	96,75,440	-	96,75,440
(b) Financials Assets			
i. Investments	-	-	-
ii. Trade receivables	10,66,08,209	-	10,66,08,209
iii. Cash and Cash equivalents	68,61,006	-	68,61,006
iv. Bank balances other than (iii) above	4,16,03,708	-	4,16,03,708
v. Loans	-	-	-
vi. others	14,74,320	-	14,74,320
(c) Current Tax Assets(Net)	-	-	-
(d) Other current assets	21,48,301	-	21,48,301
<b>Total Assets</b>	<b>54,39,69,942</b>	<b>1,09,299</b>	<b>54,40,79,240</b>

Particulars	IGAAP	Effects of Transition to Ind AS	Ind AS
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	4,24,01,750	-	4,24,01,750
Other Equity	36,11,62,475	41,39,562	36,53,02,037
<b>Liabilities</b>			
Non-current Liabilities			
(a) Financial Liabilities			
i. Borrowings	43,44,944	-	43,44,944
ii. Trade payables			
iii. Other financial Liabilities			
(b) Provisions	1,62,070	-	1,62,070
(c) Deffered tax Liabilities(Net)	45,68,288	36,137	46,04,425
(d) Other non-current liabilities	16,70,000	-	16,70,000
<b>Current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	1,26,70,757	-	1,26,70,757
ii. Trade payables	8,40,48,032	-	8,40,48,032
iii. Other financial Liabilities			
(b) Other current Liabilities	2,22,33,526	-	2,22,33,526
(c) Provisions	1,07,08,100	(40,66,400)	66,41,700
(d) Current Tax Liabilities(Net)			
<b>Total Equity and Liabilities</b>	<b>54,39,69,942</b>	<b>1,09,299</b>	<b>54,40,79,240</b>

#### Reconciliations

##### a) Investments

Investments in equity instruments and Investment in Mutual funds are carried at fair value as compared to carried at cost under IGAAP.

##### b) Provisions

Adjustments reflect dividend (including corporate dividend tax), declared and approved post reporting period.

##### c) Deffered Tax

Deffered Tax on Gain on valuation of Investments to fair value.

##### d) Other Equity

- Adjustment to retained earnings with respect to recognising increase in the value of Investment as Income
- Adjustment with respect to proposed dividend and Corporate Dividend Tax, in accordance with Ind AS 10.
- Recognition of Deffered Tax Liabiltiy on the gain from valuation of Investment at Market Value.



## Reconciliations of equity as previously reported under IGAAP to Ind AS as on 31st March, 2017

Particulars	IGAAP	Effects of Transition to Ind AS	Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	36,73,27,125	-	36,73,27,125
(b) Capital work-in-progress	28,57,795	-	28,57,795
(c) Investment Property	-	-	-
(d) Goodwill	-	-	-
(e) Other Intangible assets	4,72,962	-	4,72,962
(f) Intangible assets under development	-	-	-
(g) Biological Assets other than bearer plants	-	-	-
(h) Financial Assets			
i. Investments	4,55,78,290	10,66,385	4,66,44,675
ii. Trade receivables	-	-	-
iii. Loans	31,13,787	-	31,13,787
iv. Others	-	-	-
(i) Deferred tax assets (net)	-	-	-
(j) Other non-current assets	-	-	-
<b>Current assets</b>			
(a) Inventories	1,49,78,421	-	1,49,78,421
(b) Financials Assets			
i. Investments	-	-	-
ii. Trade receivables	1,38,30,122	-	1,38,30,122
iii. Cash and Cash equivalents	67,29,739	-	67,29,739
iv. Bank balances other than (iii) above	2,75,41,831	-	2,75,41,831
v. Loans	-	-	-
vi. others	25,20,304	-	25,20,304
(c) Current Tax Assets(Net)	-	-	-
(d) Other current assets	4,60,561	-	4,60,561
<b>Total Assets</b>	<b>48,54,10,940</b>	<b>10,66,385</b>	<b>48,64,77,324</b>

Particulars	IGAAP	Effects of Transition to Ind AS	Ind AS
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	4,24,01,750	-	4,24,01,750
Other Equity	37,40,71,925	47,99,529	37,88,71,455
<b>Liabilities</b>			
Non-current Liabilities			
(a) Financial Liabilities			
i. Borrowings	1,63,58,027	-	1,63,58,027
ii. Trade payables			-
iii. Other financial Liabilities			-
(b) Provisions	3,35,225	-	3,35,225
(c) Deffered tax Liabilities(Net)	59,18,020	3,49,555	62,67,575
(d) Other non-current liabilities	16,70,000	-	16,70,000
<b>Current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	13,28,090	-	13,28,090
ii. Trade payables	1,10,19,663	-	1,10,19,663
iii. Other financial Liabilities	70,84,264		70,84,264
(b) Other current Liabilities	1,98,75,032	-	1,98,75,032
(c) Provisions	53,48,942	(40,82,700)	12,66,242
(d) Current Tax Liabilities(Net)			-
<b>Total Equity and Liabilities</b>	<b>48,54,10,940</b>	<b>10,66,385</b>	<b>48,64,77,324</b>

#### Reconciliations

##### a) Investments

Investments in equity instruments and Investment in Mutual funds are carried at fair value as compared to carried at cost under IGAAP.

##### b) Provisions

Adjustments reflect dividend (including corporate dividend tax), declared and approved post reporting period.

##### c) Deffered Tax

Deffered Tax on Gain on valuation of Investments to fair value.

##### d) Other Equity

-Adjustment to retained earnings with respect to recognising increase in the value of Investment as Income

-Adjustment with respect to proposed dividend and Corporate Dividend Tax, in accordance with Ind AS 10.

-Recognition of Deffered Tax Liability on the gain from valuation of Investment at Market Value.

**Reconciliation of total Comprehensive Income as previously reported under IGAAP to Ind AS for the Year ended 31st March, 2017**

Particulars	IGAAP	Effects of Transition to Ind AS	Ind AS
<b>REVENUE</b>			
Revenue from Operations	34,19,22,236	-	34,19,22,236
Other income	78,76,325	9,47,566	88,23,891
<b>Total Revenue</b>	<b>34,97,98,561</b>	<b>9,47,566</b>	<b>35,07,46,127</b>
<b>EXPENSES</b>			
Cost of material and consumables	1,50,87,545	-	1,50,87,545
Cost of material (Trading)	23,92,29,968	-	23,92,29,968
Changes in inventory of work-in-progress	(29,14,912)	-	(29,14,912)
Employee benefits expense	3,01,15,122	-	3,01,15,122
Finance costs	31,84,112	-	31,84,112
Depreciation and amortisation expense	58,17,114	-	58,17,114
Other Expenses	3,27,51,603	(9,520)	3,27,42,083
<b>Total Expenses</b>	<b>32,32,70,552</b>	<b>(9,520)</b>	<b>32,32,61,032</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; tax</b>	<b>2,65,28,009</b>	<b>9,57,086</b>	<b>2,74,85,095</b>
Exceptional items			
<b>Profit/(Loss) before extraordinary items &amp; tax</b>	<b>2,65,28,009</b>	<b>9,57,086</b>	<b>2,74,85,095</b>
Extraordinary items	-	-	-
<b>Profit/(Loss) before tax</b>	<b>2,65,28,009</b>	<b>9,57,086</b>	<b>2,74,85,095</b>
Less: Tax expenses			
Current tax	77,50,000	-	77,50,000
Tax expense for earlier years	4,36,127	-	4,36,127
Deferred tax	13,49,732	3,13,418	16,63,151
<b>Profit/(Loss) for the period</b>	<b>1,69,92,150</b>	<b>6,43,668</b>	<b>1,76,35,818</b>
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income and Other Comprehensive Income for the period</b>	<b>1,69,92,150</b>	<b>6,43,668</b>	<b>1,76,35,818</b>

**Reconciliation of total equity as at 31st March, 2017 and 31st March, 2016**

Particulars	31-Mar-17	31-Mar-16
Total Equity(Shareholder's fund) as per previous GAAP	41,64,73,675	40,35,64,225
<b>Adjustments</b>		
Fair Valuation of Investments	10,66,385	1,09,299
Deferred Tax	(3,49,555)	(36,137)
Dividend and Dividend Distribution Tax	40,82,700	40,66,400
<b>Total Adjustments</b>	<b>47,99,529</b>	<b>41,39,562</b>
<b>Total Equity as per Ind AS</b>	<b>42,12,73,205</b>	<b>40,77,03,787</b>

**Reconciliation of total Comprehensive Income For the year ended 31st March, 2017**

Particulars	31-Mar-17
Profit after tax as per previous GAAP	1,69,92,150
<b>Adjustments</b>	
Fair Value of Investments	9,47,566
Provision for Reduction in value of Investments	9,520
Deffered Tax Asset	(3,13,418)
<b>Total Adjustments</b>	<b>6,43,668</b>
<b>Profit after tax as per Ind AS</b>	<b>1,76,35,818</b>
<b>Other Comprehensive Income</b>	-
<b>Total Comprehensive Income as per Ind AS</b>	<b>1,76,35,818</b>

**Note 45 - Financial Instruments by category**

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2018 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Investments in Quoted Instruments	2,45,73,950	-	-
Trade Receivables	-	-	3,08,81,973
Cash and Cash Equivalents	-	-	44,05,473
Bank balances other than (iii) above	-	-	2,75,41,831
Loans	-	-	55,62,581
Others	-	-	6,50,005
<b>Total</b>	<b>2,45,73,950</b>	-	<b>6,90,41,863</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	2,00,77,766
Trade Payables	-	-	77,52,551
Other Financial Liabilities	-	-	71,64,025
<b>Total</b>	-	-	<b>3,49,94,342</b>

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2017 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Investments in Quoted Instruments	2,89,16,385	-	-
Trade Receivables	-	-	13,8,30,122
Cash and Cash Equivalents	-	-	67,29,739
Bank balances other than (iii) above	-	-	2,75,41,831
Loans	-	-	31,13,787
Others	-	-	25,20,304
<b>Total</b>	<b>2,89,16,385</b>	<b>-</b>	<b>5,37,35,784</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	1,76,86,117
Trade Payables	-	-	1,10,19,663
Other Financial Liabilities	-	-	70,84,264
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,57,90,045</b>

The carrying value and fair value of financial instruments by categories as of 1- Apr- 2016 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Investments in Quoted Instruments	26,34,108	-	-
Trade Receivables	-	-	10,66,08,209
Cash and Cash Equivalents	-	-	68,61,006
Bank balances other than (iii) above	-	-	4,16,03,708
Loans	-	-	31,98,972
Others	-	-	14,74,320
<b>Total</b>	<b>26,34,108</b>	<b>-</b>	<b>15,97,46,215</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	1,70,15,701
Trade Payables	-	-	8,40,48,032
Other Financial Liabilities	-	-	88,89,608
<b>Total</b>	<b>-</b>	<b>-</b>	<b>10,99,53,340</b>

**Note 46 - Fair Value Hierarchy**

**Level 1** - Quoted prices (Unadjusted) in active markets for identical assets or liabilities

**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)

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value hierarchy of assets and liabilities measured as fair value as of 31-Mar-18 is as follows:

Particulars	As of March 31, 2018	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Quoted Instruments	2,45,73,950	2,45,73,950	-	-

There were no transfers between Level 1 and 2 in the periods.

The fair value hierarchy of assets and liabilities measured as fair value as of 31-Mar-17 is as follows:

Particulars	As of March 31, 2017	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Equity Instruments	2,89,16,385	2,89,16,385	-	-

There were no transfers between Level 1 and 2 in the periods.

The fair value hierarchy of assets and liabilities measured as fair value as of 1-Apr-16 is as follows:

Particulars	As of March 31, 2016	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Equity Instruments	26,34,108	26,34,108	-	-

There were no transfers between Level 1 and 2 in the periods.

**Note 47 - Capital Management**

The Company's capital management objectives are:

**Note 47(i) - Debt to Equity Ratio**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Debt (includes non-current, current borrowings and current maturities of long term debt)	2,00,77,766	1,76,86,117	1,70,15,701
Less : cash and cash equivalents	44,05,473	67,29,739	68,61,006
<b>Net debt</b>	<b>1,56,72,292</b>	<b>1,09,56,379</b>	<b>1,01,54,695</b>
Total equity	43,19,84,132	42,12,73,205	40,77,03,787
<b>Net debt to total equity ratio</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>



**Note 47(ii) - Dividend****Dividend on equity shares**

Final dividend for the year ended March 31, 2017 of ₹ 33,92,140/- (i.e. Re.0.80 share) (previous year-for year ended March 31, 2016 ₹ 33,92,140/- (i.e. Re.0.80 share))

Dividend distribution tax for the dividend declared on March 31, 2017 is ₹ 6,90,560 (previous year-for the year ended March 31, 2016 ₹ 6,74,260/-)

Dividends not recognised at the end of the reporting period

The Board of Directors at its meeting held on 30th May, 2018 have recommended payment of final dividend of ₹ 0.80 per share of face value of ₹ 10 each for the year ended March 31, 2018. The same amounts to ₹ 33,92,140 and Dividend Distribution Tax on the same is ₹ 6,97,261/-.

**Note 48 - Financial Risk Management**

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business

**Investments**

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

**Trade receivables**

The Company has used Expected Credit Loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Financial assets for which loss allowances is measured using the expected credit loss			
Trade receivables			
less than 180 days	3,07,90,548	1,35,34,117	10,61,04,752
180 - 365 days	-	42,204	58,293
beyond 365 days	91,425	2,53,800	4,45,164
<b>Total</b>	<b>3,08,81,973</b>	<b>1,38,30,122</b>	<b>10,66,08,209</b>

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	1,38,30,122	10,66,08,209
Addition	19,33,65,044	27,31,58,659
Write - offs	(26,703)	(3,14,042)
Recoveries	(17,62,86,490)	(36,56,22,704)
<b>Balance at the end of the year</b>	<b>3,08,81,973</b>	<b>1,38,30,122</b>

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has unutilised working capital overdraft from banks of ₹107 lakhs as on March 31, 2018 and ₹ 187 lakhs as on March 31, 2017.

The table below provides details regarding the contractual maturities of significant financial liabilities :

Particulars	Less than 1 year	1- 3 years
Term Loan from Bank	58,80,000	72,51,567
Term Loan from NBFC	12,84,025	20,89,622

**Note 49-Income Tax**

Income tax expense in the Statement of Profit and Loss comprises:

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Current Tax*	41,58,406	77,50,000
Deferred Tax	5,56,715	16,63,151
<b>Total</b>	<b>47,15,121</b>	<b>94,13,151</b>

\*Current tax expense includes reversals (net of provisions) amounting to ₹ 1,91,594/-, hence actual provision for the FY 17-18 is ₹ 43,50,000/-

A reconciliation of the Income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is as under:

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Profit before Income tax	1,95,08,748	2,74,85,097
Tax rate	27.55%	33.063%
<b>Computed expected tax expense</b>	<b>53,75,148</b>	<b>90,87,398</b>
Effect of non deductible expenses	22,12,147	21,37,729
Effect of non Taxable Income	(4,04,403)	-
Effect of expenses deductible as per Income Tax Act	(29,02,326)	(34,45,370)
Others	69,434	(29,757)
<b>Current Tax Expense</b>	<b>43,50,000</b>	<b>77,50,000</b>

For and on behalf of the board of Directors

**M/s. B N Subramanya & Co.,**  
Chartered Accountants  
FRN. 004142S

**Rajeev Sikka**  
Chairman & Managing Director  
DIN : 00902887

**Kunal Sikka**  
Whole Time Director & CFO  
DIN : 05240807

**Devendra Nayak**  
Partner  
M. No. 027449

**R.N. Chawhan**  
Director  
DIN : 00568833

**Sriee Aneetha M**  
Company Secretary

Bengaluru  
30/05/2018



## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2018

### Note 1.1

#### FIRST TIME ADOPTION OF IND AS

- The financial statements have been prepared in accordance with Indian Accounting Standards [Ind AS] notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.
- Upto the year ended 31<sup>st</sup> March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1<sup>st</sup> April, 2016. Reconciliation and description of the effect of the transition have been summarized in Note No.44.
- The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out below have been applied in preparing the financial statements for the year ended 31<sup>st</sup> March 2018 and the comparative information.

### Note 1.2

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of preparation of Financial Statement

The Accompanying financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention and on accrual basis except for certain financial instruments which are measured in fair value, applicable provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with rule 3 of the Companies ( Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards)Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### 2. Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be

reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, accrual of warranty costs, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

##### 3. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Expenditure which are of a Capital nature are Capitalized at cost, which comprises purchase price (net of rebates and discounts), duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

##### 4. Depreciation and Amortisation

- Up to 31<sup>st</sup> March, 2014, depreciation is provided from the date the assets have been installed and put to use, on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- With effect from 1<sup>st</sup> April, 2014, depreciation on assets carried at historical cost is provided on Straight Line Method based on useful life as under:

Sl. No.	Asset	Useful Life
1	Building (other than RCC Frame Structure & Factory Building)	30 Years
2	Building (RCC Frame Structure)	60 Years
3	Plant and Machinery	15 Years
4	Office Equipments	5 Years
5	Furniture and Fixtures	10 Years
6	Vehicles	8 Years
7	Computers	3 Years
8	Servers	6 Years
9	Computer Software	6 Years
10	Roads	10 Years



- (iii) The carrying value of the assets as on April 1<sup>st</sup>, 2014, is depreciated over the remaining useful life of the asset determined based on useful life mentioned in clause (ii) supra.
- (iv) Where the useful life of the asset is NIL as on 1<sup>st</sup> April, 2014, the carrying value as on 1<sup>st</sup> April, 2014, has been added to the opening balance of deficit in the Statement of Profit and Loss in accordance with Schedule II of the Companies Act, 2013.

#### 5. Inventories:

- a. **Finished Goods:** Stock of finished goods are valued at lower of cost and net realizable value.
- b. **Raw Materials & Spare parts:** Materials and other supplies held for use in the production of inventories are valued at cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there is a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realisable value of finished goods, the materials are written down to net realisable value.
- c. **Work-in-progress:** Work -in-progress is valued at cost including conversion cost.

#### 6. Revenue Recognition:

- a) Revenue from sale of goods is recognized on passing of the property in goods
- b) Services – Revenue from services is recognized on completion of service
- c) Profit on sale of investments: Profit / loss on sale of investments are recognized on the date of redemption.

#### 7. Financial Instruments

##### (i) Financial Assets

###### Initial Recognition and Measurement

All financial assets are recognized 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. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

###### Subsequent Measurement

For purpose of subsequent measurement financial assets are classified in two broad categories:-

- Financial Assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss or recognized in other comprehensive income.

A financial asset that meets the following two conditions is measured at **amortized cost**.

- **Business Model Test:** The objective of the company's business model is to hold the financial asset to collect the contractual cash flows.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through **Other Comprehensive Income**:-

- **Business Model Test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit and loss. All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss.

##### Impairment of financial assets

The company assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

- 12 months expected credit losses, or
- Lifetime expected credit losses depending upon whether there has been a significant increase in credit risk since initial recognition.

However, for trade receivables, the company does not track the changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

##### (ii) Financial Liabilities

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified as measured at amortized cost or fair value through profit and loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on de recognition is also recognized in statement of profit and loss.



#### 8. Borrowing costs:

Borrowing cost that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale.

Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing cost are recognized as expense in the period in which they are incurred.

#### 9. Employee Benefits

##### ➤ Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

##### ➤ Post-Employment Benefit

- a) Defined Contribution Plans: State governed provident fund scheme and employee state insurance scheme to which company makes contributions are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.
- b) Defined Benefit Plans: The employees' gratuity fund scheme administered by Life Insurance Corporation of India is Company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the Profit & Loss Account. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis. Gains or losses on the curtailment or

settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight line basis over the average period until the benefits become vested.

##### ➤ Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) above.

#### 10. Segment Reporting:

The Companies monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements

#### 11. Foreign Currency Transactions:

All foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses are recognised in the statement of profit and loss.

#### 12. Income taxes:

Tax expense comprising current tax and deferred tax are recognised in the Profit and Loss Statement for the period. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

Deferred tax asset or liability is recognised for timing differences between the profit/(loss) as per financial statements and the profit/(loss) offered for income tax, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only if there is virtual certainty in the opinion of the Board of Directors of the Company that sufficient future taxable income will be available against which such assets can be realised in future. The carrying amount of deferred tax assets is reviewed at the end of each financial year and adjusted to the extent that it is no longer probable that sufficient taxable income will be available in future to allow in part or whole of the deferred tax asset to be utilised.

#### 13. Cash & Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short term investments with an original maturity of three months or less.



#### 14. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share is calculated after considering adjustments for the effect of all dilutive potential equity shares.

#### 15. Leases

➤ **Operating Lease:** Leases of assets where all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense with reference to lease terms and other considerations.

➤ **Finance Lease:** Leases of assets other than operating leases are classified as finance lease. The Lower of assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account.

#### 16. Provisions, Contingent Liabilities, Contingent Assets and Capital Commitments:

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax Excise etc.) pending in appeal / court for which no reliable estimate can be made and or involves uncertainty of the outcome of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

However, present obligation as a result of past event with possibility of outflow of resources, when reliable estimation can be made of the amount of obligation, is recognized in accounts in terms of discounted value, if the time value of money is material using a current pre-tax rate that reflects the risk specific to the liability.

No contingent asset is recognized but disclosed by way of notes to accounts.

#### 17. Impairment of assets

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount/Value in use.

Recoverable amount is determined:

- a. In the case of an individual asset, a higher of the net selling price and the value in use;
- b. In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at higher of the cash generating unit's selling price and the value in use.

Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

#### 18. Cash flow statement:

Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7: "Statement of Cash Flows" as specified in Section 133 of the Companies Act, 2013.



## INDEPENDENT AUDITOR'S REPORT

### To The Members of the of M/s. Sika Interplant Systems Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **M/s. SIKA INTERPLANT SYSTEMS LIMITED** ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at 31st March, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of 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; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors, referred to in the Other Matters paragraph below, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS

- (i) In case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2018, and
- (ii) In case of the consolidated Statement of profit and Loss, of the profit for the year ended on that date; and
- (iii) their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Other Matters

We did not audit the financial statements / financial information of subsidiaries, whose financial statements reflect total assets of Rs. 1,41,55,442 /- as at March 31, 2018, total revenue of Rs. 1,82,552/- and net cash flows amounting to Rs. (42,68,065)/- for the year ended on that date, as considered in the consolidated financials statements. The consolidated financial statements also include the Group's share of net loss of Rs. 1,33,604/- for the year ended 31<sup>st</sup> March, 2018, as



as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 Ind AS financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant 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 Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the Directors of the Company as on March 31, 2018, taken on record by the Board of Directors of the Company and the reports of the auditors of its subsidiary companies incorporated in India, none of the Directors of the Company and its subsidiaries, incorporated in India is disqualified as on March 31, 2018 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 report in "Annexure A", which is based on the Auditors' 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 controls over financial reporting of the Company and its subsidiary companies incorporated in India.
  - 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The group has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

**For B N Subramanya & Co.,**  
Chartered Accountants  
Firm Reg.No. 004142S

**Devendra Nayak**  
Partner  
Membership No. 027449

Place: Bangalore  
Date: 30<sup>th</sup> May, 2018





## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report 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)**

We have audited the internal financial controls over financial reporting of M/s. **Sika Interplant Systems Limited** ("the Company") and its subsidiary companies incorporated in India as at March 31, 2018 in conjunction with our audit of the consolidated financial statements of the Company for the year ended and as on that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the Company and its subsidiary companies incorporated in India 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 'Guidance Note'). 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 company'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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with the 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' judgment, 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 and the audit evidence obtained by the other auditors of the subsidiary companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, 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.

### 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.

### Opinion

In our opinion to the best of our information and according to the explanations given to us, the Company and its subsidiary 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, 2018, based on the internal control over financial reporting criteria established by the Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note.

### Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 4 subsidiary companies, incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For B N Subramanya & Co.,**  
Chartered Accountants  
Firm Reg.No. 004142S

**Devendra Nayak**  
Partner  
Membership No. 027449

Place: Bangalore  
Date: 30<sup>th</sup> May 2018



**SIKA INTERPLANT SYSTEMS LIMITED**  
CIN: L29190KA1985PLC007363  
No. 3, Gangadhar Chetty Road, Bangalore - 560 0042, Karnataka, India.

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018**

Particulars	Note No	31-Mar-2018	31-Mar-2017	01-Apr-2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	2(a)	36,20,99,142	36,73,32,876	34,85,91,603
(b) Capital work-in-progress	2(c)	3,15,53,109	2,63,47,670	2,05,77,511
(c) Investment Property		-	-	-
(d) Goodwill		34,72,616	37,11,331	37,11,331
(e) Other Intangible assets	2(b)	2,94,372	4,72,962	7,08,893
(f) Intangible assets under development		-	-	-
(g) Biological Assets other than bearer plants		-	-	-
(h) Financial Assets				
i. Investments	3	2,52,26,246	2,95,75,462	31,92,483
ii. Trade receivables		-	-	-
iii. Loans	4	20,77,637	20,84,013	22,53,198
iv. Others		-	-	-
(i) Deferred tax assets (net)		-	-	-
(j) Other non-current assets		-	-	-
<b>Current assets</b>				
(a) Inventories	5	1,72,77,669	1,46,58,621	93,42,440
(b) Financials Assets				
i. Investments		-	-	-
ii. Trade receivables	6	3,08,81,973	1,38,30,122	10,68,98,209
iii. Cash and Cash equivalents	7(a)	47,01,803	24,61,674	1,02,01,407
iv. Bank balances other than (iii) above	7(b)	2,00,84,094	3,67,93,189	4,54,08,783
v. Loans		-	-	-
vi. others	8	13,87,293	48,37,613	35,07,166
(c) Current Tax Assets(Net)	9	4,10,924	-	-
(d) Other current assets	10	17,72,101	4,82,162	22,47,991
<b>Total Assets</b>		<b>50,12,38,975</b>	<b>50,25,87,695</b>	<b>55,66,41,015</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	11	4,24,01,750	4,24,01,750	42,4,01,750
(b) Other Equity	12	39,20,59,347	38,09,99,303	36,49,66,371
<b>Total Equity attributable to equity share holders</b>		<b>43,44,61,097</b>	<b>42,34,01,053</b>	<b>40,73,68,121</b>
Non Controlling Interest		72,36,069	75,93,032	75,59,885
<b>Total Equity</b>		<b>44,16,97,167</b>	<b>43,09,94,085</b>	<b>41,49,28,006</b>



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018

Particulars	Note No	31-Mar-2018	31-Mar-2017	01-Apr-2016
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
(a) Financial Liabilities				
i. Borrowings	3	97,81,189	1,63,58,027	43,44,944
ii. Trade payables		-	-	-
iii. Other financial Liabilities		-	-	-
(b) Provisions	14	7,51,719	3,35,225	1,62,070
(c) Deffered tax Liabilities(Net)	15	68,14,635	62,98,817	45,97,236
(d) Other non-current liabilities	16	16,70,000	49,10,000	16,70,000
<b>Current Liabilities</b>				
(a) Financial Liabilities				
i. Borrowings	16	1,07,36,576	13,28,090	1,26,70,757
ii. Trade payables	17	1,00,32,370	1,30,42,728	8,82,28,038
iii. Other financial Liabilities	18	71,64,025	-	1,02,22,026
(b) Other current Liabilities	19	1,15,19,442	2,74,01,287	1,31,22,240
(c) Provisions	20	10,71,850	19,19,435	66,95,698
(d) Current Tax Liabilities(Net)		-	-	-
<b>Total Equity and Liabilities</b>		<b>50,12,38,975</b>	<b>50,25,87,695</b>	<b>55,66,41,015</b>

Significant Accounting Policies  
Notes on accounts

1

The notes referred to above form an integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

**M/s. B N Subramanya & Co.,**  
Chartered Accountants  
FRN. 004142S

**For and on behalf of the Board of Directors**

**Rajeev Sikka**  
Chairman & Managing Director  
DIN: 00902887

**Kunal Sikka**  
Whole Time Director & CFO  
DIN: 05240807

**Devendra Nayak**  
Partner  
M. No. 027449

**R.N. Chawhan**  
Director  
DIN: 00568833

**Sree Aneetha M**  
Company Secretary

Bengaluru  
30/05/2018



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 31st MARCH 2018**  
(in Rs.)

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>REVENUE</b>			
Revenue from Operations	21	22,29,26,650	34,21,42,736
Other income	22	87,05,986	1,32,86,778
<b>Total Revenue</b>		<b>23,16,32,636</b>	<b>35,54,29,514</b>
<b>EXPENSES</b>			
Cost of material and consumables	23	1,95,84,736	1,50,87,545
Cost of material (Trading)	24	11,64,01,441	23,92,29,968
Changes in inventory of work-in-progress	25	22,20,470	(29,14,912)
Employee benefits expense	26	3,10,73,052	3,01,25,081
Finance costs	27	26,88,284	29,08,865
Depreciation and amortisation expense	28	73,68,126	58,22,757
Other Expenses	29	3,29,13,276	3,46,20,114
<b>Total Expenses</b>		<b>21,22,49,386</b>	<b>32,48,79,418</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; tax</b>		<b>1,93,83,250</b>	<b>3,05,50,096</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; tax</b>		<b>1,93,83,250</b>	<b>3,05,50,096</b>
Extraordinary items		-	-
<b>Profit/(Loss) before tax</b>		<b>1,93,83,250</b>	<b>3,05,50,096</b>
Less: Tax expenses			
Current tax		41,63,406	83,57,983
Tax expense for earlier years		-	4,27,337
Deferred tax		5,59,820	16,65,444
<b>Other Comprehensive Income, Net off Income Tax</b>		-	-
A. Items that will not be reclassified to Profit & Loss		-	-
Exchange Gain / (Loss) due to translation		-	-
B. Items that will be reclassified to Profit & Loss		-	-
<b>Total Comprehensive Income, Net of Income Tax</b>		-	-
<b>Profit/(Loss) for the period</b>		<b>1,46,60,023</b>	<b>2,00,99,332</b>
<b>Share of loss of minority interest</b>		<b>(59,444)</b>	<b>33,157</b>
<b>Profit after minority interest</b>		<b>1,47,19,468</b>	<b>2,00,66,175</b>
<b>Earnings per equity share</b>			
Basic and Diluted		<b>3.46</b>	<b>4.74</b>
Weighted no of shares		<b>42,40,175</b>	<b>42,40,175</b>
Significant accounting policies	1		
Notes to accounts	2 to 44		

The notes referred to above form an integral part of the financial statements.

This is the Statement of Profit & Loss referred to in our report of even date.

For and on behalf of  
**M/s. B N Subramanya & Co.,**  
Chartered Accountants  
FRN. 004142S

**Devendra Nayak**  
Partner  
M. No. 027449  
Bengaluru  
30/05/2018

For and on behalf of the board of Directors

**Rajeev Sikka**  
Chairman & Managing Director  
DIN: 00902887

**R.N. Chawhan**  
Director  
DIN: 00568833

**Kunal Sikka**  
Whole Time Director & CFO  
DIN: 05240807

**Sriee Aneetha M**  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(In Rs.)

Particulars	31.03.2018		31.03.2017	
<b>A Cash flows from operating activities</b>				
Net Profit Before Taxation and Extraordinary item		<b>1,93,83,250</b>		<b>3,05,50,096</b>
<b>Adjustments for:</b>				
Depreciation	73,68,126		58,22,757	
Financial expenses (Considered under Financial Activities)	26,88,284		29,08,865	
Interest Income (Considered under Investment Activities)	(15,90,891)		(28,80,357)	
Dividend Received (Considered under Investment Activities)	-		(1,27,300)	
Profit on sale of Asset (Considered in Investment Activities)	(4,70,991)		(73,819)	
Revaluation of Investments	(15,19,550)	64,74,978	(9,47,943)	47,02,204
<b>Operating Profit Before Working Capital Changes</b>		<b>2,58,58,228</b>		<b>3,52,52,300</b>
(Increase)/ Decrease in Current Assets, Loans & Advances	(12,12,345)		9,68,02,881	
Increase/(Decrease) in Current Liabilities	(1,25,75,763)		(7,56,80,951)	
Working Capital changes		(1,37,88,108)		2,11,21,930
<b>Cash Generated from operations</b>		<b>1,20,70,120</b>		<b>5,63,74,230</b>
Income Tax (including Fringe Benefit Tax)		(41,63,406)		(87,85,320)
<b>Cash Flow Before Extraordinary Item</b>		<b>79,06,714</b>		<b>4,75,88,910</b>
Extra-ordinary items		-		-
<b>Net cash from operating activities</b>		<b>79,06,714</b>		<b>4,75,88,911</b>
<b>B Cash flows from Investment activities</b>				
Additions to Fixed Assets	(72,74,837)		(3,03,27,733)	
Sale of Fixed Asset	-		2,84,360	
Sale of Long Term Investment	1,22,90,321		41,84,598	
Dividend Received	-		86,373	
Investment in long term investment	(51,00,000)		(2,95,40,936)	
Change in Long term Loans & Advances	6,376		1,69,185	
Interest Income	15,90,891		28,80,357	
<b>Net cash from Investing activities</b>		<b>15,12,752</b>		<b>(5,22,63,796)</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

(In Rs.)

Particulars	31.03.2018	31.03.2017
<b>C Cash flows from financing activities</b>		
Repayment of Loans, Deposits & Overdraft	(98,16,838)	
Acceptance of Term Loans	-	1,20,13,083
Acceptance of Security Deposit	-	32,40,000
Finance Cost	(26,88,284)	(29,08,865)
Dividend Paid	(33,92,140)	(33,92,140)
Tax on Dividend	(6,90,560)	(6,74,260)
<b>Net cash from Financing activities</b>	<b>(1,65,87,822)</b>	<b>82,77,818</b>
<b>Net Increase / Decrease in cash and cash equivalents</b>	<b>(71,68,356)</b>	<b>36,02,933</b>
Cash and cash equivalents at beginning of period	11,33,584	(47,77,828)
<b>Cash and cash equivalents at end of period</b>	<b>(60,34,772)</b>	<b>(11,74,895)</b>

**Notes of the Cash Flow Statement:**

- Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 : "Statement of Cash Flows" as specified in Section 133 of the Companies Act, 2013.
- Component of Cash and Cash Equivalents as per Ind AS is as under:

Particulars	31-Mar-18	31-Mar-17
Cash in Bank	91,537	39,682
<b>Balance in banks</b>		
Current Accounts	23,37,109	2,84,348
EEFC Accounts	7,43,319	21,37,644
Demand Deposit Accounts	15,29,838	-
<b>Bank Overdraft</b>		
Canara Bank OCC 033	(1,07,36,576)	(13,28,090)
<b>Total</b>	<b>(60,34,773)</b>	<b>11,33,584</b>

- Cash and cash equivalents at the end of the year 2017-18 represent cash and bank balances and include unrealized loss of Rs. 2,484/- Previous year ( for the F.Y.2016-17 of Rs. 2,75,726/- unrealized loss) on account of translation of foreign currency bank balances.
- Unpaid dividends of Rs. 5,00,113/- and Rs.5,19,287/- in bank accounts as at 31st March 2018 and 31st March 2017 respectively are not treated as cash equivalents.
- The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.

This is the Cash Flow Statement referred to in our Audit report of even date.

For and on behalf of  
**M/s. B N Subramanya & Co.,**  
Chartered Accountants  
FRN. 004142S

**Devendra Nayak**  
Partner  
M. No. 027449

Bengaluru  
30/05/2018

For and on behalf of the board of Directors

**Rajeev Sikka**  
Chairman & Managing Director  
DIN : 00902887

**R.N. Chawhan**  
Director  
DIN : 00568833

**Kunal Sikka**  
Whole Time Director & CFO  
DIN : 05240807

**Sriee Aneetha M**  
Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31st MARCH , 2018

## NOTE :3 -Non - Current Investments

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Investments (At Market value)</b>			
<b><u>Investments in Equity in other Companies</u></b>			
Melstar Information Technology Ltd	-	-	4,800
<b><u>Investments in Mutual Fund</u></b>			
HDFC Short Term Plan	87,40,330	67,39,202	-
Birla Dynamic Bond Fund	4,13,745	4,00,767	3,63,642
DSP Blackrock Income Opportunity Fund	45,68,758	42,69,448	-
Kotak Income Opportunity Fund	1,08,51,117	86,96,779	-
Reliance RSF Debt Fund	-	88,10,189	-
Reliance Liquid Fund	-	-	11,48,500
Templeton India Ultra Short Bond Fund	-	-	11,17,166
Birla Sunlife Dynamic bond fund	-	2,66,972	2,19,023
Birla Sunlife Floating rate fund	-	2,59,473	2,15,289
Templeton India Low duration fund	-	1,32,132	1,23,563
ICICI Prudential Savings Fund	6,51,796	-	-
Government Securities	500	500	500
<b>Total</b>	<b>2,52,26,246</b>	<b>2,95,75,462</b>	<b>31,92,483</b>

## Note:

a) Aggregate amount of quoted investments	2,52,25,746	2,95,74,962	31,91,983
b) Aggregate amount of unquoted investments	500	500	500
<b>Total</b>	<b>2,52,26,246</b>	<b>2,95,75,462</b>	<b>31,92,483</b>

**Note 4 - Non Current Loans**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
(Unsecured, considered good)			
Loans to related parties	-	-	-
Security Deposits	4,09,757	4,12,897	3,81,873
Rental Deposits	16,67,880	16,71,116	16,60,800
Others Deposits	-	-	2,10,525
<b>Total</b>	<b>20,77,637</b>	<b>20,84,013</b>	<b>22,53,198</b>

**Note 5 - Inventories**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Raw material (Valued at landed cost which includes freight)	96,46,615	48,07,097	24,05,828
Work-in-Progress (Valued at cost)	76,31,054	98,51,524	69,36,612
<b>Total</b>	<b>1,72,77,669</b>	<b>1,46,58,521</b>	<b>93,42,440</b>

**Note 6 - Trade Receivables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
(Unsecured, considered good)			
Trade Receivables - Related parties	4,38,109	2,96,004	3,18,264
Trade Receivables - Others	3,04,43,864	1,35,34,118	10,65,79,945
<b>Total</b>	<b>3,08,81,973</b>	<b>1,38,30,122</b>	<b>10,68,98,209</b>

**Note :7(a) - Cash & Bank Balances**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Cash on hand</b>	91,537	39,682	1,41,023
<b>Balances with Banks</b>			
Current Accounts	23,37,109	2,84,348	34,49,907
EEFC Accounts	7,43,319	21,37,644	40,46,923
Demand Deposit Accounts	15,29,838	-	25,63,554
<b>Total</b>	<b>47,01,803</b>	<b>24,61,674</b>	<b>1,02,01,407</b>

**Note: 7 (b) - Bank balances other than cash and cash equivalents**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Balances with Banks</b>			
held as margin money	2,55,075	-	2,55,075
balance in unpaid dividend account	4,99,980	5,19,286	5,80,854
Demand Deposit Accounts	1,93,29,039	3,62,73,903	4,45,72,854
<b>Total</b>	<b>2,00,84,094</b>	<b>3,67,93,189</b>	<b>4,54,08,783</b>



**Note 8 - Financial Assets - Others**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
(Unsecured, considered good)			
Advance Income Tax (Net of provisions)	-	12,16,204	49,550
Balances with Government Authorities	5,65,375	20,61,556	23,46,775
Advances to Creditors	2,72,212	8,47,604	6,80,296
Advance given to Employees	1,45,445	2,72,356	3,46,061
Prepaid Expenses	3,92,761	4,39,892	84,484
Preliminary expenses	11,500	-	
<b>Total</b>	<b>13,87,293</b>	<b>48,37,613</b>	<b>35,07,166</b>

**Note 9 - Current Tax Assets(Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Refund receivable	4,10,924	-	-
<b>Total</b>	<b>4,10,924</b>	<b>-</b>	<b>-</b>

**Note 10 - Other current assets**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
(Unsecured, considered good)			
Income Tax refund receivable	3,42,039	-	-
Interest Accrued	-	-	19,42,951
Other receivables	1,67,290	4,82,162	3,05,040
GST credit	12,62,772	-	-
<b>Total</b>	<b>17,72,101</b>	<b>4,82,162</b>	<b>22,47,991</b>

**Note 11- Share Capital**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Authorized Share Capital (50,00,000 Equity Shares of Rs.10/- each) (Previous Year 50,00,000 Equity Shares of Rs. 10/- each)	5,00,00,000	5,00,00,000	5,00,00,000
<b>Equity Shares with Voting Rights</b> Issued, Subscribed & Paid Up Share Capital (42,40,175 Equity Shares of Rs.10/- each fully paid up) (previous year 42,40,175 shares of Rs. 10/- each ) (Of the above shares 26,00,000 shares are issued for consideration other than cash)	4,24,01,750	4,24,01,750	4,24,01,750
<b>Total</b>	<b>4,24,01,750</b>	<b>4,24,01,750</b>	<b>4,24,01,750</b>

**(a) Reconciliation of number of Shares outstanding at the beginning & at the end of the reporting period**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Shares outstanding at the beginning	<b>42,40,175</b>	<b>42,40,175</b>	<b>42,40,175</b>
Shares Issued during the period	-	-	-
Capital Reduction during the Period	-	-	-
Shares outstanding at the end	<b>42,40,175</b>	<b>42,40,175</b>	<b>42,40,175</b>

(b) The Company has only one class of shares ("Equity Shares"), having a face value of Rs 10 each.

(c) Shares in company held by each shareholders holding > 5% shares specifying number of shares held

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Ultraweld Engineers Private Limited			
No of shares	29,72,315	29,72,315	29,72,315
% Held	70.10	70.10	70.10
<b>Total</b>	<b>29,72,315</b>	<b>29,72,315</b>	<b>29,72,315</b>

(d) No shares are reserved for issue under options or contracts/commitments for the sale of shares/ dis-investment.

(e) There are no calls unpaid by directors or officers of the company.

(f) Details of Shares held by Holding Company

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Ultraweld Engineers Private Limited			
No of shares	29,72,315	29,72,315	29,72,315
% Held	70.10	70.10	70.10
<b>Total</b>	<b>29,72,315</b>	<b>29,72,315</b>	<b>29,72,315</b>

#### Note 13 - Non Current Borrowings

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Secured</b>			
<b>A. Loans From Canara Bank</b>			
Term Loan - 1927773000116 (Sanctioned amount Rs. 74,00,000/- in 2014 and secured by way of 1st charge over book debts, stock, fixed assets purchased out of loan and land at Bommasandra. Balance outstanding repayable in 18 monthly instalments)	7,13,828	23,33,828	39,53,828
Term Loan - 1927773000122 (Sanctioned amount Rs. 2,12,00,000/- in 2015 and secured by way of 1st charge on Land at Bommasandra and Machinery/ Office Equipments/ purchased out of Fresh Loan. Balance outstanding repayable in 36 monthly instalments)	65,37,739	1,07,10,457	3,91,116
	72,51,567	1,30,44,285	43,44,944
<b>B. From other parties</b>			
Long term Maturities of NBFC Loans (Secured by way of charge on Motor Vehicles purchased out of above)	20,89,622	33,13,742	-
<b>Unsecured</b>			
<b>A. From related parties</b>			
Kunal Sikka	4,40,000	-	
<b>Total</b>	<b>97,81,189</b>	<b>1,63,58,027</b>	<b>43,44,944</b>

Particulars	Loan Tenure	Rate of Interest
Term Loan - 1927773000116	5 Years	Base rate + 2.75% + 0.25% Term Premium currently at 12.50%
Term Loan - 1927773000122	5 Years	Base rate + 2.25%+0.5% Term Premium currently at 12.25%
Daimler Financial Services India Pvt Ltd	4 Years	7.79%
Kotak Mahindra Prime Ltd	3 Years	5.82%

**Note 14 - Long - Term Provisions**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Provision for employee benefits</b>			
Leave Encashment (Unfunded)	7,51,719	3,35,225	1,62,070
<b>Total</b>	<b>7,51,719</b>	<b>3,35,225</b>	<b>1,62,070</b>

**Note 15 - Deferred Tax Liabilities (Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
The Accumulated impact of deferred tax arising on account of timing differences and expected to be reversed during the forthcoming years is recognised as an adjustment to balance of profit and loss as prescribed in Ind AS 12. The composition of accumulated deferred tax liability is as follows.			
<b>Deferred tax Liability</b>			
Related to Fixed Assets- Depreciation	64,98,983	64,27,772	49,56,137
On Account gain on Investment	5,85,542	3,49,555	-
<b>Deferred Tax asset</b>			
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	2,69,890	4,78,510	3,58,901
<b>Deferred Tax Liability (Net)</b>	<b>68,14,635</b>	<b>62,98,817</b>	<b>45,97,236</b>

**Note 16 - Other Non current liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Security Deposits	16,70,000	16,70,000	16,70,000
Other Deposits	-	32,40,000	-
<b>Total</b>	<b>16,70,000</b>	<b>49,10,000</b>	

**Note 17 - Current Borrowings**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Loans Repayable on Demand</b>			
Canara Bank OCC 033 (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommasandra)	1,07,36,576	13,28,090	1,26,70,757
<b>Total</b>	<b>1,07,36,576</b>	<b>13,28,090</b>	<b>1,26,70,757</b>

**Note 18 - Trade Payables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Dues to</b>			
Micro and Small Enterprises	618	15,525	18,526
Trade Payables- Others	1,00,31,752	1,30,27,203	8,82,09,512
<b>Total</b>	<b>1,00,32,370</b>	<b>1,30,42,728</b>	<b>8,82,28,038</b>

Note: Balances of trade payables and classification of MSME are subject to confirmation by the concerned parties.

**Note 19 - Other Financial Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
Current Maturities of Long term debt			
<b>Secured</b>			
Term Loans from Bank	58,80,000	-	88,89,608
Term Loans from NBFC	12,84,025	-	13,32,418
<b>Total</b>	<b>71,64,025</b>	<b>-</b>	<b>1,02,22,026</b>

**Note 20 - Other Current Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Other payables</b>			
Statutory Remittances	27,60,350	7,06,547	11,17,928
Payables to related parties	3,25,466	2,89,866	2,27,489
Unclaimed Dividend	4,99,979	5,14,196	5,75,142
Payables to Employees	17,97,670	17,90,414	13,99,930
Advances from Customer for Supplies/Services	42,64,477	1,52,26,611	91,01,693
Other Payables	5,81,575	76,45,153	7,00,058
Advance Rent	12,89,925	12,28,500	-
<b>Total</b>	<b>1,15,19,442</b>	<b>2,74,01,287</b>	<b>1,31,22,240</b>

**Note 21 - Current Provisions**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	As at 01-Apr-2016
<b>Provision for employee benefits</b>			
Leave Encashment	1,40,714	1,24,090	58,802
Provision for Bonus	9,07,402	9,87,951	9,52,190
Gratuity Provision	23,734	-	-
<b>Provision for Others</b>			
Provision for Income Tax (Net of taxes paid)	-	8,07,394	56,84,706
<b>Total</b>	<b>10,71,850</b>	<b>19,19,435</b>	<b>66,95,698</b>

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH , 2018

## Note 22 - Revenue From Operations

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Sale of Engineering Products	14,57,54,468	28,36,06,503
Sale of Engineering Systems	3,93,79,028	1,85,82,978
Sale of Services	3,77,93,154	3,99,53,255
<b>Total</b>	<b>22,29,26,650</b>	<b>34,21,42,736</b>

## Note 23 - Other Income

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Interest From Bank Deposits	15,90,891	28,80,357
Rental Income	50,41,628	48,01,550
Dividend received	-	1,27,300
Gain on sale of Asset / Investment	4,70,991	73,819
Other income	82,926	43,34,599
Revaluation of Investments at Fair Value	15,19,550	9,47,943
Remission of Liability	-	1,21,211
<b>Total</b>	<b>87,05,986</b>	<b>1,32,86,778</b>

## Note 24 - Cost of Material and Consumables

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Opening Stock	51,26,897	27,38,828
Purchases	2,41,04,454	1,74,75,614
Closing Stock	96,46,615	51,26,897
<b>Total</b>	<b>1,95,84,736</b>	<b>1,50,87,545</b>

## Note 24 - Cost of Material (Trading)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Opening Stock	-	-
Purchase of Stock in Trade	11,64,01,441	23,92,29,968
Closing Stock	-	-
<b>Total</b>	<b>11,64,01,441</b>	<b>23,92,29,968</b>

**Note 25 - Changes in inventory of work-in-progress**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Inventory at the end of the year	76,31,054	98,51,524
Inventory at the beginning of the year	98,51,524	69,36,612
<b>Net (Increase)/Decrease</b>	<b>22,20,470</b>	<b>(29,14,912)</b>

**Note 26 - Employee Benefits Expense**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Salaries & Wages	2,65,37,533	25,6,10,188
Bonus & Ex-Gratia	27,45,480	28,79,248
Contribution to provident & Other Funds	11,97,595	11,61,876
Staff Welfare Expenses	5,92,444	4,73,769
<b>Total</b>	<b>3,10,73,052</b>	<b>3,01,25,081</b>

**Note 27 - Finance Costs**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Bank Guarantee Commission	2,69,037	5,24,207
Interest Expense	24,19,247	23,84,658
<b>Total</b>	<b>26,88,284</b>	<b>29,08,865</b>

**Note 28 - Depreciation And Amortisation Expense**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Tangible Asset	71,30,037	55,86,826
Intangible Asset	2,38,090	2,35,931
<b>Total</b>	<b>73,68,126</b>	<b>58,22,757</b>

**Note 29 - Other Expenses**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b><u>Manufacturing &amp; Operating Expenses</u></b>		
Electricity and Water Charges	8,53,219	6,20,344
Repairs & Maintenance - Factory, Building	22,20,049	16,59,851
Repairs & Maintenance - Machinery	2,355	34,065
Retainership Fee	20,42,545	24,57,861
<b><u>Establishment Expenses</u></b>		
Audit Fees	3,23,600	3,21,000
AGM Expenses	1,03,913	69,153
Electricity and Water Charges	2,62,718	2,54,379
Bank Charges	4,83,152	6,35,169
Listing fees	2,50,000	
Membership & Subscription Charges	3,63,830	27,192
Rent	8,91,455	9,55,690
Legal & Professional Charges	51,77,698	60,90,522
Postage & Courier Charges	81,306	
Communication Expenses	4,94,122	7,70,831
Insurance	4,18,411	2,25,988
Repair & Maintenance	6,96,532	15,67,827
Vehicle Maintenance	9,33,234	7,88,663
Rates & Taxes	2,44,143	5,50,153
Sitting Fee	1,24,635	1,30,000
Travelling & Conveyance	83,32,521	83,88,286
Printing and Stationary	2,67,954	3,15,257
Office Expenses	5,40,864	5,40,754
Donations	1,85,000	1,80,000
Discounts, Bad debts and Write offs	26,703	3,82,042
Business promotion Expenses	46,34,149	43,97,810
Seminar & Exhibition Charges	10,32,500	28,71,344
Advertisement Expenses	2,03,419	-
Foreign Exchange Loss (Net)	17,16,576	2,77,490
LD Charges	6,673	-
Liquidated damages	-	1,08,442
<b>Total</b>	<b>3,29,13,276</b>	<b>3,46,20,114</b>

**Note 30 - Payments to Auditors during the year**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
As Auditor	2,50,000	2,50,000
For Taxation Matters	25,000	25,000
For Certification Charges	25,000	-
<b>Total</b>	<b>3,00,000</b>	<b>2,75,000</b>

**Note 31 - Contingent Liability and Commitments**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Bank Guarantee	1,31,79,721	1,29,59,677
<b>Total</b>	<b>1,31,79,721</b>	<b>1,29,59,677</b>

**Note 32**

The information required to be disclosed under the Micro, Small, Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no over dues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.

**Note 33**

Capital Reserve and Securities Premium have arisen pursuant to a scheme of merger approved by the Honourable High Court of Karnataka.

**Note 34 - Sale by class of goods and services**

Particulars	2017 - 2018	2016 - 2017
1. Finished Engineering Systems		
a. Handling Systems	1,96,01,860	1,30,29,282
b. Others	51,37,848	55,53,696
2. Engineering Products		
a. Servo Products	15,42,19,229	27,36,47,452
b. Others	61,74,558	99,59,051
3. Sale of Engineering Services		
a. Design and Drawings	3,38,53,154	3,29,37,755
b. Others	39,40,000	67,95,000
<b>Total</b>	<b>22,29,26,650</b>	<b>34,19,22,236</b>

**Note 35 - Expenditure in Foreign Currency**

Particulars	2017 - 2018	2016 - 2017
Purchase of Raw Materials & components (CIF value)	1,49,61,716	63,06,185
Purchase of Stock in Trade (CIF value)	11,63,84,914	23,71,94,603
Travelling Expenses	33,91,006	27,44,192
<b>Total</b>	<b>13,47,37,636</b>	<b>24,62,44,980</b>

**Note 36 - Earnings in Foreign Currency (FOB Basis)**

Particulars	2017 - 2018	2016 - 2017
Export of Services	3,38,53,154	3,29,38,190
Export of Goods	7,01,70,449	5,15,53,229
<b>Total</b>	<b>10,40,23,603</b>	<b>8,44,91,419</b>



### Principles of consolidation

The consolidated financial statements relate to Sika Interplant Systems Limited ('the Company') and its subsidiary companies, associates and joint ventures. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Indian Accounting Standard 27 - "Consolidated and Separate Financial Statements"
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- Non-Controlling Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- Investments other than in subsidiaries and associates have been accounted as per Indian Accounting Standard 39 - "Financial Instruments: Recognition and Measurement"
- The following subsidiaries & Associates have been considered in the consolidated financial statements

Name of the entity	Country of Incorporation Country of Incorporation	% of ownership Interest
<b>Subsidiary</b>		
Sikka N Sikka Engineers Private Limited	India	100.00%
Sika Tourism Private Limited	India	100.00%
EMSAC Engineering Private Limited	India	100.00%
Aerotek Sika Aviosystems Private Limited	India	50.86%

The financial statements of the subsidiary companies are drawn upto the same reporting period as of the holding companies i.e. year ended March 31, 2018.

h Name of the Entity	Net Assets		Share in Profit or Loss		Share of other Comprehensive Income		Share of Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated other comprehensive Income	Amount	As a % of consolidated total comprehensive Income	Amount
Sika Interplant Systems Limited	96.15%	41,77,15,958	100.50%	1,47,93,628	-	-	100.50%	1,47,93,628
<b>Subsidiaries</b>								
Sikka N Sikka Engineers Private Limited	2.05%	89,20,012	0.43%	63,687	-	-	0.43%	63,687
Sika Tourism Private Limited	-0.04%	(1,58,929)	-0.40%	(58,347)	-	-	-0.40%	(58,347)
EMSAC Engineering Private Limited	0.11%	4,94,712	-0.12%	(17,973)	-	-	-0.12%	(17,973)
Aerotek Sika Aviosystems Private Limited	3.39%	1,47,25,416	-0.82%	(1,20,969)	-	-	-0.82%	(1,20,969)
<b>Non Controlling Interest</b>								
	-1.67%	(72,36,070)	0.40%	59,444	-	-	0.40%	59,444


**Note No. 2 - Fixed Assets**

Description	Life Span of Assets in Years	Gross Block (At cost)			Accumulated Depreciation			Net Block	
		As at 01.04.2017	Additions	Deletions	As at 31.03.2018	Additions	Deletions	As at 31.03.2018	As at 31.03.2017
		01.04.2017	01.04.2017	01.04.2017	31.03.2018	01.04.2017	31.03.2018	31.03.2018	31.03.2017
<b>a) Tangible Assets</b>									
Freehold Land at Bommasandra		25,43,81,946	-	-	25,43,81,946	-	-	25,43,81,946	25,43,81,946
Freehold Land at Thimmanahalli		7,58,344	-	-	7,58,344	-	-	7,58,344	7,58,344
Lease Hold land at Mysore*		58,82,629	-	-	58,82,629	-	-	58,82,629	58,82,629
Building	30	7,45,85,461	-	-	7,45,85,461	16,78,235	-	6,69,81,706	6,86,59,941
Roads	10	20,65,220	-	-	20,65,220	2,06,522	-	16,52,176	18,58,698
Plant and Machinery	15	1,82,36,517	8,35,444	-	1,90,71,961	12,72,497	-	1,50,20,882	1,54,57,935
Office Equipment	5	53,43,313	7,07,805	-	60,51,118	37,97,067	-	43,61,344	15,46,246
Furniture and Fixtures	10	89,42,800	2,74,139	-	92,16,939	7,87,355	-	35,29,485	40,42,701
Vehicles	8	2,21,21,887	-	-	2,21,21,887	24,30,109	-	1,17,87,969	1,42,18,077
Computer & Accessories	3	47,02,493	78,914	-	47,81,407	1,91,041	-	4,14,233	5,26,361
<b>Subtotal (a)</b>		<b>39,70,20,610</b>	<b>18,96,302</b>	-	<b>39,89,16,912</b>	<b>71,30,037</b>	-	<b>36,20,99,142</b>	<b>36,73,32,876</b>
<b>b) Intangible Assets</b>									
Software	6	14,31,787	59,500	-	14,91,287	9,58,825	-	11,96,915	4,72,962
<b>Subtotal (b)</b>		<b>14,31,787</b>	<b>59,500</b>	-	<b>14,91,287</b>	<b>9,58,825</b>	-	<b>11,96,915</b>	<b>4,72,962</b>
<b>c) Capital Work In Progress - Tourism Project</b>									
		2,62,34,074	53,19,035	-	3,15,53,109	-	-	3,15,53,109	2,62,34,074
<b>Subtotal (c)</b>		<b>2,62,34,074</b>	<b>53,19,035</b>	-	<b>3,15,53,109</b>	-	-	<b>3,15,53,109</b>	<b>2,62,34,074</b>
<b>Total (a+b+c)</b>		<b>42,46,86,471</b>	<b>72,74,837</b>	-	<b>43,19,61,308</b>	<b>73,68,126</b>	-	<b>39,39,46,623</b>	<b>39,40,39,912</b>

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2018, hence the Company has not recognized any impairment losses.

(ii) During the year, the Company has reviewed the useful life of all category/subcategory of the Fixed Assets, in the context of useful life prescribed under Schedule II of the Companies Act, 2013. Further, where the useful life of the items is 'Nil' as on 1st April, 2014 in accordance with schedule II of the Companies Act, 2013, the carrying value as on 1st April, 2014 of Rs. 1,15,57,079/- has been added to the opening balance of deficit in the Statement of Profit & Loss Account.

(iii) The Depreciation is charged on Straight Line basis over the useful life of the assets as per Schedule II of the Companies Act, 2013.

(iv) \* Karnataka Industrial Area Development Board (KIADB) allotted land aggregating to 8.33 acres to the Company for Rs.58,82,629/- on a lease-cum-sale basis. The agreement has expired on 06-04-2015. The Company has applied for renewal of the agreement and is pending as on reporting date.

**Note 37 - Related Party Disclosure**

Particulars	Category
<b>Category (a)</b> M/s Ultraweld Engineers Pvt Ltd	Promoter Holding Company
<b>Category (b)</b> M/s Gourmet Estates Pvt Ltd M/s Sterling Technologies Ptd. Ltd	Associate Company Associate Company
<b>Category (c)</b> Mr. Rajeev Sikka Mr. Kunal Sikka Mrs. Anuradha Sikka Mrs. SrieeAneetha M	Key Management Personnel Key Management Personnel Relative of Key Management Personnel Key Management Personnel

**Related party Transactions**

Particulars	Referred to in (a) above		Referred to in (b) above		Referred to in (c) above	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017	31.3.2018	31.3.2017
<b>Purchase:</b>						
Engineering Services	-	-	-	-	-	-
<b>Sales:</b>						
Engineering Services		-				
Export of Products			-	-		
			5,97,92,333	39,46,224		
<b>Expenses:</b>						
Professional/ Consultancy Charges					3,69,600	3,17,520
Remuneration Paid					58,06,615	50,78,441
Salary paid					7,56,096	6,65,647
<b>Other Transactions:</b>						
Loans borrowed						
Loans repaid						
Loans given						
Loans recovered						
Interest paid						
Security Deposit paid	-					
<b>Outstanding</b>						
Professional Charges/Remuneration					3,51,926	4,36,866
Loans receivable						
Salary Payable					58,535	59,000

**Note 38** - As per Indian Accounting Standard 19 "Employee Benefits", the disclosure as defined in the Accounting Standard with regard to Note No 25 are given below:

**a. Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expense for the year as under:

Particulars	2017 - 2018	2016 - 2017
Employer's Contribution to Provident Fund	5,92,901	5,45,107
Employer's Contribution to Pension Scheme	4,01,210	4,43,125
<b>Total</b>	<b>9,94,111</b>	<b>9,88,232</b>

**b. Defined Benefit Plans**

The employee's Gratuity Fund Scheme is a defined benefit plan wherein a separate trust is formed which is managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated absences is recognised in the same manner as Gratuity.

Particulars	Gratuity	
	2017 - 2018	2016 - 2017
<b>Components of Employer Expenses</b>		
Current Service cost	3,97,794	2,02,420
Past service cost - Plan Amendment	1,101,988	
Interest on Obligations	2,09,889	2,15,056
Expected Return on Plan Assets	(3,13,652)	(2,92,583)
Net actuarial loss/ (gain) recognized during the year	(1,32,775)	(68,937)
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>12,63,244</b>	<b>55,956</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	42,91,847	30,14,171
Fair value of plan assets	42,68,113	42,53,681
Funded status[Surplus/(deficit)]	(23,734)	12,39,510
Unrecognised past service costs	-	-
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present Value of DBO at beginning of the year	30,14,171	26,88,195
Current Service Cost	3,97,794	2,02,420
Interest Cost	2,09,889	2,15,056
Prior Service Costs	11,01,988	-
Actuarial(Gains)/Losses	(1,46,180)	(68,937)
Benefits Paid	(2,85,815)	(22,563)
Present Value of DBO at end of the year	42,91,847	30,14,171
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	42,53,681	39,83,661
Expected Return on Plan Assets	3,13,652	2,92,583
Actuarial(Gains)/Losses	(13,405)	-
Benefits Paid	(2,85,815)	(22,563)
Plan Assets at End of the Year	42,68,113	-
Actual Return on Plan Assets	3,00,247	42,53,681
<b>Actuarial assumptions</b>		
Discount Rate	7.63%	8.00%
Expected Return on Plan Assets	7.63%	7.34%
Salary Escalation	8.00%	7.00%
Attrition rate	5.00%	5.00%

The discount rate is based on the prevailing market yields of Government of India securities as the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan the eligible employees are entitled to Gratuity under a defined benefit plan.

Particulars	Leave Encashment	
	2017 - 2018	2016 - 2017
<b>Changes in Defined Obligations</b>		
Obligations at period beginning - Current	1,24,090	1,24,090
Obligations at period beginning - Non Current	3,35,225	3,35,225
Service Cost	1,35,660	58,593
Interest on Defined benefit obligation	29,344	17,272
Benefits settled	(1,15,792)	-
Actuarial gain/(loss)	3,83,906	1,62,578
<b>Obligations at period end</b>	<b>8,92,433</b>	<b>4,59,315</b>
Current Liability (within 12 months)	1,40,714	1,24,090
Non Current Liability	7,51,719	3,35,225
<b>Changes in Plan Assets</b>		
Plans assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Contributions	1,15,792	-
Benefits settled	(1,15,792)	-
Plans assets at period end, at fair value	-	-
<b>Funded Status</b>		
Closing PBO	8,92,433	4,59,315
Closing Fair value of plan assets	-	-
Closing Funded status	(8,92,433)	(4,59,315)
Net Asset/(Liability) recognized in the Balance Sheet	(8,92,433)	(4,59,315)
<b>Expenses recognized in the P&amp;L account</b>		
Service cost	1,35,660	58,593
Interest cost	29,344	17,272
Expected return on plan assets	-	-
Actuarial (Gain)/Loss	3,83,906	1,62,578
<b>Net gratuity / leave cost</b>	<b>5,48,910</b>	<b>2,38,443</b>
Experience Adjustment on Plan Liabilities	1,04,959	1,05,275
Experience Adjustment on Plan Assets	-	-
<b>Assumptions</b>		
Discount factor	8%	7%
Estimated rate of return on plan assets	0%	0%
Salary increase	8%	7%
Attrition rate	5%	5%

**Note. 1****Basis of Consolidation and Significant Accounting Policies:****Note 1.1****FIRST TIME ADOPTION OF IND AS**

1. The financial statements have been prepared in accordance with Indian Accounting Standards ['Ind AS'] notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.
2. Upto the year ended 31<sup>st</sup> March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1<sup>st</sup> April, 2016. Reconciliation and description of the effect of the transition have been summarized.
3. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies below have been applied in preparing the financial statements for the year ended 31<sup>st</sup> March 2018 and the comparative information.

**I. Basis of Consolidation:**

The Consolidated financial statements relate to Sika Interplant Systems Limited (parent company), its subsidiaries. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the parent company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of incomes, expenses, assets and liabilities, after eliminating the intragroup balances, intra group transactions and unrealized profits or losses in accordance with Indian Accounting Standard 27 on "Consolidated and Separate Financial Statements".
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- c) The Consolidated financial statements have been prepared using uniform accounting policies for the like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's separate financial statements.

**II. Significant Accounting Policies:****1. Basis of preparation of Financial Statements**

The Accompanying financial statements are prepared in accordance with Indian Accounting Standards (Ind AS)

under the historical cost convention and on accrual basis except for certain financial instruments which are measured in fair value, applicable provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with rule 3 of the Companies ( Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**2. Use of Estimates**

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, accrual of warranty costs, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates

**3. Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Expenditure which are of a Capital nature are Capitalized at cost, which comprises purchase price (net of rebates and discounts), duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value



#### 4. Depreciation and Amortisation

- (i) Up to 31<sup>st</sup> March, 2014, depreciation is provided from the date the assets have been installed and put to use, on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- (ii) With effect from 1<sup>st</sup> April, 2014, depreciation on assets carried at historical cost is provided on Straight Line Method based on useful life as under:

Sl. No.	Asset	Useful Life
1	Building (other than RCC Frame Structure & Factory Building)	30 Years
2	Building (RCC Frame Structure)	60 Years
3	Plant and Machinery	15 Years
4	Office Equipments	5 Years
5	Furniture and Fixtures	10 Years
6	Vehicles	8 Years
7	Computers	3 Years
8	Servers	6 Years
9	Computer Software	6 Years
10	Roads	10 Years

- (iii) The carrying value of the assets as on April 1<sup>st</sup>, 2014, is depreciated over the remaining useful life of the asset determined based on useful life mentioned in clause (ii) supra.
- (iv) Where the useful life of the asset is NIL as on 1<sup>st</sup> April, 2014, the carrying value as on 1<sup>st</sup> April, 2014, has been added to the opening balance of deficit in the Statement of Profit and Loss in accordance with Schedule II of the Companies Act, 2013.

#### 5. Inventories:

- a. Finished Goods:** Stock of finished goods are valued at lower of cost and net realizable value.
- b. Raw Materials & Spare parts:** Materials and other supplies held for use in the production of inventories are valued at cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there is a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value of finished goods, the materials are written down to net realizable value.
- c. Work-in-progress:** Work -in-progress is valued at cost including conversion cost.

#### 6. Revenue Recognition:

- a) Revenue from sale of goods is recognized on passing of the property in goods
- b) Services – Revenue from services is recognized on completion of service

- c) Profit on sale of investments: Profit / loss on sale of investments are recognized on the date of redemption.

#### 7. Financial Instruments

##### (i) Financial Assets

###### Initial Recognition and Measurement

All financial assets are recognized 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. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

###### Subsequent Measurement

For purpose of subsequent measurement financial assets are classified in two broad categories:-

- Financial Assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss or recognized in other comprehensive income.

A financial asset that meets the following two conditions is measured at **amortized cost**.

- **Business Model Test:** The objective of the company's business model is to hold the financial asset to collect the contractual cash flows.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through **Other Comprehensive Income**:-

- **Business Model Test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit and loss. All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss.

##### Impairment of financial assets

The company assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

- 12 months expected credit losses, or



- Lifetime expected credit losses depending upon whether there has been a significant increase in credit risk since initial recognition.

However, for trade receivables, the company does not track the changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

#### (ii) Financial Liabilities

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified as measured at amortized cost or fair value through profit and loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on de recognition is also recognized in statement of profit and loss.

#### 8. Borrowing costs:

Borrowing cost that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale.

Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing cost are recognized as expense in the period in which they are incurred.

#### 9. Employee Benefits

##### ➤ Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

##### ➤ Post-Employment Benefit

a) Defined Contribution Plans: State governed provident fund scheme and employee state insurance scheme to which company makes contributions are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

b) Defined Benefit Plans: The employees' gratuity fund scheme administered by Life Insurance Corporation of India is Company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the Profit & Loss Account. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis. Gains or losses on the curtailment or

settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight line basis over the average period until the benefits become vested.

##### ➤ Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) above.

#### 10. Segment Reporting:

The Companies monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements

#### 11. Foreign Currency Transactions:

All foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Foreign currency





monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses are recognised in the statement of profit and loss.

#### 12. Income taxes:

Tax expense comprising current tax and deferred tax are recognised in the Profit and Loss Statement for the period. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

Deferred tax asset or liability is recognised for timing differences between the profit/(loss) as per financial statements and the profit/(loss) offered for income tax, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only if there is virtual certainty in the opinion of the Board of Directors of the Company that sufficient future taxable income will be available against which such assets can be realised in future. The carrying amount of deferred tax assets is reviewed at the end of each financial year and adjusted to the extent that it is no longer probable that sufficient taxable income will be available in future to allow in part or whole of the deferred tax asset to be utilised.

#### 13. Cash & Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short term investments with an original maturity of three months or less.

#### 14. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share is calculated after considering adjustments for the effect of all dilutive potential equity shares.

#### 15. Leases

➤ **Operating Lease:** Leases of assets where all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense with reference to lease terms and other considerations.

➤ **Finance Lease:** Leases of assets other than operating leases are classified as finance lease. The Lower of assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account.

#### 16. Provisions, Contingent Liabilities, Contingent Assets and Capital Commitments:

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax Excise etc.) pending in appeal / court for which no reliable estimate can be made and or involves uncertainty of the outcome of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

However, present obligation as a result of past event with possibility of outflow of resources, when reliable estimation can be made of the amount of obligation, is recognized in accounts in terms of discounted value, if the time value of money is material using a current pre-tax rate that reflects the risk specific to the liability.

No contingent asset is recognized but disclosed by way of notes to accounts.

#### 17. Impairment of assets

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount/Value in use.

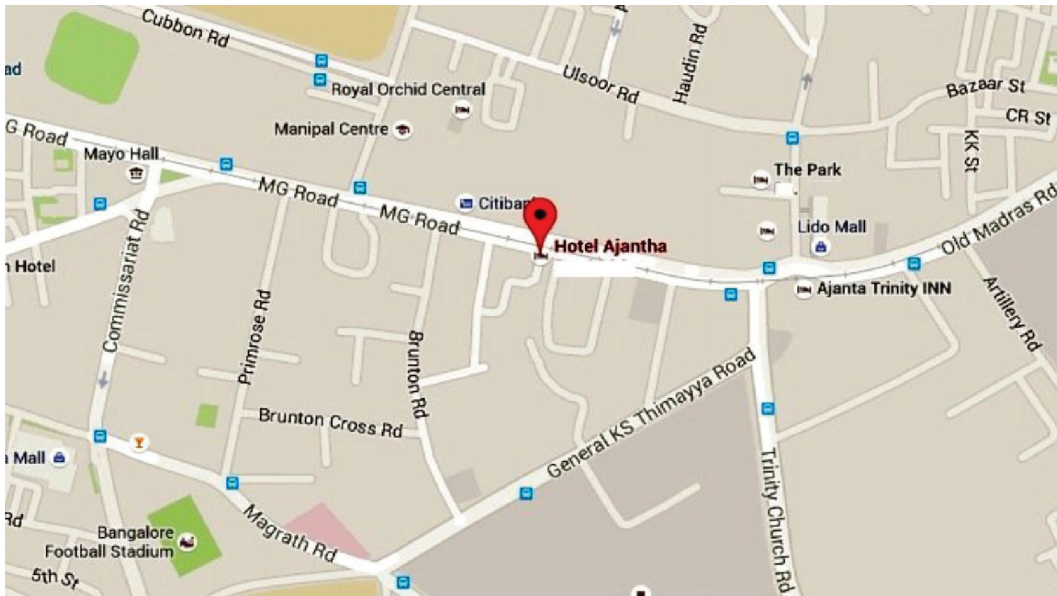
Recoverable amount is determined:

- a. In the case of an individual asset, a higher of the net selling price and the value in use;
- b. In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at higher of the cash generating unit's selling price and the value in use.

Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

#### 18. Cash flow statement:

Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7: "Statement of Cash Flows" as specified in Section 133 of the Companies Act, 2013.



**SIKA INTERPLANT SYSTEMS LIMITED**

CIN: L29190KA1985PLC007363  
Registered Office: 3 Gangadharchetty Road, Bangalore 560 042  
Tel: 080 49299144 E-mail: comp.sec@sikaglobal.com Website: www.sikaglobal.com

**ATTENDANCE SLIP**

**32<sup>nd</sup> ANNUAL GENERAL MEETING ON THURSDAY, 27<sup>th</sup> September 2018 AT 10:00 A.M.**  
At Hotel Ajantha, 22 M.G. Road, Bangalore 560 001

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_  
Name of the Proxy holder \_\_\_\_\_ Signature \_\_\_\_\_

- 1. Only Member/ Proxy holder can attend the Meeting.
- 2. Member/ Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.



**SIKA INTERPLANT SYSTEMS LIMITED**

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Registered Office: 3 Gangadharchetty Road, Bengaluru 560 042  
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**PROXY FORM**

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

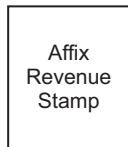
Name of the Member(s): ..... E-mail ID: .....  
Registered Address : .....  
Folio No./Client ID No.: ..... DP ID No.....

I/ We, being the Member(s) of ..... Shares of Sika Interplant Systems Limited, hereby appoint

- 1. Name: ..... E-mail ID: .....  
Address: .....  
Signature: .....or failing him
- 2. Name: ..... E-mail ID: .....  
Address: .....  
Signature: .....or failing him
- 3. Name: ..... E-mail ID: .....  
Address: .....  
Signature: .....or failing him

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on Thursday, 27<sup>th</sup> September 2018 at 10:00 a.m. at Hotel Ajantha, 22 M.G. Road, Bangalore 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

- 1. Adoption of Audited Financial Statements for the year ended 31<sup>st</sup> March 2018 together with the Reports of the Board of Directors and the Auditors thereon.
- 2. Declaration of dividend for the financial year 2017-18
- 3. Appointment of Director Mrs. Kunal Sikka (DIN:05240807) retiring by rotation
- 4. Re-Appointment of Statutory Auditors.
- 5. Approval for Loan to Subsidiary.



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Signature of Member \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

**NOTE:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Nil

Nil

*If undelivered, please return to:*

**INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED**

No.30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru 560 003

Tel: 080 23460815, E-mail: [giri@integratedindia.in](mailto:giri@integratedindia.in) Website: [www.integratedindia.in](http://www.integratedindia.in)