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**33rd Annual Report  
for year ended 31st March 2019**

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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

**CHIEF OPERATING OFFICER**

Mr. Dinesh Balaraj

**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-third ANNUAL GENERAL MEETING of Sika Interplant Systems Limited ("the Company") will be held on Saturday, the 21<sup>st</sup> September, 2019 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 2019 together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2019.
3. To appoint a Director in place of Mrs. Krishna Sikka (DIN: 01226312), who retires by rotation and, being eligible, offers her self for re-appointment.

### SPECIAL BUSINESS :

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

**"RESOLVED THAT**, pursuant to the provisions of sections 149 and 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), and the Companies (Appointment and Qualifications of Directors) Rules, 2014, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time, Dr. C. G. Krishnadas Nair (DIN:00059686), who was appointed as an Independent Director at the Twenty eighth Annual General Meeting of the Company and who holds office up to 24th September 2019 and who is eligible for re-appointment and who has submitted a declaration that he meets the criteria of independence under section 149(6) of the Act and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term with effect from 25<sup>th</sup> September 2019 to 24<sup>th</sup> September 2024".

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

**"RESOLVED THAT**, pursuant to the provisions of sections 149 and 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time, Mr. Roopsing N. Chawhan (DIN: 00568833), who was appointed as an Independent Director at the Twenty eighth Annual General Meeting of the Company and who holds office up to 24th September 2019 and who is eligible for re-appointment and who has submitted a declaration that he meets the criteria of independence

under section 149(6) of the Act and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term with effect from 25th September 2019 to 24<sup>th</sup> September 2024".

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

**"RESOLVED THAT**, pursuant to the provisions of sections 149 and 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time, Mr. Santhanam Srinivasan (DIN: 02685291), who was appointed as an Independent Director at the Twenty eighth Annual General Meeting of the Company and who holds office up to 24th September 2019 and who is eligible for re-appointment and who has submitted a declaration that he meets the criteria of independence under section 149(6) of the Act and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term with effect from 25<sup>th</sup> September 2019 to 24<sup>th</sup> September 2024".

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

**"RESOLVED THAT**, in accordance with the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Non-Wholetime Directors of the Company be paid annually, for each financial year commencing from 1st April, 2019, commission amounting collectively up to one percent of the net profit of the Company, as the Board of Directors of the Company (the "Board") may determine based on guidelines framed by the Board for this purpose, in addition to the fees for attending the meetings of the Board, provided however that the aggregate remuneration, including commission, paid to such Directors in a financial year shall not exceed one percent of the net profits of the Company in terms of Section 197 of the Act, and computed in the manner referred to in Section 198 of the Act."

**RESOLVED FURTHER THAT**, the Board of Directors be and is hereby authorized to do all such acts as may be necessary, proper or expedient for giving effect to this resolution."

**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 13<sup>th</sup> September 2019 Friday to 21<sup>st</sup> September 2019, Saturday 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 12<sup>th</sup> September 2019.
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, 2019.

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 along with the Annual Report 2018-19 is being sent by electronic mode 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:-
  - a. 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 13<sup>th</sup> September 2019 to exercise their right to vote by electronic means on all the businesses specified in the Notice.
  - b. 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.
  - c. 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.
  - d. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - e. 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.
  - f. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") as the Agency to provide e-voting facility.



- g. 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.
- h. 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. The results shall simultaneously be communicated to the Stock Exchange.
- i. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 21<sup>st</sup> September 2019.  
  
The instructions for shareholders voting electronically are as under:
  - j. The remote e-voting period commences on Wednesday, 18<sup>th</sup> September 2019 at 9:00 a.m. (IST) and ends on Friday, 20<sup>th</sup> September 2019 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by CDSL for voting thereafter.
- k. The instructions for e-voting are as under:

i	The Member should log on to the e-voting website : www.evotingindia.com
ii	Click on "Shareholders".
iii	Now Enter your User ID <ul style="list-style-type: none"> <li>a. For CDSL: 16-digit beneficiary ID,</li> <li>b. For NSDL: 8-character DP ID followed by 8-digit Client ID,</li> <li>c. Members holding shares in Physical Form should enter Folio Number registered with the Company.</li> </ul>
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 www.evotingindia.com 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:
<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/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> </ul>

	<ul style="list-style-type: none"> <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)	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. <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	Note for Non-Individual Shareholders and Custodians <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 www.evotingindia.com and register themselves as Corporates.</li> </ul>

	<ul style="list-style-type: none"> <li>- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com</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 helpdesk.evoting@cdslindia.com 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>
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	<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 helpdesk.evoting@cdslindia.com</p>
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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> August 2019

#### EXPLANATORY STATEMENT

As required under Section 102 of the Companies Act, 2013 (the "Act"), the following explanatory statement sets out all material facts relating to business mentioned under Item Nos.4 to 6 of the accompanying Notice:

##### Item No. 4

Dr.C.G.Krishnadas Nair was appointed as an Independent Director with effect from 25<sup>th</sup> September 2014 and current term as Independent Director is set to expire on 24<sup>th</sup> September 2019.

Dr. C.G. Krishnadas Nair holds a B.Tech from the Indian Institute Technology, Chennai and holds a M.Sc in Metallurgical Engineering and PhD in Engineering from the University of Sask, Canada. Dr. Nair is a former Chairman of India's largest defence public sector undertaking Hindustan Aeronautics Limited. He is widely recognized in the field of aeronautics both in India and abroad and was elected President of Aeronautical Society of India (1995-97). He is the Chancellor of International Institute for Aerospace Engineering Management, serves as a Director of the Aerospace and Aviation Sector Skill Council (AASSC), and founded the Society of Indian Aerospace Technologies & Industries (SIATI). He has authored several books in Engineering Technology and Management and has published over 200 Research & Technology and Management papers in National and International journals. A fellow of the Indian National Academy of Engineering, Dr Nair was conferred with the Padmashri Award for outstanding contributions in Engineering Science and Technology. He is also Director of Brahmos Aerospace Thiruvananthapuram Ltd and Global Vectra Helicorp Ltd. In addition.

The Board at its meeting held on 07<sup>th</sup> August 2019, based on the recommendations of the Nomination and Remuneration Committee, background, experience and contributions made by Dr. Nair during his tenure, has approved the re-appointment for a second term commencing from 25<sup>th</sup> September 2019 up to 24<sup>th</sup> September 2024, subject to approval of shareholders of the Company. The Board of Directors state that the re-appointment of Dr. Nair would be in the interest of the Company and its Members.

Dr. Nair is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has consented to act as an Independent Director of the Company. The Company has also received declarations from Dr. Nair that he meets the criteria of independence as prescribed under Section 149 of the Act and the LODR Regulations. Details of Dr. Nair whose reappointment as an Independent Director is proposed at Resolution No. 4 is provided in the Annexure to this Notice.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives other than Dr. Nair is concerned or interested in the Resolution at Item No.4 of the Notice.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Dr. Nair as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolution set out at Resolution No.4 of the Notice for approval by the Members.

##### Item No. 5

Mr. Roopsing N. Chawhan (DIN:00568833) was appointed as an Independent Director with effect from 25<sup>th</sup> September 2014 and current term as Independent Director is set to expire on 24<sup>th</sup> September 2019.

Mr. Chawhan holds a B.Com from SB Commerce College, Gulbarga (Gold Medalist) and a Master in Commerce from Karnataka University, Dharwad. Mr.Chawhan has also done a "Programme on Investment Appraisal and Management" from Harvard University, USA. He has extensive experience in financial services and project execution. Following twenty distinguished years at Karnataka State Financial Corporation (KSFC), he successfully thereafter served for fifteen years at the Karnataka State Industrial Investment and Development Corporation (KSIIDC), from where he retired as its Executive Director. Thereafter, Mr.Chawhan has taken on a number of

roles in private industry, including previously as the President of Bangalore based MRG Group, which is engaged in various activities in the real estate sector.

The Board at its meeting held on 07<sup>th</sup> August 2019, based on the recommendations of the Nomination and Remuneration Committee, background, experience and contributions made by Mr.Chawhan during his tenure, has approved the re-appointment for a second term commencing from 25<sup>th</sup> September 2019 up to 24<sup>th</sup> September 2024, subject to approval of shareholders of the Company. The Board of Directors state that the re-appointment of Mr.Chawhan would be in the interest of the Company and its Members.

Mr.Chawhan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has consented to act as an Independent Director of the Company. The Company has also received declarations from Mr.Chawhan that he meets the criteria of independence as prescribed under Section 149 of the Act and the LODR Regulations. Details of Mr.Chawhan whose reappointment as an Independent Director is proposed at Resolution No. 5 is provided in the Annexure to this Notice.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives other than Mr.Chawhan is concerned or interested in the Resolution at Item No.5 of the Notice.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mr.Chawhan as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolution set out at Resolution No.5 of the Notice for approval by the Members.

#### **Item No. 6**

Mr. Santhanam Srinivasan (DIN:02685291) was appointed as an Independent Director with effect from 25<sup>th</sup> September 2014 and current term as Independent Director is set to expire on 24<sup>th</sup> September 2019.

Mr. Santhanam holds a B.Sc and is a Certified Associate of Indian Institute of Bankers. A former General Manager of Canara Bank, Mr.Santhanam is an experienced banker with a diverse experience, having special exposure in Treasury, Forex, International Operations, Credit (Retail & Corporate) areas. He was in-charge of Treasury operations of the Bank, responsible for maintaining of statutory requirements and also contributed towards profitability of the Bank by way of propriety trading. Based on his Treasury experience, he was assigned with the job of handling Treasury operations on a second term for three years at another Public Sector Bank to head their Treasury Operations. In addition, he also served as Secretary to the Board of Directors of Canara Bank. Mr.Santhanam has also previously served as a member on the Board of Directors of Fixed Income Money Market & Derivatives Association (FIMMDA).

The Board at its meeting held on 07<sup>th</sup> August 2019, based on the recommendations of the Nomination and Remuneration Committee, background, experience and contributions made by

Mr. Santhanam during his tenure, has approved the re-appointment for a second term commencing from 25<sup>th</sup> September 2019 up to 24<sup>th</sup> September 2024, subject to approval of shareholders of the Company. The Board of Directors state that the re-appointment of Mr. Santhanam would be in the interest of the Company and its Members.

Mr. Santhanam is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has consented to act as an Independent Director of the Company. The Company has also received declarations from Mr. Santhanam that he meets the criteria of independence as prescribed under Section 149 of the Act and the LODR Regulations. Details of Mr. Santhanam whose reappointment as an Independent Director is proposed at Resolution No. 6 is provided in the Annexure to this Notice.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives other than Mr. Santhanam is concerned or interested in the Resolution at Item No.6 of the Notice.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mr. Santhanam as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolution set out at Resolution No.6 of the Notice for approval by the Members.

#### **Item No. 7**

The Board of Directors of the Company ('the Board') at the meeting held on 07<sup>th</sup> August 2019, recommended for the approval of the Members, payment of remuneration by way of commission to the Non-Wholetime Directors of the Company, in line with the current trends and commensurate with the time devoted and the contribution made by them.

Additional information in respect of the Non-Wholetime Directors, pursuant to the Secretarial Standard on General Meetings, is appearing in the 'Board of Directors' section in the Corporate Governance Report.

The Non-Wholetime Directors, and their respective relatives, are interested in the Resolution at Item No. 7 of the Notice insofar as the same relates to their respective commission. None of the Key Managerial Personnel of the Company, or their relatives, other than Mr. Rajeev Sikka and Mr. Kunal Sikka, is interested in this Resolution.

The Board recommends the Special Resolution set out at Resolution No.7 of the Notice for approval by the Members.

## ANNEXURE TO NOTICE

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING**  
(In pursuance of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

<b>Name of the Director</b>	Mrs. Krishna Sikka
<b>DIN</b>	01226312
<b>Date of Birth</b>	12-08-1928
<b>Date of Appointment</b>	30-03-2015
<b>Qualifications</b>	Matriculation
<b>Expertise in specific functional areas</b>	Management & Administration for over 40 years
<b>Directorships held in other public listed companies (excluding foreign companies and Section 8 companies)</b>	Nil
<b>Memberships / Chairmanships of committees of other public listed companies (includes only Audit Committee and Stakeholders Relationship)</b>	Nil
<b>Inter-se relationship with other Directors and Key Managerial Personnel</b>	Mrs. Krishna Sikka is mother of Mr. Rajeev Sikka, Chairman and Managing Director, and grandmother of Mr. Kunal Sikka, Wholetime Director & Chief Financial Officer
<b>Number of shares held in the Company</b>	52

<b>Name of the Director</b>	Dr.C.G. Krishnadas Nair
<b>DIN</b>	00059686
<b>Date of Birth</b>	17-08-1941
<b>Date of Appointment</b>	25-09-2014
<b>Qualifications &amp; Expertise in specific functional areas</b>	Please refer to the Explanatory Statement pertaining to Resolution No.4 of the Notice
<b>Directorships held in other public listed companies (excluding foreign companies and Section 8 companies)</b>	1
<b>Memberships / Chairmanships of committees of other public listed companies (includes only Audit Committee and Stakeholders Relationship)</b>	Chairmanship – 1 Membership –2
<b>Inter-se relationship with other Directors and Key Managerial Personnel</b>	Nil
<b>Number of shares held in the Company</b>	80,000

<b>Name of the Director</b>	Mr. Roopsing N. Chawhan
<b>DIN</b>	00568833
<b>Date of Birth</b>	10-08-1948
<b>Date of Appointment</b>	25-09-2014
<b>Qualifications &amp; Expertise in specific functional areas</b>	Please refer to the Explanatory Statement pertaining to Resolution No.5 of the Notice
<b>Disclosure of relationships between Directors inter-se</b>	Independent
<b>Directorships held in other public listed companies (excluding foreign companies and Section 8 companies)</b>	Nil
<b>Memberships / Chairmanships of committees of other public listed companies (includes only Audit Committee and Stakeholders Relationship)</b>	Nil





Inter-se relationship with other Directors and Key Managerial Personnel	Nil
Number of shares held in the Company	Nil

Name of the Director	Mr. Santhanam Srinivasan
DIN	02685291
Date of Birth	09-06-1953
Date of Appointment	25-09-2014
Qualifications & Expertise in specific functional areas	Please refer to the Explanatory Statement pertaining to Resolution No.6 of the Notice
Disclosure of relationships between Directors inter-se	Independent
Directorships held in other public listed companies (excluding foreign companies and Section 8 companies)	Nil
Memberships / Chairmanships of committees of other public listed companies (includes only Audit Committee and Stakeholders Relationship)	Nil
Inter-se relationship with other Directors and Key Managerial Personnel	Nil
Number of shares held in the Company	Nil

## DIRECTORS' REPORT

To the Members,

The Directors are pleased to present the Thirty-third Annual Report of the Company and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2019.

### FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2019	FY 2018	FY 2019	FY 2018
Total Income	4650.52	2314.50	4650.96	2314.50
Profit (Loss) before Tax and Depreciation	671.36	266.00	667.56	268.71
Provision for Taxes	169.70	47.15	169.79	47.15
Depreciation	66.67	73.62	77.88	73.62
Profit (Loss) for the Year After Tax and Depreciation	430.62	145.23	415.52	147.93
Earnings per Share (in ₹)	10.16	3.43	10.00	3.49

### COMPANY'S PERFORMANCE

During the year under review, your Company achieved Total Income of ₹ 4650.52 Lakhs on a Standalone basis as compared to ₹ 2,314.50 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 430.62 Lakhs for the current Financial Year as against Net Profit of ₹ 145.23 Lakhs in the previous Financial Year.

On a Consolidated basis, your Company achieved Total Income of ₹ 4650.96 Lakhs during the year under review as compared to ₹ 2,314.50 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 415.52 Lakhs for the current Financial Year as against Net Profit of ₹ 147.93 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, payable to those shareholders whose names appear in the Register of Members as on the book closure date.

### TRANSFER TO GENERAL RESERVE

No amount is proposed to be transferred to the general reserve for the year under review.

### SUBSIDIARY COMPANIES

The Company has 4 subsidiaries as on March 31, 2019. 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.

### DIRECTORS & KEY MANAGERIAL PERSONNEL

The Company has received necessary declaration from each independent director under Section 149(7) of the the Companies Act, 2013 (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-Wholetime 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, Mrs. Krishna Sikka retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered herself for re-appointment. The Board recommends her re-appointment.

The Board, on the basis of the recommendations made by the Nomination & Remuneration Committee, has recommended the re-appointment of these Directors for a second term commencing from 25<sup>th</sup> September 2019 upto 24<sup>th</sup> September 2024 as mentioned in the Notice.

Four 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 2018-19, 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**

At the AGM held on 27<sup>th</sup> September 2018, B.N.Subramanya & Co., Chartered Accountants (Firm Registration No. 004142S) were appointed as Statutory Auditors of the Company for a period of five consecutive years. As per the provisions of Section 139 of the Act, B.N.Subramanya & Co. have confirmed that they are not disqualified from continuing as Auditors of the Company.

##### **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 undertake the Secretarial Audit of the Company. The Secretarial Audit Report 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 framework 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 disclosed in note 38 of 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 with 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](http://www.sikaglobal.com) and also forms part of the annual report.

**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 workplace. During the financial year 2018-19, the Company had received zero complaints on sexual harassment, and accordingly no complaints remain pending as of 31<sup>st</sup> March 2019.

**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 in the corporate governance report that forms a part of this report.

**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:

- a) Improved monitoring of energy consumption;
- b) 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.76.20 lakhs.



**Foreign Exchange Earning and Outgo**

During the year under review, the Company earned ₹ 553.75 Lakhs in foreign exchange and spent ₹ 2923.19 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 employees, shareholders, customers, lenders, business associates, vendors, and the promoters of the Company.

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

Bengaluru,  
07<sup>th</sup> August 2019

**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	113.58	(0.25)	(17.20)	(3.10)
4	Total Assets	119.91	4.86	330.42	0.04
5	Total Liabilities	119.91	4.86	330.42	0.04
6	Investments	37.03	0.00	0.00	-
7	Turnover	1.43	0.10	0.75	-
8	Profit before taxation	0.17	(0.20)	(14.46)	(0.51)
9	Provision for taxation	0.08	0.00	0.00	-
10	Profit after taxation	0.09	(0.20)	(14.46)	(0.51)
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 2019.

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
Anuradha Sikka	Office or Place of profit	Service Agreement	Corporate advice	24-11-2017	NA
Aerotek Sika Aviosystems Pvt Ltd	Loan to Subsidiary Company	Mutual consent	Principal business activity	07-08-2018	NA

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

Bengaluru, 07<sup>th</sup> August 2019

**FORM NO. MGT.9  
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31<sup>st</sup> March 2019 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L29190KA1985PLC007363
- ii) Registration Date : 20<sup>th</sup> December 1985
- iii) Name of the Company : SIKA INTERPLANT SYSTEMS LIMITED
- iv) Category / Sub-Category of the Company : Public Company & Company limited by shares
- v) Address of the Registered office and contact details : No.3, Gangadharchetty Road,  
Bangalore 560042. Ph.No.: 080 49299144
- vi) Whether listed company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Integrated Registry Management Services  
Private Limited  
No.30, Ramana Residency, 4<sup>th</sup> Cross,  
Sampige Road, Malleswaram, Bangalore- 560 003.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of th Product / Services	% to total turnover of the company
1.	Engineering Products for Aerospace & Defence	30301	94.90%
2	Others		5.10%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sl. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Sikka N Sikka Engineers Private Limited	U28900KA1971PTC114527	Subsidiary	100 %	2(87)
2.	EMSAC Engineering Private Limited	U35900KA2008PTC044963	Subsidiary	100 %	2(87)
3.	Sika Tourism Private Limited	U55205KA2011PTC061497	Subsidiary	100 %	2(87)
4.	Aerotek Sika Aviosystems Private Limited	U29222KA2015PTC081169	Subsidiary	50.86% (Direct holding – 30.86% through subsidiary 20%)	2(87)
5.	Ultraweld Engineers Private Limited	U80100KA1987PTC008120	Holding	70.10 %	2(87)

**IV. SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4394	-	4394	0.10	4394	-	4394	0.10	0.00
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	3036823	-	3036823	71.62	3036823	-	3036823	71.62	0.00
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>3041217</b>	<b>-</b>	<b>3041217</b>	<b>71.72</b>	<b>3041217</b>	<b>-</b>	<b>3041217</b>	<b>71.72</b>	<b>0.00</b>
<b>(2) Foreign:</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)( 2)</b>	<b>3041217</b>	<b>-</b>	<b>3041217</b>	<b>71.72</b>	<b>3041217</b>	<b>-</b>	<b>3041217</b>	<b>71.72</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	52826	6000	58826	1.39	73795	6000	79795	1.88	0.49
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	570330	123057	693387	16.35	570333	91381	661714	15.61	-0.74
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	429159	-	429159	10.12	449322	-	449322	10.6	0.48
<b>c) Others (specify)</b>									
i) NRI/ OCBs	9715	-	9715	0.23	4773	-	4773	0.11	-0.12
ii) Clearing Member/ Clearing House	7871	-	7871	0.19	3354	-	3354	0.08	-0.11
<b>Sub-total (B)(2):-</b>	<b>1069901</b>	<b>129057</b>	<b>1198958</b>	<b>28.28</b>	<b>1101577</b>	<b>97381</b>	<b>1198958</b>	<b>28.28</b>	<b>0.00</b>
Total Public Shareholding (B) = (B)(1) + (B)(2)	<b>1069901</b>	<b>129057</b>	<b>1198958</b>	<b>28.28</b>	<b>1101577</b>	<b>97381</b>	<b>1198958</b>	<b>28.28</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>4111118</b>	<b>129057</b>	<b>4240175</b>	<b>100.00</b>	<b>4142794</b>	<b>97381</b>	<b>4240175</b>	<b>100.00</b>	<b>0.00</b>

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Rajeev Sikka	3933	0.09	0	3933	0.09	0	0
2	Sonal Toshniwal	409	0.01	0	409	0.01	0	0
3	Gourmet Estates Pvt Ltd	64508	1.52	0	64508	1.52	0	0
4	Ultraweld Engineers Pvt Ltd	2972315	70.10	0	2972315	70.10	0	0
5	Krishna Sikka	52	0.001	0	52	0.001	0	0
	<b>Total</b>	<b>3041217</b>	<b>71.72</b>	<b>0</b>	<b>3041217</b>	<b>71.72</b>	<b>0</b>	<b>0</b>

- (iii) Change in Promoters' Shareholding ( please specify, if there is no change)  
No changes in Promoters Shareholding during the year under review.

- (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Cumulative Shareholding during the year 31.03.2018		Cumulative Shareholding during the year 31.03.2019	
		No. of Shares	% total share of the company	No. of Shares	% total share of the company
1	Shashank S Khade	136175	3.21	136175	3.21
2	Shivani Tejas Trivedi	31228	0.74	31228	0.74
3	Shah Krinaben Sanjivbhai	29302	0.69	29302	0.69
4	Moneyplant Estates Pvt Ltd	24314	0.57	24314	0.57
5	Ramit Rajinder Bhardwaj	13033	0.31	23422	0.55
6	Laxmichand Kunverji Kenia	20188	0.48	20188	0.48
7	Ramesh Kumar Bukka	20000	0.47	20000	0.47
8	Shrey Sanjiv Shah	16819	0.40	17322	0.41
9	Anil Puranmal Bansal	15132	0.36	16796	0.40
10	Bharat Kunverji Kenia	15416	0.36	15416	0.36

- (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Directors & KMP	No. of shares as on 01-04-2018	No. of shares as on 31-03-2019	Net Changes	% to Capital as on 31-03-2019
1	Rajeev Sikka	3,933	3,933	-	0.092%
2	Krishna Sikka	52	52	-	0.001%
3	Dr. C.G.Krishnadas Nair	80000	80000	-	1.886%

## V. INDEBTEDNES

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	2,72,41,781	-	-	2,72,41,781
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i)+(ii)+(iii)</b>	<b>2,72,41,781</b>	-	-	<b>2,72,41,781</b>
<b>Change in Indebtedness during the financial year</b>	-	-	-	-
Addition	-	-	-	-
Reduction	(1,79,02,720)	-	-	(1,79,02,720)
<b>Net Change</b>	<b>(1,79,02,720)</b>	-	-	<b>(1,79,02,720)</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	<b>93,39,061</b>	-	-	<b>93,39,061</b>
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i)+(ii)+(iii)</b>	<b>93,39,061</b>	-	-	<b>93,39,061</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration of Managing Director, Whole-time Director/CFO

Sl. No.	Particulars of Remuneration	Rajeev Sikka	Kunal Sikka	Totals
		MD	WTD/CFO	
1	Gross Salary: a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	38,00,000	31,99,992	69,99,992
	b) Value of Perquisites u/s.17(2) of Income Tax Act, 1961	1,53,222	62,903	2,16,125
	c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others	-	-	-
	<b>Total</b>	<b>39,53,222</b>	<b>32,62,895</b>	<b>72,16,117</b>

Note: Remuneration is within the overall ceiling as per the Companies Act 2013.

### B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Director			
		Dr. Krishnadas Nair	Mr. R.N.Chawan	Mr. S.Santhanam	Mrs. Krishna Sikka
1	Fees for attending the Board/ Committee meetings	25,000	35,000	35,000	30,000
2	Commission	-	-	-	-
	<b>Total</b>	<b>25,000</b>	<b>35,000</b>	<b>35,000</b>	<b>30,000</b>

### C. Remuneration to KMP – Company Secretary

Sl. No.	Particulars of Remuneration	Total Amount
1	Gross Salary: a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 b) Value of Perquisites u/s.17(2) of Income Tax Act, 1961 c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	7,73,100
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
5	Others	-
	<b>Total</b>	<b>7,73,100</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31<sup>st</sup> March 2019.



## MANAGEMENT DISCUSSION AND ANALYSIS

### THE ECONOMY

The global economy continued to expand in 2018, but growth in the latter half disappointed in some economies. Idiosyncratic factors (new fuel emission standards in Germany, natural disasters in Japan) weighed on activity in large economies. But these developments occurred against a backdrop of weakening financial market sentiment, trade policy uncertainty, and concerns about China's outlook.

While the global economic backdrop remains positive, political and trade uncertainties threaten to cast a shadow in 2019, resulting in slower global growth. Risks to global growth tilt to the downside. An escalation of trade and technology tensions that dent sentiment and slow investment remains a key source of risk to the outlook. A range of triggers beyond escalating trade tensions could spark a further deterioration in risk sentiment with adverse growth implications, especially given the high levels of public and private debt that have continued to accumulate after years of low interest rates. These potential triggers include a "no-deal" withdrawal of the United Kingdom from the European Union and a greater-than-envisaged slowdown in China.

The tightening in financial conditions and the fading of global fiscal stimulus are the key drivers of the growth deceleration expected in 2019. Against this backdrop, the IMF forecasts global growth at 3.2% in 2019, picking up to 3.5% in 2020, led by moderation in the US and further softening in China.

India's GDP growth rebounded in 2018, as the initial drag from the previous year's landmark tax regime overhaul, i.e. the Goods & Services Tax (GST) implementation, as well as residual effects of demonetisation, abated. Rapid credit growth provided fuel to this rebound, supporting strong consumption and investment growth. As a result, India achieved the top rank in the global GDP growth tables last year, overtaking even China.

However, the recovery now appears to be running out of steam. Troubles in the non-bank financial sector have started to squeeze liquidity. Meanwhile, last year's surge in domestic demand and the lagged effect of higher oil prices have widened India's current account deficit just as external funding conditions are starting to tighten. This saw the rupee hit record lows against the US dollar, forcing the Reserve Bank of India to shift monetary policy gears in support of the currency.

India's economy is poised to stabilise 2019, benefiting from lower oil prices and less monetary tightening than previously expected, as inflationary pressures ease. The IMF expects the economy to grow at 7.0% in 2019, picking up to 7.2% in 2020. The downward revision for both years reflects a weaker-than-expected outlook for domestic demand.

Looking ahead, the re-election of the Central Government with a clear mandate has provided political stability at a time when growth is slowing. The new government's budget has set the tone for its policy response, with the focus on investment, jobs, and infrastructure. This, together with continued broad-based structural reforms, is expected create a strong foundation for the Indian economy in the years to come.

### 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, which is a widely adopted and standardised quality management system for the aerospace industry globally. Additionally, the company also holds approval from the Directorate General of Aeronautical Quality Assurance (DGAQA)

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 2019-20 is around 2% of its GDP. The defence budget for 2018-19 has seen a marginal increase of 6.4% over the last year and accounts for 15.5% of the central government's total expenditure. Moreover, the present budget provided an exemption from customs duty to imports for the armed forces, which will enable the allocated budget to be stretched further.

India continues to be one of the top defence spending countries in the world and spends about a quarter 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 upgradation/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 increased year on year. The furtherance of your Company on a robust growth trajectory was driven by the positive returns from a continued sharp focus on customers combined with strong program management resulting in the timely execution of major orders.

#### DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

1. Debtors turnover ratio of the Company declined to 6.92 times (FY 2017-18: 9.97 times) due to a generally challenging trading environment combined with the fact that a significant number of the Company's major customers are government-owned entities.
2. Inventory turnover ratio of the Company improved to 29.88 times (FY 2017-18: 12.45 times) on account of efforts towards optimisation of the Company's supply chain management activities as well as project execution.
3. Interest coverage ratio of the Company increased to 22.15 times (FY 2017-18: 8.27 times) on account of overall improvement in performance of the company that resulted in higher profitability with a relatively marginal change in interest costs.
4. Current ratio of the Company declined to 1.09 times (FY 2017-18: 1.55 times) due to customer advances received against execution of long-dated project contracts.
5. Debt equity ratio of the Company increased to 0.35 times (FY 2017-18: 0.13 times) due to a combination of customer advances received against execution of long dated project contracts and higher creditors dues outstanding at the end of FY 2018-19 in line with the increase in the sales of the Company.
6. Operating profit margin of the Company increased to 13.9% (FY 2017-18: 10.0%) on account of overall improvement in performance of the company that resulted in higher profitability.

7. Operating profit margin of the Company increased to 9.5% (FY 2017-18: 6.6%) on account of overall improvement in performance of the company that resulted in higher profitability.

8. Return on Net Worth of the Company increased to 9.3% (FY 2017-18: 3.4%) on account of overall improvement in performance of the company that resulted in higher profitability.

#### 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

**1. 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.

**2. BOARD OF DIRECTORS**

As on 31<sup>st</sup> March 2019, 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 2019 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	3	No	1*	3	1
Mrs. Krishna Sikka (DIN: 01226312)	Non-Executive	4	Yes	-	-	-
Mr. R.N. Chawhan (DIN: 00568833)	Independent Non-Executive	4	Yes	-	-	-
Mr. S. Santhanam (DIN: 02685291)	Independent Non-Executive	4	No	-	-	-
Mr. Rajeev Sikka, Chairman & MD (DIN: 00902887)	Executive	4	Yes	-	-	-
Mr. Kunal Sikka WTD/CFO (DIN: 05240807)	Executive	4	Yes	-	-	-

\*Dr C G Krishnadas Nair serves as an Independent Director on the Board of M/s.Global Vectra Helicorp Limited.

None of the Directors on the Board hold directorships in more than eight 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.

Four Board meetings were held during the year 2018-19. The Board meetings were held 30<sup>th</sup> May 2018; 07<sup>th</sup> August 2018; 10<sup>th</sup> November 2018 and 09<sup>th</sup> February, 2019. 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 2019, 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>

**Skills/ Expertise/ Competence identified by the of the Board of Directors:**

The list of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of Company's business operations and industry for it to function effectively and those actually available with the Board are as follows:

1. Advanced Engineering Industry experience including its entire value-chain with an emphasis on Aerospace, Aviation, Defence, Space and Automotive engineering and technologies.
2. Finance, Tax, Risk Management and Corporate Governance
3. Banking and International Finance.

4. Human Resources, Talent Development and Succession Planning.
5. Corporate Strategy and Planning.
6. Leadership including General Management, focus on advanced technology, projects and services for Aerospace, Aviation, Defence, Space and Automotive sectors.
7. Research and Innovation.

### 3. 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 4 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	4
2.	Dr C G Krishnadas Nair - Member	Non-Executive, Independent	3
3.	Mr. S. Santhanam - Member	Non-Executive, Independent	4
4.	Mr. Kunal Sikka - Member	Whole Time Director & CFO	4

### 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 2 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	2
2.	Dr. C. G. Krishnadas Nair - Member	Non-Executive, Independent	2
3.	Mr. S. Santhanam - Member	Non-Executive, Independent	2

### 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:

- attract, recruit, and retain good and exceptional talent;
- Formulate the criteria for determining the qualifications, positive attributes and independence of the directors of the Company;
- 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;
- motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- 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.

During the year 2018-19, the Company paid sitting fees of 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.

The details of remuneration of the Managing Director and Whole-time Director for Financial Year 2018-19 are provided in MGT-9 that form a part of the Director's Report.

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:

- 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	-
Mr. R.N. Chawhan	-
Mr. S. Santhanam	-
Mrs. Krishna Sikka	-
Mr. Rajeev Sikka	10.13
Mr. Kunal Sikka	8.44

- 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	40.00%
Mr. Kunal Sikka, Whole Time Director & CFO	34.62%
Mrs. SrieeAneetha M, Company Secretary	-

- The percentage increase in the median remuneration of employees in the financial year:2.05%
- The number of permanent employees on the rolls of Company:43
- 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.
- Comparison of the remuneration of the KMP against the performance of the Company:

Aggregate remuneration of KMP ( ₹ in Lakhs)	79.89
Revenue (₹ In Lakhs)	4,650.52
Remuneration of KMPs (as a % of revenue)	1.72%
Profit before Tax (PBT) (₹ in Lakhs)	604.69
Remuneration of KMP (as a % of PBT)	13.21%

- 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, 2019	March 31, 2018	% Change
a. Market Capitalisation (₹ in crores)	64.45	61.48	4.83
b. Price Earnings Ratio	14.96	42.27	(64.60)

- 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, 2019 has increased 1520% in comparison to the rate at which the Company came out with the last public offer, i.e. ₹ 10/- in March 1989.
- i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the FY 2018-19 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Managerial Remuneration was refixed for CMD & WTD at 2014 AGM, hence the variance in remuneration

- 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. Sree Aneetha .M Company Secretary
Remuneration in FY 18-19	39.53	32.63	7.73
Revenue	4650.52		
Remuneration as % of revenue	0.85	0.70	0.16
Profit before Tax (PBT)	604.69		
Remuneration (as % of PBT)	6.54	5.39	1.27

- 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.

#### 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 Stakeholders' 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	3
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. Sree 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, 2018 and as on March 31, 2019. 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 2019.

## 7. GENERAL BODY MEETINGS

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

Financial Year	Day & Date	Time	Venue	No. of Special Resolutions passed
2017-18	Thursday, 27 <sup>th</sup> September 2018	10:00 a.m.	Hotel Ajantha, 22, M.G. Road, Bengaluru 560 001	1
2016-17	Wednesday, 27 <sup>th</sup> September 2017	10:00 a.m.		3
2015-16	Wednesday, 07 <sup>th</sup> September 2016	10:00 a.m.		-

b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2018-19.

c) No Postal Ballot was conducted during the financial year 2018-19.

d) As of the date of the Report, 4 special resolutions are proposed to be placed before the AGM.

## 8. Means of Communication

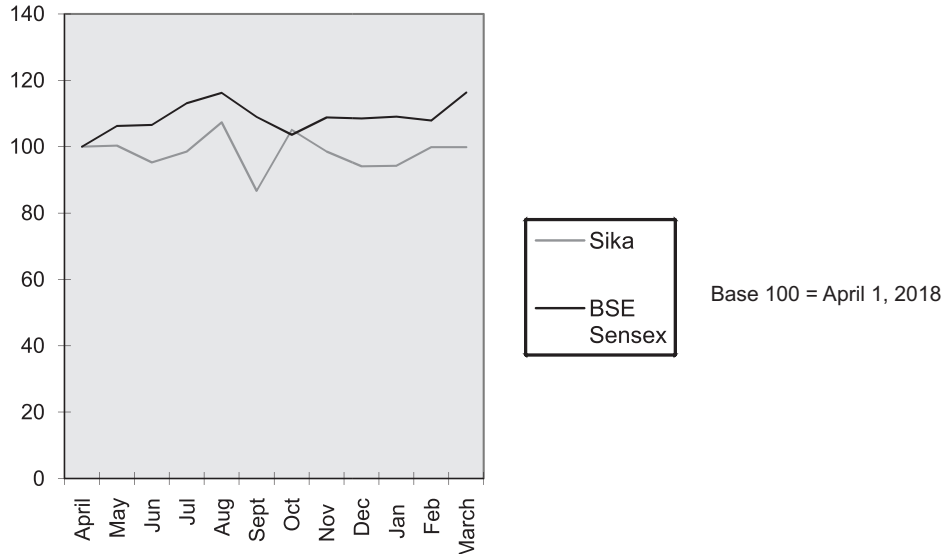
The notices of the meeting, quarterly, half-yearly and annual results, of the Company are published in leading newspapers including regional language. The same are displayed on the Company's website [www.sikaglobal.com](http://www.sikaglobal.com). The Company does not have any press release or presentation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

## 9. General shareholder information

- a. Annual General Meeting: The AGM is scheduled to be held on Saturday 21<sup>st</sup> September 2019, 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: 13<sup>th</sup> September 2019 to 21<sup>st</sup> September 2019 (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 2018-19:

Month	High (₹)	Low (₹)
April '18	180.50	145.90
May '18	178.10	147.25
June '18	159.95	133.20
July '18	159.70	120.10
August '18	170.90	136.00
September '18	172.30	127.00
October '18	165.00	132.00
November '18	179.00	126.10
December '18	169.70	142.00
January '19	157.00	140.50
February '19	163.00	142.00
March '19	169.90	149.00

i. Performance of the share price of the Company in comparison to BSE Sensex in 2018-19:



j. Registrars & Transfer agents

Integrated Registry Management Services Private 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:

97.70% 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.

l. Distribution of Shareholding as on 31<sup>st</sup> March 2019:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto – 500	2206	88.67	272617	6.43
501 – 1000	150	6.03	123294	2.91
1001 – 2000	59	2.37	88131	2.08
2001 – 3000	24	0.96	63599	1.50
3001 – 4000	11	0.44	39347	0.93
4001 – 5000	4	0.16	19313	0.46
5001 – 10000	13	0.52	96468	2.28
10001 & above	21	0.85	3537406	83.41
<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 2019

Category	No. of Shareholders	No. of Shares Held	Percentage
Promoters	6	3041217	71.72
Bodies Corporate	26	52848	1.25
Individuals	2443	1115809	26.31
Clearing Member	12	3354	0.08
IEPF	1	26947	0.64
<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 2019, 97.70% 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.

Outstanding GDRs / ADRs / Warrants / Convertible Instruments	: None
Stock Option Scheme	: None
Equity Shares in the Suspense Account	: The Company does not have any unclaimed shares and hence there are no disclosures to be made.
Plant location	: Sika Technology Centre, 21 <sup>st</sup> KM Hosur Road, Bommasandra Industrial Area, Bangalore -560 099.
Address for Correspondence	: Registered Office: No.3 Gangadharchetty Road, Bangalore 560 042
CIN	: CIN:L29190KA1985PLC007363
Credit Rating	: None

Transfer of Unclaimed / Unpaid Dividends to Investor Education and Protection Fund ("IEPF") Pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the "Rules"), the Company has transferred dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, in accordance with the Rules, the Company has also transferred shares on which dividend has not been paid or claimed for seven consecutive years or more to the IEPF.

During the year under review, the Company has credited Rs. 102,255 being the unpaid Dividend for the financial year 2010-11 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 2010-11 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
2011-2012	28-09-2012	52,180.00	27-09-2019
2012-2013	27-09-2013	60,304.00	26-09-2020
2013-2014	25-09-2014	77,580.00	24-09-2021
2014-2015	25-09-2015	60,207.20	24-09-2022
2015-2016	07-09-2016	68,413.60	06-09-2023
2016-2017	27-09-2017	75,401.60	28-09-2024
2017-2018	27-09-2018	77,772.00	28-09-2025

#### 10. Other Disclosures:

##### a) Related Party Transactions

All 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 has prepared the Financial Statements in accordance with the Indian Accounting Standards (IND AS) to comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act, as applicable.

##### 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 Company Secretary on a quarterly basis in accordance with SEBI requirements. The Reconciliation of Share Capital Audit Reports of the Practicing Chartered Secretary, 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, 2019. 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.

**l) Details of utilisation of funds raised through preferential allotment or qualified institutions placement**

The Company has not raised any funds through preferential allotment or or qualified institutions placement.

**m) Certificate from Practicing Company Secretary**

A certificate has been obtained from a Practicing Company Secretary confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority.

**n) Confirmation by the Board of Directors' acceptance of recommendations of Committees**

During FY 2018-19, the Board has accepted all recommendations received from all Committees of the Board.

**o) Fees paid to Statutory Auditor**

A total fee of Rs.3.20 Lakhs was paid by the Company and its subsidiaries, on a consolidated basis, for all services by the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part.

**p) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

During FY 2018-19, the Company had received zero complaints on sexual harassment, and accordingly no complaints were required to be disposed during the year, and no complaints remain pending as of 31<sup>st</sup> March 2019.

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

1. We have examined the compliance of the conditions of Corporate Governance by Sika Interplant Systems Limited ("the Company") for the year ended 31<sup>st</sup> March 2019 as 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 the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with 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, 2019

**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, 2019.

Rajeev Sikka  
Chairman and Managing Director

Place : Bangalore,  
Date : 07<sup>th</sup> August, 2019

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

To,  
The Members,  
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 31.03.2019 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company 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, 2018;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- f. 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 that took place 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: 30/05/2019

## INDEPENDENT AUDITOR'S REPORT

To the members of  
Sika Interplant Systems Limited

### Report on the Audit of the Standalone Financial Statements Opinion

We have audited the standalone financial statements of **M/s. SIKA INTERPLANT SYSTEMS LIMITED** ("the Company"), which comprise the standalone balance sheet as at 31<sup>st</sup> March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### ➤ REVENUE RECOGNITION

##### The key audit matter

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue from sale of services is recognised upon completion of service.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### How the matter was addressed in our audit

Our audit procedures include:

- We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.
- We tested the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Company's IT systems which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system.
- We tested the design, implementation and operating effectiveness of Internal Financial Controls.



on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

There is a risk of revenue being overstated due to fraud, including through manipulation of rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.

- We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects.
- We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards.
- We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects, to assess whether the revenue was recognized in the correct period.

#### ➤ PROVISIONS FOR TAXATION, LITIGATION AND OTHER SIGNIFICANT PROVISIONS

##### The key audit matter

Accrual for tax and other contingencies requires the Management to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax and other eventualities arising in the regular course of business.

The key judgement lies in the estimation of provisions where they may differ from the future obligations. By nature, provision is difficult to estimate and includes many variables. Additionally, depending on timing, there is a risk that costs could be provided inappropriately that are not yet committed.

##### How the matter was addressed in our audit

Our audit procedures included:

- We tested the effectiveness of controls around the recognition of provisions.
- We used other subject matter experts to assess the value of material provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities.
- We examined the assumptions and critical judgements made by management which impacted their estimate of the provisions required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company's advisors and assessing whether there was an indication of management bias.
- We discussed the status in respect of significant provisions with the Company's Management and legal advisors.
- We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

#### ➤ Assessment of contingent liabilities relating to litigations, warranty claims and Bank guarantees' issued.

##### The key audit matter

The Company is periodically subject to challenges/scrutiny on the matters relating to direct tax. Further, potential exposures may also arise from general legal proceedings in course of business.

Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.

##### How the matter was addressed in our audit

Our audit procedures included:

- We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities.
- We discussed the status and potential exposures in respect of significant litigation and claims with the Company's management including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors.
- We assessed the adequacy of disclosures made.
- We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by 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, to the extent applicable.
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 purpose 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with the Rule 7 of the Companies (Accounts) Rules, 2014;

- e. On the basis of written representations received from the directors as on March 31<sup>st</sup> 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup> 2019, from being appointed as a director in terms of section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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 does not have any pending litigation which would impact its financial position;
  - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
3. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

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

**DEVENDRA NAYAK**  
Partner  
Membership No. 027449

Place : Bengaluru  
Date : 30/05/2019

#### 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 2019, 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 during the year	Amount as at 31.03.2019
2	₹ 26,59,619/-	₹ 26,59,619/-

- 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.

**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, except for the following:

Name of Statute	Nature of the Dues	Amount	Period to which the amount related to	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	₹ 68,705/-	Assessment year 2016-17	Commissioner of Income Tax Appeals

**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 : 30/05/2019

## 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. SIKA INTERPLANT SYSTEMS LIMITED** ("the Company") as of March 31st, 2019 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, 2019, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

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

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

Place : Bengaluru  
Date : 30/05/2019



## SIKA INTERPLANT SYSTEMS LIMITED

CIN: L29190KA1985PLC007363

No. 3, Gangadhar Chetty Road, Bangalore - 560 0042, Karnataka, India.

## BALANCE SHEET AS AT 31st MARCH 2019

(in ₹)

Particulars	Note No	31-Mar-2019	31-Mar-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	2(a)	358,365,244	362,099,034
(b) Capital work-in-progress	2(c)	2,857,795	2,857,795
(c) Other Intangible assets	2(b)	186,305	294,372
(d) Financial Assets			
i. Investments	3	99,307,703	42,314,740
ii. Loans	4	2,659,619	171,180
(e) Other non-current assets	5	6,503,321	5,391,401
<b>Current Assets</b>			
(a) Inventories	6	8,963,459	17,277,669
(b) Financials Assets			
i. Trade receivables	7	100,750,835	30,881,973
ii. Cash and Cash equivalents	8(a)	16,003,152	4,405,473
iii. Bank balances other than (ii) above	8(b)	24,419,537	19,828,080
iv. others	9	5,000,560	650,005
(c) Current Tax Assets(Net)	10	-	410,924
(d) Other current assets	11	998,953	500,888
<b>Total Assets</b>		<b>626,016,483</b>	<b>487,083,533</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	12	42,401,750	42,401,750
(b) Other Equity	13	420,910,639	389,582,381
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	14	2,992,124	9,341,189
(b) Provisions	15	8,760,322	751,719
(c) Deffered tax Liabilities(Net)	16	7,159,755	6,824,290
(d) Other non-current liabilities	17	1,670,000	1,670,000
<b>Current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	18	-	10,736,576
ii. Trade payables	19		
(A) total outstanding dues of micro enterprises and small enterprises; and		70,537	618

## BALANCE SHEET AS AT 31st MARCH 2019

(in ₹)

Particulars	Note No	31-Mar-2019	31-Mar-2018
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		57,285,363	7,751,933
iii. Other financial Liabilities	20	6,346,937	7,164,025
(b) Other current Liabilities	21	68,454,004	9,787,199
(c) Provisions	22	2,668,424	1,071,850
(d) Current Tax Liabilities(Net)	23	7,296,626	-
<b>Total Equity and Liabilities</b>		<b>626,016,482</b>	<b>487,083,533</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**  
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  
30th May 2019



## STATEMENT OF PROFIT AND LOSS AS AT 31st MARCH 2019

(in ₹)

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	24	455,421,511	222,926,650
Other income	25	9,631,121	8,523,434
<b>Total Revenue</b>		<b>465,052,632</b>	<b>231,450,084</b>
<b>EXPENSES</b>			
Cost of material and consumables and products	26	312,187,287	135,986,178
Changes in inventory of work-in-progress	27	2,014,278	2,220,470
Employee benefits expense	28	36,155,895	31,073,052
Finance costs	29	2,858,346	2,681,882
Depreciation and amortisation expense	30	6,666,885	7,362,483
Other Expenses	31	44,700,873	32,887,420
<b>Total Expenses</b>		<b>404,583,564</b>	<b>212,211,485</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; Tax</b>		<b>60,469,068</b>	<b>19,238,598</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; Tax</b>		<b>60,469,068</b>	<b>19,238,598</b>
Extraordinary items		-	-
<b>Profit/(Loss) before Tax</b>		<b>60,469,068</b>	<b>19,238,598</b>
Less: Tax expenses			
Current Tax		16,466,000	4,158,406
Tax expense for earlier years		-	-
Deferred Tax		503,831	556,715
<b>Other Comprehensive Income, Net off Income Tax</b>			
A. i. Items that will not be reclassified to Profit & Loss			
- Actuarial Loss-Gratuity		(605,199)	-
ii. Income tax relating to items that will not be reclassified to profit or loss		168,366	-
B. Items that will be reclassified to Profit & Loss		-	-
<b>Total Comprehensive Income, Net of Income Tax</b>		<b>(436,833)</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>		<b>43,062,405</b>	<b>14,523,478</b>
<b>Earnings per equity share</b>			
Basic and Diluted		<b>10.16</b>	<b>3.43</b>
Weighted no of shares		<b>4,240,175</b>	<b>4,240,175</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  
30th May 2019

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

(in ₹)

Particulars	31.03.2019	31.03.2018
<b>A] CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit Before Taxation	60,469,068	19,505,748
<b>Adjustments for:</b>		
Depreciation	6,666,885	7,362,483
Financial expenses (Considered under Financial Activities)	2,858,346	2,681,882
Interest Income (Considered under Investment Activities)	(986,858)	(1,517,799)
Dividend Received (Considered under Investment Activities)	(320,814)	-
Profit on sale of Asset (Considered in Investment Activities)	(410,544)	(470,991)
Gain/(Loss) on sale of Investments	(106,776)	-
Revaluation of Investments	(1,584,377)	(1,467,754)
<b>Operating Profit Before Working Capital Changes</b>	<b>66,584,930</b>	<b>2,60,96,570</b>
(Increase)/ Decrease in Current Assets, Loans & Advances	(62,019,630)	(10,218,298)
Increase/(Decrease) in Current Liabilities	116,575,201	(12,496,367)
Working Capital Changes	54,555,570	(22,714,665)
<b>Cash Generated from operations</b>	<b>121,140,501</b>	<b>3,111,755</b>
Income Tax	(16,801,464)	(4,715,121)
<b>Cash Flow Before Extraordinary Item</b>	<b>104,339,036</b>	<b>(1,603,366)</b>
Prior Period Item	(7,637,609)	-
<b>Net cash from operating activities</b>	<b>96,701,427</b>	<b>(1,603,366)</b>
<b>B Cash flows from Investment activities</b>		
Additions to Fixed Assets	(3,321,418)	(1,955,802)
Sale of Fixed Asset	906,933	-
Change in Investments	(56,992,963)	6,281,180
Dividend Received	320,814	-
Investment in Subsidiary	-	(12,500)
Change in Long term Loans & Advances	(2,488,439)	(2,448,794)
Interest Income	986,858	1,517,799
<b>Net cash from Investing activities</b>	<b>(60,588,215)</b>	<b>3,381,884</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED

(in ₹)

Particulars	31.03.2019	31.03.2018
<b>C Cash flows from financing activities</b>		
Repayment of Loans, Deposits & Overdraft	(6,349,065)	(7,016,838)
Financial Cost	(2,858,346)	(2,681,882)
Dividend Paid	(3,392,140)	(3,392,140)
Tax on Dividend	(704,398)	(690,560)
<b>Net cash from Financing activities</b>	<b>(13,303,949)</b>	<b>(13,781,420)</b>
<b>Net Increase / Decrease in cash and cash equivalents</b>	<b>22,809,264</b>	<b>(12,002,904)</b>
Cash and cash equivalents at beginning of period	(6,331,103)	5,401,649
<b>Cash and cash equivalents at end of period</b>	<b>16,478,161</b>	<b>(6,601,253)</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-19	31-Mar-18
Cash in Bank	73,576	80,967
<b>Balance in banks</b>		
Current Accounts	173,846	2,051,349
EEFC Accounts	3,291,578	743,319
Demand Deposit Accounts	3,032,551	1,529,838
<b>Bank Overdraft</b>		
Canara Bank OCC 033	9,431,601	(10,736,576)
<b>Total</b>	<b>16,003,152</b>	<b>(6,331,103)</b>

- Cash and cash equivalents at the end of the year 2018-19 represent cash and bank balances and include unrealized loss of Rs.1,02,616/- Previous year ( for the F.Y.2017-18 of Rs. 2,484/- 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

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

Bengaluru  
30th May 2019

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 , 2019

## NOTE :3 -Non - Current Investments

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<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)]	267,500	267,500
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)]	100,000	100,000
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)]	12,698,000	12,698,000
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)]	4,675,290	4,675,290
<b><u>Investments in Mutual Fund</u></b>		
HDFC Short Term Plan (Current Year - 4,73,109.92 units of Rs.15.2551) (Previous year - 2,53,857.97 units of Rs.34.43 each)	7,417,340	8,740,330
Birla Dynamic Bond Fund (Current year - 13,805.290 units of Rs.31.6102 each) (Previous Year - 13,805.290 units of Rs.29.97 each)	436,388	413,745
DSP Blackrock Income Opportunity Fund (Previous Year - 1,55,083.46 units of Rs.29.46 each)	-	4,568,758
Kotak Income Opportunity Fund (Current year - 5,14,966.15 units of Rs. 20.34 each) (Previous Year - 5,67,824 units of Rs.19.11 each )	10,475,957	10,851,117
Franklin India Short Term Income Plan - Retail Plan (Current year - 4,171.863 units of Rs.3,997.2692 each)	16,676,058	-
Franklin India Liquid Fund - Super Institutional Plan (Current year - 3,264.833 units of Rs. 2,788.1633 each)	9,102,884	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan (Current year - 7,92,084.826 units of Rs. 26.2688 each)	20,807,118	-
Franklin India Low Duration Fund (Current year - 4,63,618.814 units of Rs. 21.74 each )	10,079,073	-
Kotak Liquid Regular Plan-Growth (Current year - 1,742.016 units of Rs. 3,772.6954 each )	6,572,096	-
<b>Total</b>	<b>99,307,703</b>	<b>42,314,740</b>

## Note:

a) Aggregate amount of quoted investments	81,566,913	24,573,950
b) Aggregate amount of unquoted investments	17,740,790	17,740,790
<b>Total</b>	<b>99,307,703</b>	<b>42,314,740</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
(Unsecured, considered good) Loans to related parties	2,659,619	171,180
<b>Total</b>	<b>2,659,619</b>	<b>171,180</b>

**Note 5 - Other Non Current Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Security Deposits	4,823,521	3,723,521
Rental Deposits	1,679,800	1,667,880
<b>Total</b>	<b>6,503,321</b>	<b>5,391,401</b>

**Note 6 - Inventories**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Raw material (Valued at landed cost which includes freight)	3,346,683	9,646,615
Work-in-Progress-Goods (Valued at cost)	4,917,220	7,631,054
Work-in-Progress-Services (Valued at cost)	699,556	-
<b>Total</b>	<b>8,963,459</b>	<b>17,277,669</b>

**Note 7 - Trade Receivables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
(Unsecured, considered good) Trade Receivables - Related parties	-	438,109
Trade Receivables - Others	100,750,835	30,443,864
<b>Total</b>	<b>100,750,835</b>	<b>30,881,973</b>

**Note :8(a) - Cash & Bank Balances**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Cash on hand</b>	73,576	80,967
<b>Balances with Banks</b>		
Current Accounts	173,846	2,051,349
EEFC Accounts	3,291,578	743,319
Demand Deposit Accounts	3,032,551	1,529,838
Canara Bank OCC 033 (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommsandra)	9,431,601	-
<b>Total</b>	<b>16,003,152</b>	<b>4,405,473</b>

**Note: 8 (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
<b>Balances with Banks</b>		
held as margin money	9,973,213	255,075
balance in unpaid dividend account	471,861	499,980
Demand Deposit Accounts	13,974,463	19,073,025
<b>Total</b>	<b>24,419,537</b>	<b>19,828,080</b>

**Note 9 - Financial Assets - Others**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
(Unsecured, considered good)		
Balances with Government Authorities	524,550	-
Advances to Creditors	2,362,791	231,922
Advance given to Employees	245,000	145,445
Prepaid Expenses	1,868,219	272,638
<b>Total</b>	<b>50,00,560</b>	<b>650,005</b>

**Note 10 - Current Tax Assets(Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Refund receivable	-	410,924
<b>Total</b>	<b>-</b>	<b>410,924</b>

**Note 11 - Other current assets**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
(Unsecured, considered good)		
Income Tax refund receivable	758,264	333,598
Other receivables	240,690	167,290
<b>Total</b>	<b>998,953</b>	<b>500,888</b>

**Note 12 - Share Capital**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Authorized Share Capital (50,00,000 Equity Shares of Rs. 10/- each) (Previous Year 50,00,000 Equity Shares of Rs. 10/- each)	50,000,000	50,000,000
<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)	42,401,750	42,401,750
<b>Total</b>	<b>42,401,750</b>	<b>42,401,750</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
Shares outstanding at the beginning	4,240,175	4,240,175
Shares Issued during the period	-	-
Capital Reduction during the Period	-	-
Shares outstanding at the end	4,240,175	4,240,175

(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
Ultraweld Engineers Private Limited		
No of shares	2,972,315	2,972,315
% Held	70.10	70.10
<b>Total</b>	<b>2,972,315</b>	<b>2,972,315</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 Promoter Holding Company

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Ultraweld Engineers Private Limited		
No of shares	2,972,315	2,972,315
% Held	70.10	70.10
<b>Total</b>	<b>2,972,315</b>	<b>2,972,315</b>

**Note 14 - Non Current Borrowings**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<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)	-	713,828
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)	2,277,739	6,537,739
	2,277,739	7,251,567
<b>B. From other parties</b>		
Long term Maturities of NBFC Loans (Secured by way of charge on Motor Vehicles purchased out of above)	714,385	2,089,622
<b>Total</b>	<b>2,992,124</b>	<b>9,341,189</b>

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

**Note 15 - Long - Term Provisions**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	8,394,929	751,719
Gratuity	365,393	-
<b>Total</b>	<b>8,760,322</b>	<b>751,719</b>

**Note 16 - Deferred Tax Liabilities (Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
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	7,269,766	6,508,638
On Account gain on Investment	440,774	585,542
<b>Deferred Tax asset</b>		
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	382,418	269,890
on Account of Actuarial Loss	168,366	-
<b>Deferred Tax Liability (Net)</b>	<b>7,159,775</b>	<b>6,824,290</b>

**Note 17 - Other Non current liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Security Deposits	1,670,000	1,670,000
<b>Total</b>	<b>1,670,000</b>	<b>1,670,000</b>

**Note 18 - Current Borrowings**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<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 Bommsandra)	-	10,736,576
<b>Total</b>	<b>-</b>	<b>10,736,576</b>



**Note 19 - Trade Payables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Dues to</b>		
Micro and Small Enterprises	70,537	618
Trade Payables- Others	57,285,363	7,751,933
<b>Total</b>	<b>57,355,900</b>	<b>7,752,551</b>

**Note 20 - Other Financial Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Current Maturities of Long term debt		
<b>Secured</b>		
Term Loans from Bank	4,973,828	5,880,000
Term Loans from NBFC	1,373,109	1,284,025
<b>Total</b>	<b>6,346,937</b>	<b>7,164,025</b>

**Note 21 - Other Current Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Other payables</b>		
Statutory Remittances	1,427,787	2,760,350
Payables to related parties	416,566	325,466
Unclaimed Dividend	471,859	499,979
Payables to Employees	1,651,123	1,557,779
Advances from Customer for Supplies/Services	62,472,668	2,880,277
Other Payables	659,579	473,423
Advance Rent	1,354,422	1,289,925
<b>Total</b>	<b>68,454,004</b>	<b>9,787,199</b>

**Note 22 - Current Provisions**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Provision for employee benefits</b>		
Leave Encashment	961,072	140,714
Provision for Bonus	933,662	907,402
Gratuity Provision	773,690	23,734
<b>Total</b>	<b>2,668,424</b>	<b>1,071,850</b>

**Note 23 - Current Tax Liabilities (Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Income Tax payable	7,296,626	-
<b>Total</b>	<b>7,296,626</b>	<b>-</b>

**Note 24 - 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 Systems & Products	433,104,050	185,133,496
Sale of Services	22,317,461	37,793,154
<b>Total</b>	<b>455,421,511</b>	<b>222,926,650</b>

**Note 25 - Other Income**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Interest Income	986,858	1,517,799
Rental Income	5,293,699	5,041,628
Dividend received	320,814	-
Gain on sale of Asset / Investment	517,320	470,991
Other income	429,490	25,262
Revaluation of Investments at Fair Value	1,584,377	1,467,754
Foreign Exchange Gain	498,563	-
<b>Total</b>	<b>9,631,121</b>	<b>8,523,434</b>

**Note 26 - Cost of Material and Consumables and Products**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Cost of Material and Consumables</b>		
Opening Stock	9,646,615	5,126,897
Purchases	30,58,87,354	14,05,05,895
Closing Stock	3,346,683	9,646,615
<b>Total</b>	<b>312,187,287</b>	<b>135,986,178</b>

**Note 27 - 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
<b>Goods</b>		
Inventory at the end of the year	4,917,220	7,631,054
Inventory at the beginning of the year	7,631,054	9,851,524
<b>Services</b>		
Inventory at the end of the year	699,556	-
Inventory at the beginning of the year	-	-
<b>Net (Increase)/Decrease</b>	<b>2,014,278</b>	<b>2,220,470</b>

**Note 28 - Employee Benefits Expense**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Salaries & Wages	31,028,452	26,537,533
Bonus & Ex-Gratia	2,985,306	2,745,480
Contribution to provident & Other Funds	1,401,995	1,197,595
Staff Welfare Expenses	740,142	592,444
<b>Total</b>	<b>36,155,895</b>	<b>31,073,052</b>

**Note 29 - Finance Costs**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Bank Guarantee Commission	907,825	268,723
Interest Expense	1,950,521	2,413,159
<b>Total</b>	<b>2,858,346</b>	<b>2,681,882</b>

**Note 30 - 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	6,514,744	7,124,394
Intangible Asset	152,141	238,090
<b>Total</b>	<b>6,666,885</b>	<b>7,362,483</b>

**Note 31 - 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	1,100,478	853,219
Repairs & Maintenance - Factory, Building	2,324,843	2,220,049
Repairs & Maintenance - Machinery	-	2,355
Retainership Fee	1,649,597	2,042,545
<b><u>Establishment Expenses</u></b>		
Payment to Auditors	320,000	300,000
AGM Expenses	44,155	103,913
Electricity and Water Charges	340,484	260,478
Bank Charges	919,936	468,217
Listing fees	295,000	250,000
Membership & Subscription Charges	321,347	357,429
Rent	803,784	891,455
Legal & Professional Charges	9,824,181	5,147,626
Postage & Courier Charges	127,039	55,126
Communication Expenses	478,634	491,192
Insurance	910,970	610,317
Repair & Maintenance	510,351	500,794
Vehicle Maintenance	678,804	918,777
Rates & Taxes	1,935,483	227,893
Sitting Fee	125,000	115,000
Travelling & Conveyance	12,385,612	8,272,521
Printing and Stationary	382,511	267,954
Office Expenses	683,972	540,864
Donations	205,574	185,000
Service Contract Charges	688,870	270,150
Discounts, Bad debts and Write offs	-	26,703
Business promotion Expenses	4,087,103	4,556,038
Seminar & Exhibition Charges	2,528,563	1,032,500
Advertisement Expenses	115,275	196,058
Foreign Exchange Loss (Net)	-	1,716,576
LD Charges	913,309	6,673
<b>Total</b>	<b>44,700,873</b>	<b>32,887,420</b>

**Note 32 - Prior Period Items**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Provision for Leave encashment	7,637,609	-
<b>Total</b>	<b>7,637,609</b>	<b>-</b>

**Note 33 - 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	250,000	250,000
For Taxation Matters	70,000	50,000
<b>Total</b>	<b>320,000</b>	<b>300,000</b>

**Note 34 - 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	74,007,853	13,179,721
<b>Total</b>	<b>74,007,853</b>	<b>13,179,721</b>

- ii. In respect of Financial Year 2015-16, an amount of Rs. 1,28,90,400 was disallowed during the Income tax assessment and this has resulted in a demand of Rs.68,706. The Company has preferred an appeal on the order and is hopeful of getting a favourable verdict.

**Note 35**

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 36**

Capital Reserve and Securities Premium have arisen pursuant to a scheme of merger approved by the Honourable High Court of Karnataka in the year 2010.

**Note 37 - Sale by class of goods and services**

Particulars	2018 - 2019	2017 - 2018
1. Finished Engineering Systems		
a. Handling Systems	2,80,52,966	19,601,860
b. Others	6,31,86,140	5,137,848
2. Engineering Products		
a. Servo Products	12,70,37,362	154,219,229
b. Others	21,72,79,413	6,174,558
3. Sale of Engineering Services		
a. Design and Drawings	1,68,80,748	33,853,154
b. Others	24,51,831	3,940,000
<b>Total</b>	<b>455,421,511</b>	<b>222,926,649</b>

**Note 38 - Expenditure in Foreign Currency**

Particulars	2018 - 2019	2017 - 2018
Purchase of Raw Materials & components (CIF value)	288,502,550	131,346,630
Travelling Expenses	3,817,146	3,391,006
<b>Total</b>	<b>292,319,696</b>	<b>134,737,636</b>

**Note 39 - Earnings in Foreign Currency (FOB Basis)**

Particulars	2018 - 2019	2017 - 2018
Export of Services	21,784,410	33,853,154
Export of Goods	33,591,298	70,170,449
<b>Total</b>	<b>55,375,708</b>	<b>104,023,603</b>



Note-13-Statement of Changes in Equity for the year ended 31s March 2019

A) Equity Share Capital

Balance at the beginning of the reporting period	42,401,750	Changes in equity share capital during the year	Balance at the end of the reporting period
	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	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	60,676,001	177,967,000	4,401,400	146,537,980	-	-	-	-	-	-	-	389,582,381
Changes in accounting policy or prior period errors (Note 32)	-	-	-	-	-	(7,637,609)	-	-	-	-	-	-	-	(7,637,609)
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(3,392,140)	-	-	-	-	-	-	-	(3,392,140)
Tax on Dividend	-	-	-	-	-	(704,398)	-	-	-	-	-	-	-	(704,398)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	43,062,405	-	-	-	-	-	-	-	43,062,405
Balance at the end of the reporting period	-	-	60,676,001	177,967,000	4,401,400	177,866,238	-	-	-	-	-	-	-	420,910,639



Note-13-Statement of Changes in Equity for the year ended 31s March 2018

A) Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
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	-	-	60,676,001	177,967,000	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(3,392,140)	-	-	-	-	-	-	-	(3,392,140)
Tax on Dividend	-	-	-	-	-	(690,560)	-	-	-	-	-	-	-	(690,560)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	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 01.04.2018	Additions	Deletions	As at 31.03.2019	As at 01.04.2018	Additions	Deletions	As at 31.03.2019	As at 31.03.2018
<b>a) Tangible Assets</b>										
Freehold Land at Bommasandra		254,381,946	-	-	254,381,946	-	-	-	254,381,946	254,381,946
Freehold Land at Thimmanahalli		758,344	-	-	758,344	-	-	-	758,344	758,344
Lease Hold land at Mysore*		5,882,629	-	-	5,882,629	-	-	-	5,882,629	5,882,629
Building	30	74,585,461	-	-	74,585,461	7,603,755	1,678,235	-	65,303,471	66,981,706
Roads	10	2,065,220	-	-	2,065,220	413,044	206,522	-	1,445,654	1,652,176
Plant and Machinery	15	19,071,961	-	-	19,071,961	4,051,079	1,297,659	-	13,723,223	15,020,882
Office Equipment	5	6,051,118	803,263	-	6,854,380	4,361,344	575,286	-	1,917,750	1,689,773
Furniture and Fixtures	10	9,180,489	48,000	-	9,228,489	5,651,112	534,630	-	3,042,747	3,529,377
Vehicles	8	22,121,887	1,915,213	3,557,837	20,479,263	10,333,918	1,948,479	3,061,447	11,258,313	11,787,969
Computers	3	4,249,050	510,868	-	4,759,918	4,069,826	203,340	-	486,752	179,224
Servers and Networking	6	532,357	-	-	532,357	297,348	70,593	-	367,941	235,009
<b>Subtotal (a)</b>		<b>398,880,462</b>	<b>3,277,344</b>	<b>3,557,837</b>	<b>398,599,968</b>	<b>36,781,426</b>	<b>6,514,744</b>	<b>3,061,447</b>	<b>40,234,723</b>	<b>362,099,036</b>
<b>b) Intangible Assets</b>										
Software	6	1,491,287	44,074	-	1,535,361	1,196,915	152,141	-	1,349,056	186,305
<b>Subtotal (b)</b>		<b>1,491,287</b>	<b>44,074</b>	<b>-</b>	<b>1,535,361</b>	<b>1,196,915</b>	<b>152,141</b>	<b>-</b>	<b>1,349,056</b>	<b>186,305</b>
<b>c) Capital Work In Progress - Tourism project</b>										
		2,857,795	-	-	2,857,795	-	-	-	-	2,857,795
<b>Subtotal (c)</b>		<b>2,857,795</b>	<b>-</b>	<b>-</b>	<b>2,857,795</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,857,795</b>
<b>Total (a+b+c)</b>		<b>403,229,544</b>	<b>3,321,418</b>	<b>3,557,837</b>	<b>402,993,124</b>	<b>37,978,341</b>	<b>6,666,885</b>	<b>3,061,447</b>	<b>41,583,779</b>	<b>361,409,344</b>

- (i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2019, 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.
- (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 ₹ 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 40 - 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. Sriee Aneetha M	Key Management Personnel

**Related party Transactions**

Particulars	Referred to in (a) above		Referred to in (b) above		Referred to in (c) above	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018	31.3.2019	31.3.2018
<b>Purchase:</b>						
Engineering Services	-	-	-	-	-	-
<b>Sales:</b>						
Engineering Services						
Export of Products						
<b>Expenses:</b>						
Professional/ Consultancy Charges	120,000	60,000	-	-	253,260	369,600
Remuneration Paid	-	-	-	-	7,216,117	5,806,615
Salary paid	-	-	-	-	773,100	756,096
<b>Other Transactions:</b>						
Loans borrowed	-	-				
Loans repaid	-	-				
Loans given	2,430,000	50,000				
Loans recovered	-					
Interest Received	64,932					
Security Deposit paid	1,100,000					
<b>Outstanding</b>						
Professional Charges/Remuneration					417,466	351,926
Loans receivable	2,659,619	171,180			-	-
Security Deposit	4,500,000	3,400,000			-	-
Salary Payable	-	-			60,285	58,535

**Note 41 - 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	2018- 2019	2017 - 2018
Employer's Contribution to Provident Fund	752,353	545,107
Employer's Contribution to Pension Scheme	476,387	443,125
<b>Total</b>	<b>1,228,740</b>	<b>988,232</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	
	2018 - 2019	2017 - 2018
<b>Components of Employer Expenses</b>		
Current Service cost	521,028	397,794
Past service cost - Plan Amendment	-	1,101,988
Interest on Obligations	320,245	209,889
Expected Return on Plan Assets	(318,875)	(313,652)
Net actuarial loss/ (gain) recognized during the year	605,199	(132,775)
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>1,127,597</b>	<b>1,263,244</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	5,351,501	4,291,847
Fair value of plan assets	4,212,417	4,268,113
Funded status[Surplus/(deficit)]	(1,139,084)	(23,734)
Unrecognised past service costs	-	-
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present Value of DBO at beginning of the year	4,291,847	3,014,171
Current Service Cost	521,028	397,794
Interest Cost	320,245	209,889
Prior Service Costs	-	1,101,988
Actuarial(Gains)/Losses	569,566	(146,180)
Benefits Paid	(351,185)	(285,815)
Present Value of DBO at end of the year	5,351,501	4,291,847
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	4,268,113	4,253,681
Expected Return on Plan Assets	318,875	313,652
Employer Contribution	12,248	-
Actuarial(Gains)/Losses	(35,633)	(13,405)
Benefits Paid	(351,185)	(285,815)
Plan Assets at End of the Year	4,212,418	4,268,113
Actual Return on Plan Assets	283,241	300,247
<b>Actuarial assumptions</b>		
Discount Rate	7.78%	7.63%
Expected Return on Plan Assets	7.78%	7.63%
Salary Escalation	11.00%	8.00%
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	
	2018 - 2019	2017 - 2018
<b>Changes in Defined Obligations</b>		
Obligations at period beginning - Current	140,714	124,090
Obligations at period beginning - Non Current	751,719	335,225
Service Cost	(1,531,396)	135,660
Interest on Defined benefit obligation	63,808	29,344
Benefits settled	(144,550)	(115,792)
Actuarial gain/(loss)	(7,012,914)	383,906
<b>Obligations at period end</b>		
Current Liability (within 12 months)	961,072	140,714
Non Current Liability	8,394,929	751,719
<b>Changes in Plan Assets</b>		
Plans assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Contributions	144,550	115,792
Benefits settled	(144,550)	(115,792)
Plans assets at period end, at fair value	-	-
<b>Funded Status</b>		
Closing PBO	9,356,001	892,433
Closing Fair value of plan assets	-	-
Closing Funded status	-	-
Net Asset/(Liability) recognized in the Balance Sheet	(9,356,001)	(892,433)
<b>Expenses recognized in the P&amp;L account and Other Comprehensive Income</b>		
Service cost	1,531,396	135,660
Interest cost	63,808	29,344
Benefits paid	144,550	-
Actuarial (Gain)/Loss	7,012,914	383,906
<b>Assumptions</b>		
Discount factor	7.78%	8.00%
Estimated rate of return on plan assets	0%	0.00%
Salary increase	11.00%	8.00%
Attrition rate	5.00%	5.00%

**Note 42 - The expenditure incurred on Research and Development activities comprises of the following**

Particulars	2018 - 2019	2017 - 2018
Salaries & Wages	7,228,414	5,654,000
Plant & Machinery	391,788	835,444
<b>Total</b>	<b>7,620,202</b>	<b>6,489,444</b>

**Note 43-** 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 44- 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 45-** The previous year's figure have been regrouped/ recast / restated wherever necessary to confirm to the current presentation.

**Note 45 - Financial Instruments by category**

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2019 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	18,329,685	-	-
Trade Receivables	-	-	100,750,835
Cash and Cash Equivalents	-	-	16,003,152
Bank balances other than (iii) above	-	-	19,828,080
Loans	-	-	2,659,619
Others	-	-	5,000,560
<b>Total</b>	<b>18,329,685</b>	<b>-</b>	<b>144,242,247</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	2,992,124
Trade Payables	-	-	-
Other Financial Liabilities	-	-	6,346,937
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,339,061</b>

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	24,573,950	-	-
Trade Receivables	-	-	30,881,973
Cash and Cash Equivalents	-	-	4,405,473
Bank balances other than (iii) above	-	-	19,828,080
Loans	-	-	171,180
Others	-	-	650,005
<b>Total</b>	<b>24,573,950</b>	<b>-</b>	<b>55,936,711</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	20,077,765
Trade Payables	-	-	-
Other Financial Liabilities	-	-	7,164,025
<b>Total</b>	<b>-</b>	<b>-</b>	<b>27,241,791</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-19 is as follows:

Particulars	As of March 31, 2019	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Quoted Instruments	18,329,685	18,329,685	-	-

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-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 Equity Instruments	24,573,950	24,573,950	-	-

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

### Note 47 - Capital Management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as going concern and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements.

The Company's objective for capital management is to maintain an optimum overall financial structure.

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

Particulars	As at 31 March, 2019	As at 31 March, 2018
Debt (includes non-current, current borrowings and current maturities of long term debt)	93,39,061	20,077,765
Less : cash and cash equivalents	16,003,152	4,405,473
<b>Net debt</b>	<b>(66,64,090)</b>	<b>15,672,292</b>
Total equity	46,33,12,390	431,984,132
<b>Net debt to total equity ratio</b>	<b>-1%</b>	<b>4%</b>

### Note 47(ii) - Dividend

#### Dividend on equity shares

Final dividend for the year ended March 31, 2018 of ₹ 33,92,140/- (i.e. Re.0.80/ share) (previous year-for year ended March 31, 2017 ₹.33,92,140/- (i.e. Re.0.80/ share))

Dividend distribution tax for the dividend declared on March 31, 2018 is ₹ 7,04,398/- (previous year-for the year ended March 31, 2017 ₹. 6,90,560/-)

Dividends not recognised at the end of the reporting period

The Board of Directors at its meeting held on 30th May, 2019 have recommended payment of final dividend of ₹ 0.80 per share of face value of ₹ 10 each for the year ended March 31, 2019. The same amounts to ₹ 33,92,140 and Dividend Distribution Tax on the same is ₹ 6,97,264/-.

### 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, 2019	As at 31 March, 2018
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	100,503,557	30,790,548
180 - 365 days	99,147	-
beyond 365 days	148,131	91,425
<b>Total</b>	<b>100,750,835</b>	<b>30,881,973</b>

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	30,881,973	13,830,122
Addition	434,454,766	193,365,044
Write - offs	-	(26,703)
Recoveries	(364,585,904)	(176,286,490)
<b>Balance at the end of the year</b>	<b>100,750,835</b>	<b>30,881,973</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 ₹200 lakhs as on March 31, 2019 and ₹93 lakhs as on March 31, 2018.

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	4,973,828	2,277,739
Term Loan from NBFC	1,373,109	714,385

**Note 49-Income Tax**

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

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Current Tax*	16,466,000	4,158,406
Deffered Tax	503,831	556,715
<b>Total</b>	<b>16,969,831</b>	<b>4,715,121</b>

\*Current tax expense for the FY 17-18 includes reversals (net of provisions) amounting to ₹ 1,91,594/-



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, 2019	Year ended 31 March, 2018
Profit before Income tax	60,469,068	19,508,748
Tax rate	27.82%	27.55%
<b>Computed expected tax expense</b>	<b>16,822,495</b>	<b>5,375,148</b>
Effect of non deductible expenses	2,189,965	2,212,147
Effect of non Taxable Income	(89,250)	(404,403)
Effect of expenses deductible as per Income Tax Act	(3,205,363)	(2,902,326)
Others	171,531	(69,434)
Interest	576,622	-
<b>Current Tax Expense</b>	<b>16,466,000</b>	<b>4,350,000</b>

For and on behalf of the board of Directors

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

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

**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

Bengaluru  
30th May 2019

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019

### Note 1

#### 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 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 Benefits**

- 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  
Sika Interplant Systems Limited

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the accompanying consolidated financial statements of **M/s. SIKA INTERPLANT SYSTEMS LIMITED** ("the Company"), which comprise the consolidated balance sheet as at 31<sup>st</sup> March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered

Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## ➤ REVENUE RECOGNITION

### The key audit matter

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue from sale of services is recognised upon completion of service.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

There is a risk of revenue being overstated due to fraud, including through manipulation of rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.

### How the matter was addressed in our audit

Our audit procedures include:

- We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.
- We tested the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Company's IT systems which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system.
- We tested the design, implementation and operating effectiveness of Internal Financial Controls.
- We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects.
- We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards.
- We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects, to assess whether the revenue was recognized in the correct period.

## ➤ PROVISIONS FOR TAXATION, LITIGATION AND OTHER SIGNIFICANT PROVISIONS

### The key audit matter

Accrual for tax and other contingencies requires the Management to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax and other eventualities arising in the regular course of business.

The key judgement lies in the estimation of provisions where they may differ from the future obligations. By nature, provision is difficult to estimate and includes many variables. Additionally, depending on timing, there is a risk that costs could be provided inappropriately that are not yet committed.

### How the matter was addressed in our audit

Our audit procedures included:

- We tested the effectiveness of controls around the recognition of provisions.
- We used other subject matter experts to assess the value of material provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities.
- We examined the assumptions and critical judgements made by management which impacted their estimate of the provisions required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company's advisors and assessing whether there was an indication of management bias.
- We discussed the status in respect of significant provisions with the Company's Management and legal advisors.

- We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

➤ **Assessment of contingent liabilities relating to litigations, warranty claims and Bank guarantees' issued.**

**The key audit matter**

The Company is periodically subject to challenges/scrutiny on the matters relating to direct tax. Further, potential exposures may also arise from general legal proceedings in course of business.

Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.

**How the matter was addressed in our audit**

Our audit procedures included:

- We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities.
- We discussed the status and potential exposures in respect of significant litigation and claims with the Company's management including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors.
- We assessed the adequacy of disclosures made.
- We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Other Matters**

- a) We did not audit the financial statements / financial information of subsidiaries, whose financial statements reflect total assets of Rs. 4,55,24,541/- as at March 31, 2019, total revenue of Rs. 1,08,072/- and net cash flows amounting to Rs. (3,28,630)/- for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 7,99,466/- for the year ended 31<sup>st</sup> March, 2019, 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.

- b) 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.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, 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, 2019, 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,



- 2019 from being appointed as a Director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our 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 Registration No. 004142S

**DEVENDRA NAYAK**  
Partner  
Membership No. 027449

Place : Bengaluru  
Date : 30/05/2019

#### **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, 2019, 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 Registration No. 004142S

**DEVENDRA NAYAK**  
Partner  
Membership No. 027449

Place : Bengaluru  
Date : 30/05/2019

## SIKA INTERPLANT SYSTEMS LIMITED

CIN: L29190KA1985PLC007363

No. 3, Gangadhar Chetty Road, Bangalore - 560 0042, Karnataka, India.

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2019

(in ₹)

Particulars	Note No	31-Mar-2019	31-Mar-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	2(a)	368,993,173	362,099,144
(b) Capital work-in-progress	2(c)	2,857,795	31,553,109
(c) Investment Property		-	-
(d) Goodwill		3,472,616	3,472,616
(e) Other Intangible assets	2(b)	186,305	294,372
(h) Financial Assets			
i. Investments	3	82,240,285	25,226,246
(j) Other non-current assets	4	2,073,057	2,077,637
<b>Current assets</b>			
(a) Inventories	5	30,117,569	17,277,669
(b) Financials Assets			
i. Investments			
ii. Trade receivables	6	100,750,835	30,881,973
iii. Cash and Cash equivalents	7(a)	16,628,113	4,701,803
iv. Bank balances other than (iii) above	7(b)	24,419,537	20,084,094
vi. others	8	6,933,673	2,650,065
(c) Current Tax Assets(Net)	9	-	410,924
(d) Other current assets	10	1,010,453	509,329
<b>Total Assets</b>		<b>639,683,410</b>	<b>501,238,975</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	42,401,750	42,401,750
(b) Other Equity	12	422,588,141	392,059,348
<b>Total Equity attributable to equity share holders</b>		<b>464,989,891</b>	<b>434,461,098</b>
Non Controlling Interest		6,525,470	7,236,069
<b>Total Equity</b>		<b>471,515,361</b>	<b>441,697,167</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	13	5,885,724	9,781,189
(b) Provisions	14	8,760,322	751,719
(c) Deferred tax Liabilities(Net)	15	7,159,936	6,814,636
(d) Other non-current liabilities	16	1,670,000	1,670,000



## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2019

(in ₹)

Particulars	Note No	31-Mar-2019	31-Mar-2018
<b>Current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	17	-	10,736,576
ii. Trade payables	18		
(A) total outstanding dues of micro enterprises and small enterprises; and		70,537	618
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		59,504,410	10,031,752
iii. Other financial Liabilities	19	6,346,937	7,164,025
(b) Other current Liabilities	20	68,805,132	11,519,442
(c) Provisions	21	2,668,424	1,071,850
(d) Current Tax Liabilities(Net)	22	7,296,626	-
<b>Total Equity and Liabilities</b>		<b>639,683,411</b>	<b>501,238,975</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**  
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  
30th May 2019

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019** (in ₹)

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	23	455,421,511	222,926,650
Other income	24	9,674,261	8,523,434
<b>Total Revenue</b>		<b>465,095,772</b>	<b>231,450,084</b>
<b>EXPENSES</b>			
Cost of material and consumables and products	25	312,228,387	135,986,177
Changes in inventory of work-in-progress	27	(2,193,157)	2,220,470
Employee benefits expense	28	38,963,811	31,073,052
Finance costs	29	2,863,150	2,681,882
Depreciation and amortisation expense	30	7,787,884	7,362,483
Other Expenses	31	46,477,027	32,617,270
<b>Total Expenses</b>		<b>406,127,113</b>	<b>211,941,335</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; Tax</b>		<b>58,968,659</b>	<b>19,508,749</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; Tax</b>		<b>58,968,659</b>	<b>19,508,749</b>
Extraordinary items		-	-
<b>Profit/(Loss) before Tax</b>		<b>58,968,659</b>	<b>19,508,749</b>
Less: Tax expenses			
Current Tax		16,466,000	4,158,406
Tax expense for earlier years		-	-
Deferred Tax		513,486	556,715
<b>Other Comprehensive Income, Net off Income Tax</b>			
A. i. Items that will not be reclassified to Profit & Loss			
- Actuarial Loss		(605,199)	-
ii. Income tax relating to items that will not be reclassified to profit or loss		168,366	-
B. Items that will be reclassified to Profit & Loss		-	-
<b>Total Comprehensive Income, Net of Income Tax</b>		<b>(436,833)</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>		<b>41,552,341</b>	<b>14,793,628</b>
<b>Share of loss of Non-Controlling Interest</b>		<b>(710,599)</b>	
<b>Profit after minority interest</b>		<b>42,262,940</b>	
<b>Earnings per equity share</b>			
Basic and Diluted		<b>10</b>	<b>3</b>
Weighted no of shares		<b>4,240,175</b>	<b>4,240,175</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  
30th May 2019

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

(in ₹)

Particulars	31.03.2019	31.03.2018
<b>A] CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit Before Taxation and Extraordinary item	58,968,659	19,383,250
<b>Adjustments for:</b>		
Depreciation	7,787,884	7,368,126
Financial expenses (Considered under Financial Activities)	2,863,150	2,688,284
Interest Income (Considered under Investment Activities)	(934,257)	(1,590,891)
Dividend Received (Considered under Investment Activities)	(320,814)	-
Profit on sale of Asset (Considered in Investment Activities)	(410,544)	(470,991)
Gain/(Loss) on sale of Investments	(106,776)	-
Revaluation of Investments	(1,605,453)	(1,519,550)
<b>Operating Profit Before Working Capital Changes</b>	<b>66,241,848</b>	<b>25,858,226</b>
(Increase)/ Decrease in Current Assets, Loans & Advances	(91,418,013)	(1,212,345)
Increase/(Decrease) in Current Liabilities	122,653,083	(12,575,763)
Working Capital Changes	31,235,070	13,788,108
<b>Cash Generated from operations</b>	<b>9,74,76,918</b>	<b>1,20,70,118</b>
Income Tax (including Fringe Benefit Tax)	(16,811,119)	(4,163,406)
<b>Cash Flow Before Extraordinary Item</b>	<b>8,06,65,798</b>	7,906,712
Prior Period Item	(7,637,609)	-
<b>Net cash from operating activities</b>	<b>73,028,189</b>	<b>7,906,712</b>
<b>B Cash flows from Investment activities</b>		
Additions to Fixed Assets	(15,070,057)	(7,274,837)
Sale of Fixed Asset	906,755	-
Change in Capital work in progress	28,695,314	-
Change in Investments	(55,301,810)	7,190,321
Dividend Received	320,814	-
Change in Non current assets	4,580	6,376
Interest Income	934,257	1,590,891
<b>Net cash from Investing activities</b>	<b>(39,510,149)</b>	<b>1,512,749</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED

(in ₹)

Particulars	31.03.2019	31.03.2018
<b>C Cash flows from financing activities</b>		
Repayment of Loans, Deposits & Overdraft	(38,95,465)	(9,816,838)
Acceptance of Term Loans	-	-
Acceptance of Security Deposit	-	-
Financial Cost	(2,863,150)	(2,688,284)
Dividend Paid	(3,392,140)	(3,392,140)
Tax on Dividend	(704,398)	(690,560)
<b>Net cash from Financing activities</b>	<b>(10,855,155)</b>	<b>(16,587,824)</b>
<b>Net Increase / Decrease in cash and cash equivalents</b>	<b>22,662,886</b>	<b>(7,168,362)</b>
Cash and cash equivalents at beginning of period	(6,034,773)	1,133,584
<b>Cash and cash equivalents at end of period</b>	<b>16,628,113</b>	<b>(6,034,773)</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-19	31-Mar-18
Cash in Bank	77,174	91,537
<b>Balance in banks</b>		
Current Accounts	539,195	2,337,109
EEFC Accounts	3,291,578	743,319
Demand Deposit Accounts	3,288,565	1,529,838
<b>Bank Overdraft</b>		
Canara Bank OCC 033	9,431,601	(10,736,576)
<b>Total</b>	<b>16,628,113</b>	<b>(6,034,773)</b>

- Cash and cash equivalents at the end of the year 2018-19 represent cash and bank balances and include unrealized loss of ₹ 1,02,616/- Previous year ( for the F.Y.2017-18 of ₹ 2484/- 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

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

Bengaluru  
30th May 2019

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 , 2019

## NOTE :3 -Non - Current Investments

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Investments (At cost)</b>		
<b><u>Investments in Mutual Fund</u></b>		
HDFC Short Term Plan (Current Year - 4,73,109.92 units of Rs.15.2551) (Previous year - 2,53,857.97 units of Rs.34.43 each)	7,417,340	8,740,330
Birla Dynamic Bond Fund (Current year - 13,805.290 units of Rs.31.6102 each) (Previous Year - 13,805.290 units of Rs.29.97 each)	436,388	413,745
DSP Blackrock Income Opportunity Fund (Previous Year - 1,55,083.46 units of Rs.29.46 each)	-	4,568,758
Kotak Income Opportunity Fund (Current year - 5,14,966.15 units of Rs. 20.34 each) (Previous Year - 5,67,824 units of Rs.19.11 each )	10,475,957	10,851,117
Franklin India Short Term Income Plan - Retail Plan (Current year - 4,171.863 units of Rs.3,997.2692 each)	16,676,058	-
Franklin India Liquid Fund - Super Institutional Plan (Current year - 3,264.833 units of Rs. 2,788.1633 each)	9,102,884	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan (Current year - 7,92,084.826 units of Rs. 26.2688 each)	20,807,118	-
Franklin India Low Duration Fund (Current year - 4,63,618.814 units of Rs. 21.74 each)	10,079,073	-
Kotak Liquid Regular Plan-Growth Current year - 1,742.016 units of Rs. 3,772.6954 each )	6,572,096	-
ICICI PRUDENTIAL SAVINGS FUND- GR (Current Year - 2412.54 units of Rs.278.19 each ; PY -248.70) (Market Value, CY-Rs.6,72,872/-, PY - Rs.6,51,796/-)	672,872	651,796
Governement Securities	500	500
<b>Total</b>	<b>82,240,285</b>	<b>25,226,246</b>

## Note:

a) Aggregate amount of quoted investments	<b>82,240,285</b>	<b>25,226,246</b>
<b>Total</b>	<b>82,240,285</b>	<b>25,226,246</b>



**Note 4 - Other Non Current Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Security Deposits	393,257	409,757
Rental Deposits	1,679,800	1,667,880
<b>Total</b>	<b>2,073,057</b>	<b>2,077,637</b>

**Note 5 - Inventories**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Raw material (Valued at landed cost which includes freight)	3,346,683	9,646,615
Work-in-Progress-Goods (Valued at cost)	26,071,330	7,631,054
Work-in-Progress-Services (Valued at cost)	699,556	-
<b>Total</b>	<b>30,117,569</b>	<b>17,277,669</b>

**Note 6 - Trade Receivables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
(Unsecured, considered good)		
Trade Receivables - Related parties	-	438,109
Trade Receivables - Others	100,750,835	30,443,864
<b>Total</b>	<b>100,750,835</b>	<b>30,881,973</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
<b>Cash on hand</b>	77,174	91,537
<b>Balances with Banks</b>		
Current Accounts	539,195	2,337,109
EEFC Accounts	3,291,578	743,319
Demand Deposit Accounts	3,288,565	1,529,838
Canara Bank OCC 033 (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommsandra)	9,431,601	-
<b>Total</b>	<b>16,628,113</b>	<b>4,701,803</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
<b>Balances with Banks</b>		
held as margin money	9,973,213	255,075
balance in unpaid dividend account	471,861	499,980
Demand Deposit Accounts	13,974,463	19,329,039
<b>Total</b>	<b>24,419,537</b>	<b>20,084,094</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
(Unsecured, considered good)		
Balances with Government Authorities	2,438,622	1,828,147
Advances to Creditors	2,379,291	272,212
Advance given to Employees	247,541	145,445
Prepaid Expenses	1,868,219	392,761
Preliminary Expenses	-	11,500
<b>Total</b>	<b>6,933,673</b>	<b>2,650,065</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
Refund receivable	-	410,924
<b>Total</b>	<b>-</b>	<b>410,924</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
(Unsecured, considered good)		
Income Tax refund receivable	758,264	342,039
Other receivables	252,190	167,290
<b>Total</b>	<b>1,010,453</b>	<b>509,329</b>

**Note 11 - Share Capital**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Authorized Share Capital (50,00,000 Equity Shares of Rs.10/- each) (Previous Year 50,00,000 Equity Shares of Rs. 10/- each)	50,000,000	50,000,000
<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)	42,401,750	42,401,750
<b>Total</b>	<b>42,401,750</b>	<b>42,401,750</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
Shares outstanding at the beginning	4,240,175	4,240,175
Shares Issued during the period	-	-
Capital Reduction during the Period	-	-
Shares outstanding at the end	4,240,175	4,240,175

(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
Ultraweld Engineers Private Limited		
No of shares	2,972,315	2,972,315
% Held	70.10	70.10
<b>Total</b>	<b>2,972,315</b>	<b>2,972,315</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
Ultraweld Engineers Private Limited		
No of shares	2,972,315	2,972,315
% Held	70.10	70.10
<b>Total</b>	<b>2,972,315</b>	<b>2,972,315</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
<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)	-	713,828
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)	2,277,739	6,537,739
	2,277,739	7,251,567
<b>B. From other parties</b>		
Long term Maturities of NBFC Loans (Secured by way of charge on Motor Vehicles purchased out of above)	714,385	2,089,622
<b>c. From Related parties</b>	2,893,600	440,000
<b>Total</b>	<b>5,885,724</b>	<b>9,781,189</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%
Kotak Mahindra Prime Ltd	4 Years	7.79%
Daimler Financial Services India Pvt 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
<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	8,394,929	751,719
Gratuity	365,393	-
<b>Total</b>	<b>8,760,322</b>	<b>751,719</b>

**Note 16 - Deferred Tax Liabilities (Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
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	7,269,766	6,498,983
On Account gain on Investment	440,955	585,542
<b>Deferred Tax asset</b>		
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	382,418	269,890
On Account of Actuarial Loss	168,366	-
<b>Deferred Tax Liability (Net)</b>	<b>7,159,936</b>	<b>6,814,635</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
Security Deposits	1,670,000	1,670,000
<b>Total</b>	<b>1,670,000</b>	<b>1,670,000</b>

**Note 17 - Current Borrowings**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<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 Bommsandra)	-	10,736,576
<b>Total</b>	<b>-</b>	<b>10,736,576</b>

**Note 18 - Trade Payables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Dues to</b>		
Micro and Small Enterprises	70,537	618
Trade Payables- Others	59,504,410	10,031,752
<b>Total</b>	<b>59,574,947</b>	<b>10,032,370</b>

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

**Note19 - Other Financial Liabilities**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Current Maturities of Long term debt		
<b>Secured</b>		
Term Loans from Bank	4,973,828	5,880,000
Term Loans from NBFC	1,373,109	1,284,025
<b>Total</b>	<b>6,346,937</b>	<b>7,164,025</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
<b>Other payables</b>		
Statutory Remittances	14,70,670	2,760,350
Payables to related parties	416,566	325,466
Unclaimed Dividend	471,859	499,979
Payables to Employees	1,876,824	1,797,670
Advances from Customer for Supplies/Services	62,472,668	4,264,477
Other Payables	742,123	581,575
Advance Rent	1,354,422	1,289,925
<b>Total</b>	<b>68,805,132</b>	<b>11,519,442</b>

**Note 21 - Current Provisions**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Provision for employee benefits</b>		
Leave Encashment	961,072	140,714
Provision for Bonus	933,662	907,402
Gratuity Provision	773,690	23,734
<b>Total</b>	<b>2,668,424</b>	<b>1,071,850</b>

**Note 22 - Current Tax Liabilities (Net)**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Income Tax payable	7,296,626	-
<b>Total</b>	<b>7,296,626</b>	<b>-</b>

**Note 23 - 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	344,316,775	145,754,468
Sale of Engineering Systems	88,787,275	39,379,028
Sale of Services	22,317,461	37,793,154
<b>Total</b>	<b>455,421,511</b>	<b>222,926,650</b>

**Note 24 - Other Income**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Interest Income	934,257	1,517,799
Rental Income	5,293,699	5,041,628
Dividend received	320,814	-
Gain on sale of Asset / Investment	517,320	470,991
Other income	429,490	25,262
Revaluation of Investments at Fair Value	1,605,453	1,467,754
Foreign Exchange Gain	573,228	-
<b>Total</b>	<b>9,674,261</b>	<b>8,523,434</b>

**Note 26 - Cost of Material and Consumables and Products**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>Cost of Material and Consumables</b>		
Opening Stock	9,646,615	5,126,897
Purchases	305,928,465	140,505,895
Closing Stock	3,346,683	9,646,615
<b>Total</b>	<b>312,228,397</b>	<b>135,986,177</b>

**Note 27 - 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
<b>Goods</b>		
Inventory at the end of the year	26,071,330	7,631,054
Inventory at the beginning of the year	24,577,729	9,851,524
<b>Services</b>		
Inventory at the end of the year	699,556	-
Inventory at the beginning of the year	-	-
<b>Net (Increase)/Decrease</b>	<b>(2,193,157)</b>	<b>2,220,470</b>

**Note 28 - Employee Benefits Expense**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Salaries & Wages	33,793,138	26,537,533
Bonus & Ex-Gratia	2,985,306	2,745,480
Contribution to provident & Other Funds	1,401,995	1,197,595
Staff Welfare Expenses	783,372	592,444
<b>Total</b>	<b>38,963,811</b>	<b>31,073,052</b>

**Note 29 - Finance Costs**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Bank Guarantee Commission	907,825	268,723
Interest Expense	1,955,325	2,413,159
<b>Total</b>	<b>2,863,150</b>	<b>2,681,882</b>

**Note 30 - 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	7,635,743	7,124,394
Intangible Asset	152,141	238,090
<b>Total</b>	<b>7,787,884</b>	<b>7,362,483</b>

**Note 31 - 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	1,100,478	853,219
Repairs & Maintenance - Factory, Building	2,324,843	2,220,049
Repairs & Maintenance - Machinery	-	2,355
Retainership Fee	1,649,597	2,042,545
<b><u>Establishment Expenses</u></b>		
Audit Fee	379,000	300,000
AGM Expenses	44,155	103,913
Electricity and Water Charges	340,484	260,478
Bank Charges	932,537	468,217
Listing fees	295,000	250,000
Membership & Subscription Charges	325,140	357,429
Rent	803,784	891,455
Legal & Professional Charges	10,521,771	5,147,626
Postage & Courier Charges	128,019	55,126
Communication Expenses	551,024	491,192
Insurance	912,572	610,317
Repair & Maintenance	674,064	500,794
Vehicle Maintenance	678,804	918,777
Rates & Taxes	1,963,285	227,893
Sitting Fee	175,000	115,000
Travelling & Conveyance	13,170,948	8,272,521
Printing and Stationary	406,793	267,954
Office Expenses	885,760	540,864
Donations	205,574	185,000
Discounts, Bad debts and Write offs	-	26,703
Business promotion Expenses	4,096,662	4,556,038
Service contract charges	112,000	-
Seminar & Exhibition Charges	2,528,563	1,032,500
Advertisement Expenses	115,275	196,058
Foreign Exchange Loss (Net)	-	1,716,576
LD Charges	913,309	6,673
Processing Fee	242,588	-
<b>Total</b>	<b>46,477,027</b>	<b>32,617,270</b>

**Note 32 - Prior Period Items**

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Bank Interest	218,752	-
Provision for Leave encashment	3,288,631	-
<b>Total</b>	<b>3,507,383</b>	<b>-</b>



**Note 33 - 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	250,000	250,000
For Taxation Matters	70,000	50,000
<b>Total</b>	<b>320,000</b>	<b>300,000</b>

**Note 34 - 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	74,007,853	13,179,721
<b>Total</b>	<b>74,007,853</b>	<b>13,179,721</b>

- ii. In respect of Financial Year 2015-16, an amount of Rs. 1,28,90,400 being cost of construction of building was disallowed under the Income tax act and this has resulted in a demand of Rs.68,706. The Company has preferred an appeal on the order and is hopeful of getting a favourable verdict.

**Note 35**

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 36**

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

**Note 37 - Sale by class of goods and services**

Particulars	2018 - 2019	2017 - 2018
1. Finished Engineering Systems		
a. Handling Systems	28,052,966	19,601,860
b. Others	63,186,140	5,137,848
2. Engineering Products		
a. Servo Products	127,037,362	154,219,229
b. Others	217,279,413	6,174,558
3. Sale of Engineering Services		
a. Design and Drawings	16,880,748	33,853,154
b. Others	2,451,831	3,940,000
<b>Total</b>	<b>455,421,511</b>	<b>222,926,649</b>

**Note 38 - Expenditure in Foreign Currency**

Particulars	2018 - 2019	2017 - 2018
Purchase of Raw Materials & components (CIF value)	288,502,550	131,346,630
Travelling Expenses	3,817,146	3,391,006
<b>Total</b>	<b>292,319,696</b>	<b>134,737,636</b>

**Note 39 - Earnings in Foreign Currency (FOB Basis)**

Particulars	2018 - 2019	2017 - 2018
Export of Services	21,784,410	33,853,154
Export of Goods	33,591,298	70,170,449
<b>Total</b>	<b>55,375,708</b>	<b>104,023,603</b>



**Note-12-Statement of Changes in Equity for the year ended 31s March 2019**

**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	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	60,676,001	177,967,000	4,401,400	149,014,947	-	-	-	-	-	-	392,059,348	
Changes in accounting policy or prior period errors (Note 32)	-	-	-	-	-	(7,637,609)	-	-	-	-	-	-	(7,637,609)	
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>	-	-	-	-	-	(704,398)	-	-	-	-	-	-	(704,398)	
<b>Transfer to retained earnings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Any other change</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Profit for the year</b>	-	-	-	-	-	42,262,940	-	-	-	-	-	-	42,262,940	
<b>Balance at the end of the reporting period</b>	-	-	60,676,001	177,967,000	4,401,400	179,543,740	-	-	-	-	-	-	422,588,140	



Note-12-Statement of Changes in Equity for the year ended 31s March 2018

A) Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
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	-	-	60,676,001	177,967,000	4,401,400	137,954,902	-	-	-	-	-	-	-	380,999,303
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(3,392,140)	-	-	-	-	-	-	-	(3,392,140)
Tax on Dividend	-	-	-	-	-	(690,560)	-	-	-	-	-	-	-	(690,560)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	423,277	-	-	-	-	-	-	-	423,277
Profit for the year	-	-	-	-	-	14,719,468	-	-	-	-	-	-	-	14,719,468
Balance at the end of the reporting period	-	-	60,676,001	177,967,000	4,401,400	149,014,947	-	-	-	-	-	-	-	392,059,348


**Note No. 2 - Fixed Assets**

Description	Life Span of Assets in Years	Gross Block (At cost)			Accumulated Depreciation			Net Block	
		As at 01.04.2018	Additions	Deletions	As at 31.03.2019	Additions	Deletions	As at 31.03.2019	As at 31.03.2018
		As at 01.04.2018	As at 31.03.2019	As at 01.04.2018	As at 31.03.2019	As at 31.03.2019	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>a) Tangible Assets</b>									
Freehold Land at Bommasandra		254,381,946	-	-	254,381,946	-	-	254,381,946	254,381,946
Freehold Land at Thimmanahalli		758,344	-	-	758,344	-	-	758,344	758,344
Lease Hold land at Mysore*		5,882,629	-	-	5,882,629	-	-	5,882,629	5,882,629
Building	30	74,585,461	-	-	74,585,461	1,678,235	-	65,303,471	66,981,706
Roads	10	2,065,220	-	-	2,065,220	206,522	-	1,445,654	1,652,176
Plant and Machinery	15	19,071,961	7,126,890	-	26,198,851	1,772,785	-	20,374,987	15,020,882
Office Equipment	5	6,051,118	1,411,835	-	7,462,952	697,000	-	2,404,608	1,689,773
Furniture and Fixtures	10	9,180,669	3,535,181	-	12,715,958	883,456	-	6,534,568	3,529,485
Vehicles	8	22,121,887	1,915,213	3,557,837	20,479,263	1,948,479	3,061,447	9,220,950	11,258,313
Computers	3	4,249,050	1,036,864	-	5,285,914	378,672	-	4,448,498	837,416
Servers and Networking	6	532,357	-	-	532,357	70,593	-	367,941	164,416
<b>Subtotal (a)</b>		<b>398,880,462</b>	<b>15,025,983</b>	<b>3,557,837</b>	<b>410,348,895</b>	<b>7,635,742</b>	<b>3,061,447</b>	<b>41,355,721</b>	<b>368,993,173</b>
<b>b) Intangible Assets</b>									
Software	6	1,491,287	44,074	-	1,535,361	152,141	-	1,349,056	186,305
<b>Subtotal (b)</b>		<b>1,491,287</b>	<b>44,074</b>	<b>-</b>	<b>1,535,361</b>	<b>152,141</b>	<b>-</b>	<b>1,349,056</b>	<b>186,305</b>
<b>c) Capital Work In Progress - Tourism project</b>									
		2,857,795	-	-	2,857,795	-	-	-	2,857,795
<b>Subtotal (c)</b>		<b>2,857,795</b>	<b>-</b>	<b>-</b>	<b>2,857,795</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,857,795</b>
<b>Total (a+b+c)</b>		<b>403,229,544</b>	<b>15,070,057</b>	<b>3,557,837</b>	<b>414,742,051</b>	<b>7,787,883</b>	<b>3,061,447</b>	<b>42,704,777</b>	<b>372,037,273</b>

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2019, 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 ₹ 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) \* Kamataka Industrial Area Development Board (KIADB) allotted land aggregating to 8.33 acres to the Company for ₹ 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 40 - 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. Sriee Aneetha M	Key Management Personnel

**Related party Transactions**

Particulars	Referred to in (a) above		Referred to in (c) above	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
<b>Expenses:</b>				
Professional/ Consultancy Charges	120,000	60,000	253,260	369,600
Remuneration Paid to directors	-	-	7,216,117	5,806,615
Salary paid	-	-	773,100	756,096
<b>Other Transactions:</b>				
Loans given	2,430,000	50,000		
Interest Received	64,932			
Security Deposit paid	1,100,000			
<b>Outstanding</b>				
Professional Charges/Remuneration			417,466	351,926
Loans receivable	2,659,619	171,180	-	-
Salary Deposit	4,500,000	3,400,000	-	-
Salary Payable	-	-	60,285	58,535

**Note 41 - 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	2018- 2019	2017 - 2018
Employer's Contribution to Provident Fund	752,353	545,107
Employer's Contribution to Pension Scheme	476,387	443,125
<b>Total</b>	<b>1,228,740</b>	<b>988,232</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	
	2018 - 2019	2017 - 2018
<b>Components of Employer Expenses</b>		
Current Service cost	521,028	397,794
Past service cost - Plan Amendment	-	1,101,988
Interest on Obligations	320,245	209,889
Expected Return on Plan Assets	(318,875)	(313,652)
Net actuarial loss/ (gain) recognized during the year	605,199	(132,775)
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>1,127,597</b>	<b>1,263,244</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	5,351,501	4,291,847
Fair value of plan assets	4,212,417	4,268,113
Funded status[Surplus/(deficit)]	(1,139,084)	(23,734)
Unrecognised past service costs	-	-
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present Value of DBO at beginning of the year	4,291,847	3,014,171
Current Service Cost	521,028	397,794
Interest Cost	320,245	209,889
Prior Service Costs	-	1,101,988
Actuarial(Gains)/Losses	569,566	(146,180)
Benefits Paid	(351,185)	(285,815)
Present Value of DBO at end of the year	5,351,501	4,291,847
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	4,268,113	4,253,681
Expected Return on Plan Assets	318,875	313,652
Employer Contribution	12,248	-
Actuarial(Gains)/Losses	(35,633)	(13,405)
Benefits Paid	(351,185)	(285,815)
Plan Assets at End of the Year	4,212,418	4,268,113
Actual Return on Plan Assets	283,241	300,247
<b>Actuarial assumptions</b>		
Discount Rate	7.78%	7.63%
Expected Return on Plan Assets	7.78%	7.63%
Salary Escalation	11.00%	8.00%
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	
	2018 - 2019	2017 - 2018
<b>Changes in Defined Obligations</b>		
Obligations at period beginning - Current	140,714	124,090
Obligations at period beginning - Non Current	751,719	335,225
Service Cost	(940,405)	135,660
Interest on Defined benefit obligation	63,808	29,344
Benefits settled	(144,550)	(115,792)
Actuarial gain/(loss)	(3,254,926)	383,906
<b>Obligations at period end</b>		
Current Liability (within 12 months)	961,072	140,714
Non Current Liability	8,394,929	751,719
<b>Changes in Plan Assets</b>		
Plans assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Contributions	144,550	115,792
Benefits settled	(144,550)	(115,792)
Plans assets at period end, at fair value	-	-
<b>Funded Status</b>		
Closing PBO	9,356,001	892,433
Closing Fair value of plan assets	-	-
Closing Funded status	-	-
Net Asset/(Liability) recognized in the Balance Sheet	(9,356,001)	(892,433)
<b>Expenses recognized in the P&amp;L account and Other Comprehensive Income</b>		
Service cost	1,531,396	135,660
Interest cost	63,808	29,344
Benefits paid	144,550	-
Actuarial (Gain)/Loss	7,012,914	383,906
<b>Assumptions</b>		
Discount factor	7.78%	8.00%
Estimated rate of return on plan assets	0%	0.00%
Salary increase	11.00%	8.00%
Attrition rate	5.00%	5.00%



**Note 42 - The expenditure incurred on Research and Development activities comprises of the following**

Particulars	2018 - 2019	2017 - 2018
Salaries & Wages	7,228,414	5,654,000
Plant & Machinery	391,788	835,444
<b>Total</b>	<b>7,620,202</b>	<b>6,489,444</b>

**Note 43-** 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 44- 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 45-** The previous year's figure have been regrouped/ recast / restated wherever necessary to confirm to the current presentation.

**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 Entry	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, 2019.

Name of the entity	Net Assets		Share of profit and loss		Share of other Comprehensive Income		Share of Total Comprehensive Income	
	as % of Consolidated assets	Amount	as % of Profit and Loss	Amount	as % of consolidated other comprehensive Income	Amount	as % of consolidated total comprehensive Income	Amount
Sika Interplant Systems Limited	96.57%	449,044,215	105.51%	43,554,306	-100.00%	436,833	102.02%	43,117,473
<b>Subsidiaries</b>								
Sikka N Sikka Engineers Private Limited	1.92%	8,927,920	-0.27%	(112,092)	0.00%	-	-0.27%	(112,092)
Sika Tourism Private Limited	2.86%	13,279,346	-0.13%	(51,609)	0.00%	-	-0.12%	(51,609)
EMSAC Engineering Private Limited	0.10%	474,418	-0.05%	(20,293)	0.00%	-	-0.05%	(20,293)
Aerotek Sika Aviosystems Private Limited	-0.05%	(210,538)	-3.35%	(1,381,138)	0.00%	-	-3.27%	(1,381,138)
Non Controlling Interest	-1.40%	(6,525,470)	-1.72%	(710,599)	0.00%	-	1.68%	710,599

**Note 45 - Financial Instruments by category**

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2019 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	100,750,835	-	-
Trade Receivables	-	-	16,628,113
Cash and Cash Equivalents	-	-	16,628,113
Bank balances other than (iii) above	-	-	24,419,537
Others	-	-	1,010,453
<b>Total</b>	<b>100,750,835</b>	<b>-</b>	<b>58,686,215</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	5,885,724
Trade Payables	-	-	59,574,947
Other Financial Liabilities	-	-	6,346,937
<b>Total</b>	<b>-</b>	<b>-</b>	<b>71,807,609</b>

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	25,226,246	-	-
Trade Receivables	-	-	30,881,973
Cash and Cash Equivalents	-	-	4,701,803
Bank balances other than (iii) above	-	-	20,084,094
Others	-	-	2,650,065
<b>Total</b>	<b>25,226,246</b>	<b>-</b>	<b>58,317,935</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	9,781,189
Trade Payables	-	-	10,032,370
Other Financial Liabilities	-	-	7,164,025
<b>Total</b>	<b>-</b>	<b>-</b>	<b>26,977,584</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-19 is as follows:

Particulars	As of March 31, 2019	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Quoted Instruments	100,750,835	100,750,835	-	-

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-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 Equity Instruments	25,226,246	25,226,246	-	-

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

**Note 47 - Capital Management**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as going concern and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements.

The Company's objective for capital management is to maintain an optimum overall financial structure.

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

Particulars	As at 31 March, 2019	As at 31 March, 2018
Debt (includes non-current, current borrowings and current maturities of long term debt)	12,232,661	27,681,790
Less : cash and cash equivalents	16,628,113	4,701,803
<b>Net debt</b>	<b>(4,395,451)</b>	<b>22,979,987</b>
Total equity	464,989,891	434,461,098
<b>Net debt to total equity ratio</b>	<b>-1%</b>	<b>4%</b>

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

Final dividend for the year ended March 31, 2018 of ₹ 33,92,140/- (i.e. Re.0.80/ share) (previous year-for year ended March 31, 2017 ₹.33,92,140/- (i.e. Re.0.80/ share))

Dividend distribution tax for the dividend declared on March 31, 2018 is ₹ 7,04,398/- (previous year-for the year ended March 31, 2017 ₹. 6,90,560/-)

Dividends not recognised at the end of the reporting period

The Board of Directors at its meeting held on 30th May, 2019 have recommended payment of final dividend of ₹ 0.80 per share of face value of ₹ 10 each for the year ended March 31, 2019. The same amounts to ₹ 33,92,140 and Dividend Distribution Tax on the same is ₹ 6,97,264/-.

#### 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, 2019	As at 31 March, 2018
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	100,503,557	30,790,548
180 - 365 days	99,147	-
beyond 365 days	148,131	91,425
<b>Total</b>	<b>100,750,835</b>	<b>30,881,973</b>

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	30,881,973	13,830,122
Addition	434,454,766	193,365,044
Write - offs	-	(26,703)
Recoveries	(364,585,904)	(176,286,490)
<b>Balance at the end of the year</b>	<b>100,750,835</b>	<b>30,881,973</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 ₹200 lakhs as on March 31, 2019 and ₹ 93 lakhs as on March 31, 2018.

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	4,973,828	2,277,739
Term Loan from NBFC	1,373,109	714,385

**Note 49-Income Tax**

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

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Current Tax*	16,466,000	4,158,406
Deffered Tax	503,831	556,715
<b>Total</b>	<b>16,969,831</b>	<b>4,715,121</b>

\*Current tax expense for the FY 17-18 includes reversals (net of provisions) amounting to ₹ 1,91,594/-

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, 2019	Year ended 31 March, 2018
Profit before Income tax	60,469,068	19,508,748
Tax rate	27.82%	27.55%
<b>Computed expected tax expense</b>	<b>16,822,495</b>	<b>5,375,148</b>
Effect of non deductible expenses	2,189,965	2,212,147
Effect of non Taxable Income	(89,250)	(404,403)
Effect of expenses deductible as per Income Tax Act	(3,205,363)	(2,902,326)
Others	171,531	(69,434)
Interest	576,622	-
<b>Current Tax Expense</b>	<b>16,466,000</b>	<b>4,350,000</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  
30th May 2019

**Note 1****Basis of Consolidation and Significant Accounting Policies:****1. 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.

**B. 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 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 Benefits

- 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:

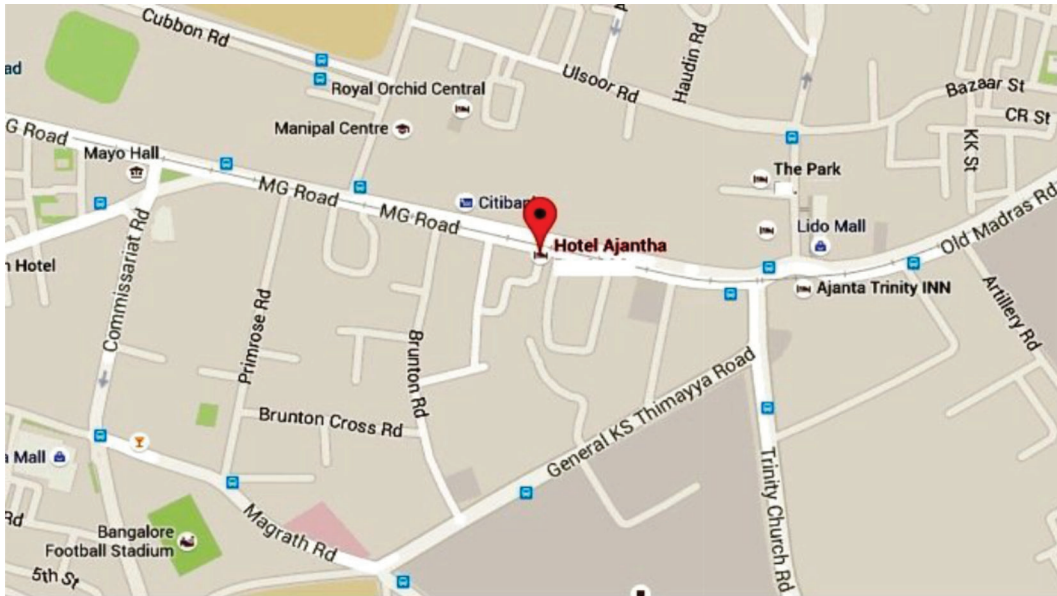
a. In the case of an individual asset, a higher of the net selling price and the value in use;

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**

**33<sup>rd</sup> ANNUAL GENERAL MEETING** on Saturday, 21<sup>st</sup> September 2019 at 10.00 am  
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**

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

**PROXY FORM**

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

Name of the Member(s): ..... 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 33<sup>rd</sup> Annual General Meeting of the Company to be held on Saturday, 21<sup>st</sup> September 2019 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 (Standalone and consolidated) for the year ended 31<sup>st</sup> March 2019 together with the Reports of the Board of Directors and the Auditors thereon.
- 2. Declaration of dividend for the financial year 2018-19
- 3. Appointment of Director Mrs. Krishna Sikka (DIN:01226312) retiring by rotation
- 4. Re-appointment of Independent Director Dr. C. G. Krishnadas Nair (DIN: 00059686)
- 5. Re-appointment of Independent Director Mr.Roopsing N. Chawhan (DIN: 00568833),
- 6. Re-appointment of Independent Director Mr.Santhanam Srinivasan (DIN: 02685291),
- 7. Payment of Remuneration to Non-whole time Directors

Affix  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

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)