



**31st Annual Report
for year ended 31st March 2017**

SIKA INTERPLANT SYSTEMS LTD

**BOARD OF DIRECTORS**

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

COMPANY SECRETARY

Mrs. Sreee Aneetha M

AUDITORS

B.N. Subramanya & Co.
 Chartered Accountants

BANKERS

Canara Bank

REGISTERED OFFICE

3 Gangadharchetty Road,
 Bengaluru 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
 (Formerly: Integrated Enterprises (India) Limited)
 No.30, Ramana Residency,
 4th Cross, Sampige Road,
 Malleswaram, Bengaluru 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-first ANNUAL GENERAL MEETING of Sika Interplant Systems Limited ("the Company") will be held on Wednesday, 27th September, 2017 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 31st March 2017 together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March 2017.
3. To appoint a Director in place of Mrs. Krishna Sikka (DIN: 01226312), who retires by rotation and, being eligible, offers herself for re-appointment.
4. To consider and if thought fit to pass, with or without modification(s), the following as an Ordinary Resolution:

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

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V to the Act, the Company hereby approves the re-appointment and terms of remuneration of Mr. Rajeev Sikka (DIN 00902887) as Chairman & Managing Director of the Company for the period of three years from 1st April 2018 to 31st March 2021, upon the terms and conditions set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr. Rajeev Sikka, without being liable to retire by rotation.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the rules made

thereunder (including any statutory modification or re-enactment thereof) read with Schedule V to the Act, the Company hereby approves the re-appointment of Mr. Kunal Sikka (DIN: 05240807) as Whole Time Director of the Company for the period of three years from 1st October 2017 to 30th September 2020, upon the terms and conditions set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Directors and Mr. Kunal Sikka.

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

"RESOLVED THAT, pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any amendment thereto or re-enactment thereof), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorized to do all such acts as may be necessary, proper or expedient to give effect to these resolutions."

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 21st September 2017 to 27th September 2017, 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 20th September 2017.
 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, 2017.
 10. Members holding shares in physical form and who have not registered their e-mail IDs are requested to register the same with R&T.
 11. The Notice of the AGM is being sent by electronic mode and subsequently the Annual Report 2016-17 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 21st September 2017 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. Mr. Naveen K. Shenoy, Practicing Company Secretary (Membership No.10817, COP No.16588), 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. 27th September 2017.
- The instructions for shareholders voting electronically are as under:
- j. The remote e-voting period commences on 24th September 2017 at 9:00 a.m. (IST) and ends on 26th September 2017 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
	<p>a. For CDSL: 16-digit beneficiary ID,</p> <p>b. For NSDL: 8-character DP ID followed by 8-digit Client ID,</p> <p>c. Members holding shares in Physical Form should enter Folio Number registered with the Company.</p>
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:
For Members holding shares in Demat Form and Physical Form	
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"> 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. 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.
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"> If both the details are not recorded with the depository or company please enter the member id / folio number in the instruction (iii).
vii	After entering these details appropriately, click on "SUBMIT" tab
viii	Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

ix	For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
x	Click on the EVSN for 'SIKA INTERPLANT SYSTEMS LIMITED'.
xi	On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
xii	Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
xiii	After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
xiv	Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
xv	You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.
xvi	<p>Note for Non-Individual Shareholders and Custodians</p> <ul style="list-style-type: none"> 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. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com 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. 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. 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. <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 www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com</p>

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

By Order of the Board
Sreee Aneetha .M
Company Secretary

Bangalore, 02nd Aug 2017

ANNEXURE TO THE NOTICE

Pursuant to Section 102 of the Companies Act, 2013 (the "Act"), the following Explanatory Statement sets out all material facts relating to the business mentioned under item Nos. 5 to 7 of the accompanying Notice:

Item No.5	
	Mr. Rajeev Sikka was re-appointed as Chairman and Managing Director of the Company for a period of three years from 1 st April 2015 to 31 st March 2018. At the meeting of the Board of Directors of the Company (the "Board") held on 2 nd August 2017, the re-appointment of Mr. Rajeev Sikka as Chairman and Managing Director from 1 st April 2018 till 31 st March 2021 was approved on terms and conditions as set out below based on the recommendations of the Nomination and Remuneration Committee, subject to approval of the Members.
a)	<p>Salary</p> <p>Salary up to a maximum of ₹ 2,50,000 per month, with authority to the Board to fix the salary within the said maximum amount from time to time. The annual increments shall be effective 1st April each year.</p>
b)	<p>Perquisites</p> <p>In addition to the Salary, Mr. Rajeev Sikka shall be entitled to perquisites such as:</p> <ol style="list-style-type: none"> (1) House Rent Allowance of ₹ 50,000 per month (2) Medical expenses and Medical Insurance will be paid/reimbursed by the Company for self, wife, dependent children and dependent parents at actuals, subject to a ceiling of one month's Salary (3) Personal Accident Insurance (4) Leave Travel Allowance: Reimbursement of expenses incurred on actual basis, subject to a ceiling of one month's Salary, for self, his wife, dependent children and dependent parents (5) Club fees, subject to a maximum of two clubs, which will not include admission and life membership fees (6) Company maintained car with driver (7) Telecommunication facilities at his residence (8) Contribution to Provident Fund, Superannuation Fund, and Gratuity as per the rules of the Company (9) Leave and encashment of unavailed leave as per the rules of the Company (10) A Special Allowance not exceeding ₹ 6,00,000 per annum will be paid and such other perquisites and allowances in accordance with the rules of the Company and as may be agreed by the Board and Mr. Rajeev Sikka.
c)	<p>Performance Incentive</p> <p>Mr. Rajeev Sikka will also be entitled for such remuneration by way of Performance Incentive, in addition to Salary and Perquisites, as may be recommended by the Nomination and Remuneration</p>

	Committee and decided by the Board from time to time, subject to the overall ceiling stipulated in Sections 196 and 197 of the Companies Act, 2013 (the "Act").
d)	<p>Minimum Remuneration</p> <p>Notwithstanding anything to the contrary contained herein, where in any financial year during the tenure of Mr. Rajeev Sikka, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Salary and Perquisites and Allowances and Performance Incentive subject to further approvals as may be required under Schedule V of the Act, or any modification(s) thereto.</p> <p>The draft Letter of Appointment between the Company and Mr. Rajeev Sikka shall be available for inspection at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company till the date of the Annual General Meeting.</p> <p>The Board is of the view that the re-appointment of Mr. Rajeev Sikka as Chairman and Managing Director will be beneficial to the Company in terms of its operations and to capitalise on future growth opportunities and the remuneration payable to him is commensurate with his abilities and experience and accordingly, commend the Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company.</p> <p>Other than Mr. Rajeev Sikka, Mrs. Krishna Sikka (Non-executive Director) and Mr. Kunal Sikka (Whole Time Director and CFO), none of the Directors or Key Managerial Personnel ("KMP") of the Company or their respective relatives is concerned or interested in the Resolution at Item No. 5 of the accompanying Notice.</p>
Item No.6	
	Mr. Kunal Sikka was appointed as Whole Time Director of the Company for a period of three years from 1 st October 2014 to 30 th September 2017. At the meeting of the Board held on 2 nd August 2017, the re-appointment of Mr. Kunal Sikka as Whole Time Director from 1 st October 2017 till 30 th September 2020 was approved on terms and conditions as set out below based on the recommendations of the Nomination and Remuneration Committee, subject to the approval of the Members.
a)	<p>Salary</p> <p>Salary up to a maximum of ₹ 2,00,000 per month, with authority to the Board to fix the salary within the said maximum amount from time to time. The annual increments shall be effective 1st October each year.</p>
b)	<p>Perquisites</p> <p>In addition to the Salary, Mr. Kunal Sikka shall be entitled to perquisites such as:</p> <ol style="list-style-type: none"> (1) House Rent Allowance of ₹ 50,000 per month

<p>(2) Medical expenses and Medical Insurance will be paid/reimbursed by the Company for self, wife, dependent children and dependent parents at actuals, subject to a ceiling of one month's Salary</p> <p>(3) Personal Accident Insurance</p> <p>(4) Leave Travel Allowance: Reimbursement of expenses incurred on actual basis, subject to a ceiling of one month's Salary, for self, his wife, dependent children and dependent parents</p> <p>(5) Club fees, subject to a maximum of two clubs, which will not include admission and life membership fees</p> <p>(6) Company maintained car with driver</p> <p>(7) Telecommunication facilities at his residence</p> <p>(8) Contribution to Provident Fund, Superannuation Fund, and Gratuity as per the rules of the Company</p> <p>(9) Leave and encashment of unavailed leave as per the rules of the Company</p> <p>(10) A Special Allowance not exceeding ₹ 5,00,000 per annum will be paid and such other perquisites and allowances in accordance with the rules of the Company and as may be agreed by the Board and Mr. Kunal Sikka.</p> <p>c) Performance Incentive</p> <p>Mr. Kunal Sikka will also be entitled for such remuneration by way of Performance Incentive, in addition to Salary and Perquisites, as may be recommended by the Nomination and Remuneration Committee and decided by the Board from time to time, subject to the overall ceiling stipulated in Sections 196 and 197 of the Act.</p> <p>d) Minimum Remuneration</p> <p>Notwithstanding anything to the contrary contained herein, where in any financial year during the tenure of Mr. Kunal Sikka, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Salary and Perquisites and Allowances and Performance Incentive subject to further approvals as may be required under Schedule V of the Act, or any modification(s) thereto.</p> <p>The draft Letter of Appointment between the Company and Mr. Kunal Sikka shall be available for inspection at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company till the date of the Annual General Meeting.</p> <p>The Board is of the view that the re-appointment of Mr. Kunal Sikka as Whole Time Director will be beneficial to the Company in terms of its operations and to capitalise on future growth opportunities and the remuneration payable to him is commensurate with his abilities and experience and accordingly, commend the Resolution at Item No. 6 of the accompanying Notice for approval by the Members of the Company.</p> <p>Other than Mr. Kunal Sikka, Mrs. Krishna Sikka (Non-executive Director) and Mr. Rajeev Sikka (Chairman and Managing Director), none of the Directors or KMP of the Company or their respective relatives is concerned or interested in the Resolution at Item No. 6 of the accompanying Notice.</p>	<p>Item No. 7</p> <p>The Articles of Association ("AOA") of the Company as presently in force were put in place, when the Company was incorporated in 1985. The existing AOA are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act.</p> <p>With the coming into force of the Act several regulations of the existing AOA of the Company require alteration or deletion in several articles. Given this position, it is considered expedient to wholly amend the existing AOA with a new set of Articles.</p> <p>The new AOA to be substituted in place of the existing AOA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares</p> <p>The proposed new draft AOA is being uploaded on the Company's website for perusal by the shareholders</p> <p>None of the Directors or KMP or their respective relatives is concerned or interested in the Resolution at the Item No.7 of the Notice</p> <p>The Board recommends the resolution set out at Item No.7 of the Notice for approval by the shareholders.</p> <p>Pursuant to Section 197 of the Companies Act, 2013 (the "Act") read with Schedule V to the Act, the statement of information required, as relevant to the Company, is set out as under:</p> <p>I. General information</p> <p>1) Nature of industry: As stated in the Management Discussion & Analysis ("MD&A") that forms a part of the Directors' Report annexed hereto</p> <p>2) Financial performance: As summarised in the Directors' Report annexed hereto.</p> <p>3) Foreign investments or collaborations, if any: Nil.</p> <p>II. (a) Information about the appointee – Mr. Rajeev Sikka:</p> <p>1) Background details: Mr. Rajeev Sikka is a Graduate with Joint Honours in Engineering and Management Sciences from the University of Strathclyde, Glasgow, UK and has been the Managing Director of the Company since 1986 and its Chairman from 2005.</p> <p>2) Past remuneration: As stated in Section VI of the Extract of Annual Return that forms a part of the Directors' Report annexed hereto.</p> <p>3) Recognition or awards: Under Mr. Rajeev Sikka's leadership, the Company has received awards from the Defence Research & Development Organisation (Ministry of Defence, Government of India), the Naval Physical & Oceanographic Laboratory (Ministry of Defence, Government of India) and the Society of Indian Aerospace Technologies and Industries; has continuously held design approval from the Center for Military Airworthiness and Certification (Ministry of</p>
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<p>Defence, Government of India) since 1999; and obtained approval as a recognised R&D Centre from the Council of Scientific and Industrial Research, Department of Science & Technology, Government of India.</p> <p>4) Job profile and his suitability: Your Company has grown organically into an established engineering industry that is focused on advanced technology projects and services for the Aerospace, Defence and Automotive sectors, and Mr. Rajeev Sikka has played a pivotal role in the Company's successes. Thus, as stated in the Explanatory Statement, the Board strongly recommends his re-appointment as Chairman and Managing Director.</p> <p>5) Remuneration proposed: As stated in the Explanatory Statement.</p> <p>6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: The remuneration package proposed for Mr. Rajeev Sikka is commensurate with respect to the industry, size of the company, profile of the position and his abilities and experience.</p> <p>7) Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any: Mr. Rajeev Sikka has no pecuniary relationship directly or indirectly either with the Company or with the managerial personnel.</p> <p>(b) Information about the appointee:— Mr. Kunal Sikka</p> <p>1) Background details: Mr. Kunal Sikka is a BBA with a specialization in Real Estate Finance and Management from the University of Wisconsin Madison, USA. Prior to joining the Company in 2011, he worked with Goldman Sachs for nearly 6 years in their New York, London and Singapore offices, with experience across capital markets, financing, foreign exchange and real estate investing. He has been the Whole Time Director of the Company since 2014 and its CFO from 2011.</p> <p>2) Past remuneration: As stated in Section VI of the Extract of Annual Return that forms a part of the Directors' Report annexed hereto.</p> <p>3) Recognition or awards: Under Mr. Kunal Sikka's leadership, the Company has received an award from the Naval Physical & Oceanographic Laboratory (Ministry of Defence, Government of India); has maintained its design approval from the Center for Military Airworthiness and Certification (Ministry of Defence, Government of India); and obtained approval as a recognised R&D Centre from the Council of Scientific and Industrial Research, Department of Science & Technology, Government of India.</p>	<p>4) Job profile and his suitability: As stated in the Explanatory Statement, the Board strongly recommends his re-appointment as Whole Time Director considering the involvement of Mr. Kunal Sikka in the Company's financial management and business development.</p> <p>5) Remuneration proposed: As stated in the Explanatory Statement.</p> <p>6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: The remuneration package proposed for Mr. Kunal Sikka is commensurate with respect to the industry, size of the company, profile of the position and his abilities and experience.</p> <p>7) Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any : Mr. Kunal Sikka has no pecuniary relationship directly or indirectly either with the Company or with the managerial personnel.</p> <p>III. Other information:</p> <p>1) Reasons of Loss or inadequate profits: As stated in the MD&A that forms a part of the Directors' Report annexed hereto.</p> <p>2) Steps taken or proposed to be taken for improvement: As stated in the MD&A that forms a part of the Directors' Report annexed hereto.</p> <p>3) Expected increase in productivity and profits in measurable terms: Profitability of the company is expected to be higher in the financial year following the financial year under review.</p>
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DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

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

Item No.3

Particulars	Mrs. Krishna Sikka
DIN	01226312
Date of Birth	12-08-1928
Date of appointment	30-03-2015
Qualifications	Matriculation
Expertise in specific functional areas	Management & Administration for over 40 years
Disclosure of Relationships between Directors inter-se	Mrs. Krishna Sikka is mother of Mr. Rajeev Sikka - Chairman & MD and grand mother of Mr. Kunal Sikka, WTD & CFO
Directorships held in other public listed companies (excluding foreign companies and Section 8 companies)	Nil
Memberships / Chairmanships of committees of other public listed companies	Nil
Number of shares Held in the company	52

Item No.5

Particulars	Mr Rajeev Sikka
DIN	00902887
Date of Birth	12-06-1948
Date of Appointment	20-12-1985
Qualifications	Graduate with Joint Honours in Engineering and Management Sciences from the University of Strathclyde, Glasgow, UK.
Expertise in specific functional areas	Experience in Engineering, Finance, Management and Business Development
Disclosure of Relationships between Directors inter-se	Mr. Rajeev Sikka is the son of Mrs. Kirshna Sikka, Non-Executive Director and father of Mr. Kunal Sikka, WTD & CFO
Directorships held in other companies (excluding foreign companies and Section 8 companies)	Nil
Memberships/Chairmanships of committees of other public listed companies	Nil
Number of shares held in the Company	3,933

Item No.6

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

DIRECTORS' REPORT

To the Members,

The Directors are pleased to present the Thirty First Annual Report of the Company and the Audited Statement of Accounts for the year ended 31st March 2017.

FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2017	FY 2016	FY 2017	FY 2016
Total Income	3497.98	4,178.68	3544.82	4,212.42
Profit (Loss) before Tax and Depreciation	323.45	332.48	346.83	308.04
Provision for Taxes	95.36	93.49	101.37	93.70
Depreciation	58.17	48.48	58.23	49.69
Profit (Loss) for the Year After Tax and Depreciation	169.92	190.51	187.23	173.86
Earnings per Share (in Rs.)	4.01	4.49	4.41	4.10

COMPANY'S PERFORMANCE

During the year under review, your Company achieved Total Income of ₹ 3,497.98 Lakhs on a Standalone basis as compared to ₹ 4,178.68 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 169.92 Lakhs for the current Financial Year as against Net Profit of ₹ 190.51 Lakhs in the previous Financial Year.

On a Consolidated basis, your Company achieved Total Income of ₹ 3,544.82 Lakhs during the year under review as compared to ₹ 4,212.42 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 187.23 Lakhs for the current Financial Year as against Net Profit of ₹ 173.86 Lakhs in the previous Financial Year.

DIVIDEND

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

TRANSFER TO GENERAL RESERVE

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

SUBSIDIARY COMPANIES

The Company has 4 subsidiaries as on March 31, 2017. There are no associate companies within the meaning of section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries during the period under review.

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

In addition, as per the Board Meeting held on 08th February 2017, Company acquired remaining 49% shareholding in EMSAC Engineering Private Limited, and consequently it became a wholly owned subsidiary of the Company in the month of April 2017.

DIRECTORS & KEY MANAGERIAL PERSONNEL

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

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

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

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 2016-17, there were no changes in the Board and Key Managerial Personnel of the Company.

Board proposes re-appointment of Mr. Rajeev Sikka as Chairman and Managing Director for a further 3 years from 01st April 2018 up to 31st March 2021 and re-appointment of Mr. Kunal Sikka as Whole Time Director for a further 3 years from 01st October 2017 to 30th September 2020.

The disclosures pertaining to the same as required by schedule V to the Act are provided in Explanatory Statement accompanying the Notice.



DIRECTORS RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- ii. The Directors have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. The Directors have taken proper and sufficient care, for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis;
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

BOARD EVALUATION

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

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

AUDIT COMMITTEE

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

AUDITORS

a. Statutory Auditors

Pursuant to Section 139 of the Act and the rules framed thereunder, Messrs B. N. Subramanya & Co, Chartered Accountants (ICAI Firm Registration No. 004142S) were appointed as Statutory Auditors of the Company from the conclusion of the twenty ninth annual general meeting (AGM) of the Company held on September 25, 2015 till the conclusion of the thirty second AGM to be held in the year 2018, subject to ratification of their appointment at every AGM. They have confirmed their eligibility under Section 141 of the Act and the rules framed thereunder for re-appointment 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 report on the Secretarial Audit is annexed here with.

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

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

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the preservation of the accounting records, and the timely preparation of reliable financial disclosures.

RISK MANAGEMENT

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 (the "Act") are given in note 36 to the Financial Standalone Statements forming part of this report.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party

transactions made by the Company with Promoters, Directors, KMP or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval, wherever required. Prior omnibus approvals of the Audit Committee were obtained for the transactions of repetitive nature, as applicable. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company. Information on transactions with related parties 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 92(3) of the Act, the extract of the annual return in the prescribed form MGT-9 is annexed herewith.

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 2016-17, the Company had received zero complaints on sexual harassment, and accordingly no complaints remain pending as of 31st March 2017

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

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

PARTICULARS OF EMPLOYEES

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

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

Name of the Director	Ratio
Dr. C.G. Krishnadas Nair	0.70
Mr. R.N. Chawhan	0.70
Mr. S. Santhanam	0.70
Mrs. Krishna Sikka	0.70
Mr. Rajeev Sikka	7.72
Mr. Kunal Sikka	6.73

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

Name	% change
Dr. C.G. Krishnadas Nair	-
Mr. R.N. Chawhan	-
Mr. S. Santhanam	-
Mrs. Krishna Sikka	-
Mr. Rajeev Sikka, Chairman & Managing Director	10%
Mr. Kunal Sikka, Whole Time Director & CFO	5.50%
Mrs. Sreee Aneetha M, Company Secretary	8.46%

- c. The percentage increase in the median remuneration of employees in the financial year: 23.91%
- d. The number of permanent employees on the rolls of Company: 48
- e. The explanation on the relationship between average increase in remuneration and Company performance: The average increase takes into account the Company performance, inflation rate, market salary increase and trends
- f. Comparison of the remuneration of the KMP against the performance of the Company.

Aggregate remuneration of KMP in FY'17 (₹ in Lakhs)	57.78
Revenue (₹ In Lakhs)	3,419.22
Remuneration of KMPs (as a % of revenue)	1.69
Profit before Tax (PBT) (₹ in Lakhs)	265.28
Remuneration of KMP (as a % of PBT)	21.78

- 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	Mar' 17	Mar' 16	% Change
a. Market Capitalisation (₹ in crores)	95.44	51.09	86.81
b. Price Earnings Ratio	56.13	26.84	109.13

- 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, 2017 has increased 2251% 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 2016-17 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 17	28.41	22.67	6.70
Revenue	3419.22		
Remuneration as % of revenue	0.83	0.66	0.20
Profit before Tax (PBT)	265.28		
Remuneration (as % of PBT)	10.71	8.55	2.52

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.

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 ₹167.24 lakhs.

PUBLIC DEPOSITS

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

DISCLOSURE REQUIREMENTS

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy:

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

- Improved monitoring of energy consumption;
- Creating awareness within the Company on energy conservation;
- Increased focus on procurement of energy efficient equipment; and
- Exploring options towards utilisation of renewable energy

Technology Absorption, Adaptation and Innovation

- 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.

Foreign Exchange Earning and Outgo

During the year under review, the Company earned 844.91 Lakhs in foreign exchange and spent 2,462.45 Lakhs.

MATERIAL CHANGES AND COMMITMENTS

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

SIGNIFICANT AND MATERIAL ORDERS

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

ACKNOWLEDGEMENTS

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

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

Bengaluru,
 02nd August 2017

Annexure I - 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	112.86	0.13	(1.54)	(2.01)
4	Total Assets	125.32	5.64	243.83	0.32
5	Total Liabilities	125.32	5.64	243.83	0.32
6	Investments	36.89	0	0.00	-
7	Turnover	44.87	2.23	0.68	-
8	Profit before taxation	31.30	0.65	(0.69)	(0.51)
9	Provision for taxation	5.79	0.22	0.00	-
10	Profit after taxation	25.51	0.43	(0.69)	(0.51)
11	Proposed Dividend	-	-	-	-
12	% of Shareholding	100.00	51.00	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 31st March 2017.
- During the Financial year 2016-17, Sika had purchased 49% shareholding of EMSAC Engineering Private Ltd., which has thus become a 100% wholly owned subsidiary.

For and on behalf of the Board

Rajeev Sikka

Chairman & Managing Director

R.N.Chawhan

Director

Kunal Sikka

Whole Time Director &
Chief Financial Officer

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
Sterling Technologie Pte Ltd., - Related party transaction	Sale of Products	Mutual consent as per terms of contract	Sale of Products	29-05-2015	NA

On behalf of the Board of Directors

Rajeev Sikka

Chairman & Managing Director



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

As on the financial year ended on 31st March 2017 (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 th 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	:	Integrated Registry Management Services Private Limited (Formerly: Integrated Enterprises (India) Limited) No.30, Ramana Residency, 4 th 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	82.95%
2	Others		11.62%

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	U28900MH1971PTC014993	Subsidiary	99.99%	2(87)
2.	EMSAC Engineering Private Limited	U35900KA2008PTC044963	Subsidiary	51%	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)

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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4394	-	4394	0.10	4394	-	4394	0.10	No change
b) Central Govt	-	-	-	-	-	-	-	-	
c) State Govt (s)	-	-	-	-	-	-	-	-	
d) Bodies Corp.	3036823	-	3036823	71.62	3036823	-	3036823	71.62	No change
e) Banks/FI	-	-	-	-	-	-	-	-	
f) Any Other..	-	-	-	-	-	-	-	-	
Sub-total (A) (1):-	3041217	-	3041217	71.72	3041217	-	3041217	71.72	No change
(2) Foreign:	-	-	-	-	-	-	-	-	
a) NRIs - Individuals	-	-	-	-	-	-	-	-	
b) Other - Individuals	-	-	-	-	-	-	-	-	
c) Bodies Corp.	-	-	-	-	-	-	-	-	
d) Banks / FI	-	-	-	-	-	-	-	-	
e) Any Other....	-	-	-	-	-	-	-	-	
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	3041217	-	3041217	71.72	3041217	-	3041217	71.72	No change
B. Public Shareholding									
1. Institutions									
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)									
Sub-total (B)(1):-									



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corporate									
i. Indian	100819	6000	106819	2.52	65417	6000	71417	1.68	-0.84
ii. Overseas									
b. Individuals									
i. Individual Shareholders holding nominal share capital up to Rs. 1 lakh	520163	131272	651435	15.36	565516	126772	692288	16.33	0.97
ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	419459	-	419459	9.89	416111	-	416111	9.81	-0.08
c Others (specify)									
i. Shares held by Pakistan citizens vested with the Custodian of enemy property	-	-	-	-	-	-	-	-	-
ii. Other Foreign Nationals									
iii. Foreign Bodies									
iv. NRI/OCBs	5365	-	5365	0.13	6586	-	6586	0.16	0.03
v. Clearing Members Clearing House	15880	-	15880	0.37	12556	-	12556	0.3	-0.07
vi. Trusts	-	-	-	-	-	-	-	-	-
vii. Limited Liability Partnerships	-	-	-	-	-	-	-	-	-
viii. Foreign Portfolio Investor (Corp.)									
ix. Qualified Foreign Investor									
Sub Total (B)(2)	1061686	137272	1198958	28.28	1066186	132772	1198958	28.28	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	1061686	137272	1198958	28.28	1066186	132772	1198958	28.28	-
Shares held by Custodian for GDRs & ADRs									
GRAND TOTAL (A+B+C)	4102903	137272	4240175	100.00	4107403	132772	4240175	100.00	-

(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 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	-	3933	0.09	-	-
2	Sonal Toshniwal	409	0.01	-	409	0.01	-	-
3	Gourmet Estates Pvt Ltd	64508	1.52	-	64508	1.52	-	-
4	Ultraweld Engineers Pvt Ltd	2972315	70.10	-	2972315	70.10	-	-
5	Krishna Sikka	52	0.001	-	52	0.001	-	-
	Total	3041217	71.72	-	3041217	71.72	-	-

(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.	Top 10 Shareholders	No. of Shares as on 01.04.2016	No. of Shares as on 31.03.2017	Net Changes	% to Capital as on 31.03.2017
1	Shashank S Khade	62152	81001	18849	1.91%
2	Sharad Kanayalal Shah	69795	50000	-19795	1.18%
3	Anshul Saigal	42405	40800	-1605	0.96%
4	Shivani Tejas Trivedi	39765	39765	-	0.94%
5	Shah Krinaben Sanjivbhai	33915	29302	-4613	0.69%
6	Moneyplant Estates Pvt Ltd	24314	24314	-	0.57%
7	Dr. Ramesh Chimamlal shah	18600	23504	4904	0.55%
8	Laxmichand Kunverji Kenia	20188	20188	-	0.48%
9	Bharat Kunverji Kenia	15416	15416	-	0.36%
10	Sanjay B Shah	15000	15000	-	0.35%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Directors & KMP	No. of Shares as on 01.04.2016	No. of Shares as on 31.03.2017	Net Changes	% to Capital as on 31.03.2017
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
Indebtedness at the beginning of the financial year				
(i) Principal Amount	2,72,37,727	-	-	2,72,37,727
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i)+(ii)+(iii)	2,72,37,727	-	-	2,72,37,727
Change in Indebtedness during the financial year				
Addition	1,36,33,083	-	-	1,36,33,08
Reduction	(1,61,00,429)	-	-	(1,61,00,429)
Net Change	(24,67,346)			(24,67,346)
Indebtedness at the end of the financial year				
(i) Principal Amount	2,47,70,381	-	-	2,47,70,381
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i)+(ii)+(iii)	2,47,70,381	-	-	2,47,70,381

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	26,40,000	22,39,992	48,79,992
	b) Value of Perquisites u/s.17(2) of Income Tax Act, 1961	2,01,095	27,354	2,28,449
	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	-	-	-
	Total	28,41,095	22,67,346	51,08,441

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. C.G. Krishnadas Nair	R.N. Chawhan	S. Santhanam	Krishna Sikka
1	Fees for attending the Board/Committee meetings	20,000	20,000	20,000	20,000
2	Commission	-	-	-	-
	Total	20,000	20,000	20,000	20,000

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	6,70,247
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
5	Others	-
	Total	6,70,247

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

THE ECONOMY

2016 was a difficult year for the global economy as developed economies witnessed tepid growth, in continuum with the trend of the past few years. The year was defined by political shocks in advanced economies – firstly, the decision by the UK electorate to leave the EU, followed by the election of Donald Trump to the US presidency. Both events will continue to have ramifications well beyond their borders in 2017 and beyond.

The global macroeconomic landscape in FY 2017 was uncertain, with growth held back by an anaemic performance in developed economies. Important global developments during the year included the US Federal Reserve increasing policy rates and a partial recovery in global commodity prices. The world economy grew by 3.1% in 2016, mainly due to recovery in industrial activity and rise in commodity prices.

Despite worries of protectionism, the IMF expects the global economy to grow by 3.4% in 2017 supported by continued pick-up in commodity prices and signs of increased spending. The outlook for emerging market economies is expected to improve; however, capital flow volatility will remain a concern as markets adjust to the higher US interest rate environment. This is expected to be accompanied by the projected policy impetus of the new US administration and its global consequences.

During the year under review, the Indian economy successfully navigated through the external global turbulence and the temporary negative impact of demonetisation to register a growth of 7.1%, with the agriculture sector exhibiting out performance owing to a favourable monsoon after two consecutive droughts. According to the Economic Survey 2016–17, India's real GDP growth is projected to remain in the range of 6.75–7.5% in 2018. This posits India as one of the fastest growing economies amidst an environment of global economic uncertainty.

Having traversed effects of demonetisation a lot faster than the general expectation, India is now set to realise long-term gains in terms of greater tax compliance, which is expected to be further bolstered with implementation of the transformative Goods and Services Tax. With these tail winds, the Indian economy is on a healthy footing supported by critical structural reforms, under control inflation, and Government's continued focus on key initiatives like its flagship 'Make in India' program, infrastructure development and ease of doing business.

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 (Rev C) certification, which is a widely adopted and standardised quality management system for the aerospace industry globally.

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

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

INDUSTRY STRUCTURE AND DEVELOPMENT

India's geopolitical scenario and compulsions, real or perceived, are driving a relentless transformation of its A&D industry. The biggest growth driver is India's burgeoning expenditure in India's defence budgets; the last decade also witnessed India emerge as one of the most attractive A&D markets in the world with a steady increase in the Ministry of Defence's budget for



modernization of the armed forces. With the world's third largest armed forces, India's defence budget is around 2.1% of its GDP and is now the world's 4th largest.

India continues to be one of the top defence spending countries in the world and spends about 40% 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 massive modernization programs, the latter in response to the urgent need to enhance the deterrent and operation capabilities of the armed forces through up gradation/modernization of existing equipment, as well as additional acquisitions of 'state of the art' equipment. The large scale of the market provides a significant opportunity for foreign original equipment manufacturers (OEMs), Indian industries and SMEs.

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

The implementation of the Defence Procurement Policy (DPP) seeks greater engagement of domestic enterprises and SMEs in defence and internal security. The latest DPP revision released 2016 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" and "Buy & Make (Indian)" ahead of global procurement options, as well as the introduction recently of 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 (2017-18) is cautiously optimistic. As discussed above, we expect that the combination of a continued increase in domestic defence spending and the opportunity from offsets—aided by the 1.5x multiplier made available for MSMEs—coupled with the balancing investments made in expanding your Company's operating base will provide us with a solid platform for sustained and consistent growth in our business over the coming years.

RISKS AND CONCERNS

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

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

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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



SEGMENT WISE PERFORMANCE

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

HUMAN RESOURCES

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

COMPANY PERFORMANCE

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

optimistic that apparently transformative policy changes like the Strategic Partnership policy recently introduced by the MoD will have a positive impact on awarding of contracts for pending projects in a materially enhanced time bound manner.

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

CAUTIONARY STATEMENT

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

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

CORPORATE GOVERNANCE REPORT

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 31st March 2017, 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 31st March 2017 are given herein 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	4	No	2	2	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	-	-	-

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

Four Board meetings were held during the year 2016-17. The Board meetings were held 30th May 2016; 28th July 2016; 08th November 2016 and 08th February, 2017. The information and declarations as required in terms of Listing Regulations is being regularly placed before the Board.

As on 31st March 2017, Non-Executive Directors Dr. C.G. Krishnadas Nair held 80,000 shares and Mrs. Krishna Sikka held 52 shares respectively of the Company. None of the other Non-Executive Directors held shares in the Company.

The details of the familiarisation programs for Independent Directors are available on the website of the Company (http://www.sikaglobal.com/About_Us.html).

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.

During the year, Mr. S. Santhanam joined the Committee.

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	4
3.	Mr. S. Santhanam - Member	Non-Executive, Independent	4
4.	Mr. Kunal Sikka - Member	Whole Time Director & CFO	4

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

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

Performance Evaluation criteria for Independent Directors:

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

Remuneration Policy:

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

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

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

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

During the year 2016-17, the Company paid sitting fees of Rs.5,000/- per meeting to each of its Non-Executive Directors for attending meetings of the Board and Committees of the Board. The Company has not had any pecuniary relationship and transaction with any of the Non-Executive Directors during the year under review.

Details of remuneration of the Managing Director and Whole-time Director for Financial Year 2016-17:

Name of the Director and period of appointment	Salary (Rs. In Lakhs)	Benefits, perquisites and allowances (Rs.in Lakhs)	Commission (Rs. In Lakhs)
Mr. Rajeev Sikka Chairman & Managing Director (w.e.f 01 st April 2015 for a period of 3 years)	26.40	2.01	Nil
Mr. Kunal Sikka Whole Time Director & CFO (w.e.f 01 st October 2014 for a period of 3 years)	22.40	0.27	Nil

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

6. 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	4
2.	Mr. R. N. Chawhan - Member	Non-Executive, Independent	4
3.	Mr. S. Santhanam - Member	Non-Executive, Independent	4
4.	Mr. Rajeev Sikka - Member	Executive	4
5.	Mr. Kunal Sikka - Member	Executive	4

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

There were no shareholders' complaints outstanding as on April 1, 2016 and as on March 31, 2017. During the year all the requests for dematerializations were approved by the Company. No valid transfer / transmission of shares were pending as of 31st March 2017.

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 thereat
2015-16	Wednesday, 07 th September 2016	10:00 a.m.	Hotel Ajantha, 22, M.G. Road, Bengaluru 560 001	-
2014-15	Friday, 25 th September 2015	10:00 a.m.		-
2013-14	Thursday, 25 th September 2014	10:00 a.m.		2

- b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2016-17.
 c) No Postal Ballot was conducted during the financial year 2016-17.
 d) As of the date of the Report, 3 special resolutions are proposed to be conducted at 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. The Company does not have any press release or presentation to institutional investors.

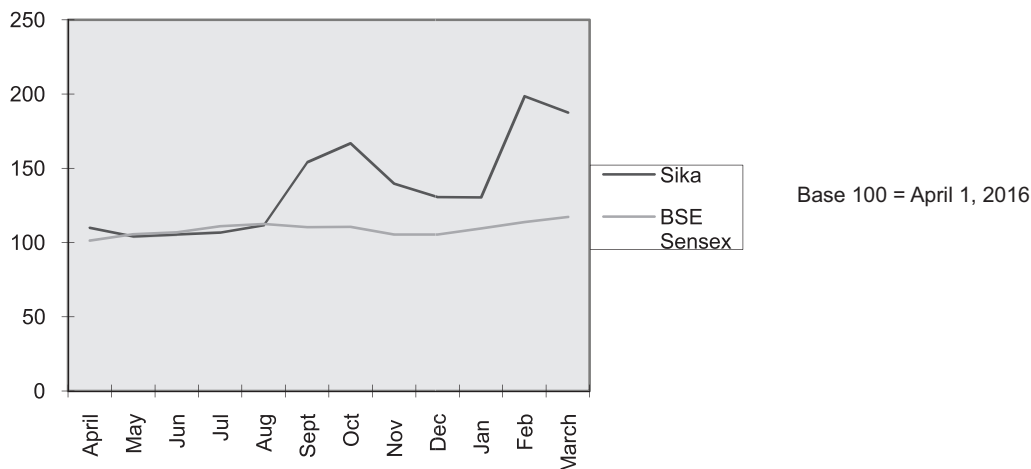
9. General shareholder information

- a. Annual General Meeting: The AGM is scheduled to be held on day, 27th September 2017, 10:00 am at Hotel Ajantha, 22 M.G.Road, Bangalore 560 001.
- b. Financial Year: 01st April to 31st March
- c. Book Closure 21st September 2017 to 27th September 2017 (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 2016-17:

Month	High (₹)	Low (₹)
April '16	141.00	120.00
May '16	143.50	115.00
June '16	134.00	98.00
July '16	140.00	118.10
August '16	154.70	116.10
September '16	211.70	121.00
October '16	211.80	176.50
November '16	202.00	130.00
December '16	178.00	147.00
January '17	174.20	156.50
February '17	247.00	142.05
March '17	255.00	210.00

i. Performance of the share price of the Company in comparison to BSE Sensex in 2016-17:



j. Registrars & Transfer agents

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

k. Share transfer system:

96.87% 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.

Distribution of Shareholding as on 31st March 2017:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto – 500	2335	89.06	291959	6.89
501 – 1000	151	5.76	122821	2.90
1001 – 2000	56	2.14	83166	1.96
2001 – 3000	27	1.03	69458	1.64
3001 – 4000	14	0.53	50733	1.20
4001 – 5000	9	0.34	41968	0.99
5001 – 10000	14	0.53	102822	2.42
10001 & above	16	0.61	3477248	82.00
Total	2622	100.00	4240175	100.00

Shareholding Pattern of the Company as on 31st March 2017

Category	No. of Shareholders	No. of Shares Held	Percentage
Promoters	6	3041217	71.72
Bodies Corporate	44	71417	1.68
Individuals	2547	1114985	26.30
Clearing Member	25	12556	0.30
Total	2622	4240175	100.00

- m. Dematerialization of Shares and Liquidity: Trading in equity shares of the Company is permitted only in dematerialized form. As on 31st March 2017, 96.87% of the Company's equity shares were held in dematerialized form with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd. (CDSL). Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE438E01016.
- n. Outstanding GDRs / ADRs / Warrants / Convertible Instruments: None
- o. Stock Option Scheme: None
- p. Equity Shares in the Suspense Account: The Company does not have any unclaimed shares and hence there are no disclosures to be made.
- q. Plant location: Sika Technology Centre, 21st KM Hosur Road, Bommasandra Industrial Area, Bangalore 560 099.
- r. Address for Correspondence: Registered Office:
No.3 Gangadharchetty Road, Bangalore 560 042
- s. CIN: CIN:L29190KA1985PLC007363
- t. Transfer of Unclaimed / Unpaid Dividends to Investor Education and Protection Fund ("IEPF")
Pursuant to Sections 205A and 205C of the Companies Act, 1956 and other applicable provisions, if any, of the Act, all unclaimed / unpaid dividends remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the IEPF. Sections 124 and 125 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules"), applicable with effect from September 05, 2016, as may be amended from time to time, will be applicable to the Company.

During the year under review, the Company has credited Rs.1,10,248/- being the unpaid Dividend for the financial year 2008-09 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 2008-09 and onwards are requested to make their claims without any delay to the RTA.

Financial Year	Date of Declaration	Due date for transfer to IEPF
2009-2010	30-09-2010	29-09-2017
2010-2011	30-09-2011	29-09-2018
2011-2012	28-09-2012	27-09-2019
2012-2013	27-09-2013	26-09-2020
2013-2014	25-09-2014	24-09-2021
2014-2015	25-09-2015	24-09-2022
2015-2016	07-09-2016	06-09-2023

10. Other Disclosures:

a) Related Party Transactions

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

b) Disclosure of Accounting Treatment

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

c) Vigil Mechanism

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

d) Details of Non-Compliance

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

e) Reconciliation of Share Capital Audit

The Company conducts a Reconciliation of Share Capital Audit by a practicing Company Secretary on a quarterly basis in accordance with SEBI requirements. The Reconciliation of Share Capital Audit Reports of the practicing Company 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, 2017. A certificate by the Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management is contained in this annual report.

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

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

i) Disclosure on Website

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

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

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

k) Prevention of Insider trading

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

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

1. We have examined the compliance of conditions of Corporate Governance by Sika Interplant Systems Limited ("the Company") for the year ended 31st March 2017 as per stipulated in Regulations 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the SEBI (LORD) Regulations, 2015.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the SEBI Listing Regulations as applicable.

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

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

DEVENDRA NAYAK
Partner
Membership No. 027449

Place : Bangalore,
Date : 02nd Aug, 2017

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, 2017.

Rajeev Sikka
Chairman and Managing Director

Place : Bangalore,
Date : 02nd Aug, 2017



**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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 31.03.2017 (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 thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- v. The management has represented that there are no laws applicable specifically to the company, other than general laws.

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

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

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

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

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

requiring compliance thereof by the Company during the audit period.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



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: 25/05/2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of M/s. SIKa INTERPLANT SYSTEMS LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st 2017;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act; and
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place : Bengaluru
Date : 25th May 2017

Devendra Nayak
Partner
M. No. 027449

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 31st March 2017, 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 a wholly owned subsidiary covered in the register maintained under section 189 of Companies Act, 2013 and the amount involved are as below:

Number of parties	Maximum Amount Involved	Amount as at 31.03.2017
1	1,21,180	1,21,180

- a) The terms and conditions of the grant of such loan is not prejudicial to the company's interest;
- b) There are no stipulated terms in respect of repayment of principal and interest.

As at the end of the year there were no overdue towards the loan granted to the firms covered in the register maintained under section 189 of the Act, comments thereon under sub-clause (c) is not applicable to the Company.

iv) 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.

v) 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.

vi) 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.

vii) Statutory Dues

a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Employee State Insurance, Income tax, sales tax, service tax, duty of customs, value added tax, duty of excise, cess and other statutory dues applicable to it.

b) According to the records of the Company, there are no dues of Income tax or Sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

viii) Repayment of Loans

According to the information and explanations given thousand 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 on the basis of 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 have been disclosed in the Financial Statements etc., as required by the applicable accounting standards

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.

Place : Bengaluru
Date : 25th May 2017

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

Devendra Nayak
Partner
M. No. 027449



Annexure B to Auditor's report of even date on the standalone financial statements of Sika Interplant Systems Limited

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, 2017 in conjunction with our audit of the standalone 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, 2017, 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.

Place : Bengaluru
Date : 25th May, 2017

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

Devendra Nayak
Partner
M. No. 027449

BALANCE SHEET AS AT 31st MARCH 2017

Particulars	Note No	Current Reporting Period	Previous Reporting Period
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
Share Capital	2	4,24,01,750	4,24,01,750
Reserves & Surplus	3	37,40,71,925	36,11,62,475
		41,64,73,675	40,35,64,225
(2) Non-current Liabilities			
Long-term Borrowings	4	1,63,58,027	43,44,944
Deferred tax liabilities (Net)	5	59,18,020	45,68,288
Other Long term liabilities	6	16,70,000	16,70,000
Long-term provisions	7	3,35,225	1,62,070
		2,42,81,272	1,07,45,301
(3) Current Liabilities			
Short - Term Borrowings	8	13,28,090	1,26,70,757
Trade payables	9		
Micro and Small Enterprises		15,525	18,526
Others		1,10,04,138	8,40,29,506
Current Liabilities	10	2,69,59,296	2,22,33,526
Short-term provisions	11	53,48,942	1,07,08,100
		4,46,55,992	12,96,60,415
Total		48,54,10,940	54,39,69,942
II ASSETS			
(1) Non-current Assets			
Fixed Assets	12		
(i) Tangible assets		36,73,27,127	34,85,80,209
(ii) Intangible assets		4,72,962	7,08,893
(iii) Capital Work-in-Progress		28,57,795	28,57,795
Non - Current Investments	13	4,55,78,290	2,02,53,089
Long Term Loans & Advances	14	31,13,787	31,98,972
		41,93,49,961	37,55,98,958
(2) Current Assets			
Inventories	15	1,49,78,421	96,75,440
Trade receivables	16	1,38,30,122	10,66,08,207
Cash & Bank Balances	17	3,42,71,571	5,04,07,667
Short-term Loans and Advances	18	25,20,306	14,74,320
Other current assets	19	4,60,560	2,05,350
		6,60,60,979	16,83,70,984
Total		48,54,10,940	54,39,69,942

Significant Accounting Policies
Notes on Financial Statements

1
2 to 41

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

Devendra Nayak
Partner
M. No. 027449
Bengaluru
25/05/2017

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
& Chief Financial Officer
DIN: 05240807

Sriee Aneetha M
Company Secretary

STATEMENT OF PROFIT AND LOSS AS AT 31st MARCH 2017

Particulars	Note No	Current Reporting Period	Previous Reporting Period
REVENUE			
Revenue from Operations	20	34,19,22,236	41,23,11,579
Other income	21	78,76,325	55,56,924
Total Revenue		34,97,98,561	41,78,68,503
EXPENSES			
Cost of material and consumables	22	1,50,87,545	1,67,23,185
Cost of material	23	23,92,29,968	30,89,64,142
Changes in inventory of work-in-progress	24	(29,14,912)	(19,64,640)
Employee benefits expense	25	3,01,15,122	2,56,84,825
Finance costs	26	31,84,112	36,24,761
Depreciation and amortisation expense	27	58,17,114	48,48,102
Other Expenses	28	3,27,51,603	3,15,88,615
Total Expenses		32,32,70,552	38,94,68,990
Profit/(Loss) before exceptional & extraordinary items & tax		2,65,28,009	2,83,99,514
Exceptional items		-	-
Profit/(Loss) before extraordinary items & tax		2,65,28,009	2,83,99,514
Extraordinary items		-	-
Profit/(Loss) before tax		2,65,28,009	2,83,99,514
Less: Tax expenses			
Current tax		77,50,000	84,00,000
Current tax expense for earlier years		4,36,127	-
Deferred tax		13,49,732	9,48,846
Profit/(Loss) for the period		1,69,92,150	1,90,50,667
Earnings per equity share			
Basic and Diluted		4.01	4.49
Weighted no of shares		42,40,175	42,40,175
Significant Accounting Policies	1		
Notes to accounts	2 to 41		

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
25/05/2017

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
& Chief Financial Officer
DIN: 05240807

Sriee Aneetha M
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

(In Rs.)

Particulars	31.03.2017	31.03.2016
A] CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit Before Taxation and Extraordinary item	2,65,28,009	2,83,99,514
Adjustments for:		
Depreciation	58,17,114	48,48,102
Financial expenses (Considered under Financial Activities)	31,84,112	36,24,761
Interest Income (Considered under Investment Activities)	(26,75,535)	(28,91,378)
Dividend Received (Considered under Investment Activities)	(86,750)	(1,47,739)
(Profit) / Loss on sale of Asset/investment (Considered in Investment Activities)	(64,299)	(59,955)
Operating Profit Before Working Capital Changes	3,27,02,651	3,37,73,305
(Increase)/ Decrease in Current Assets, Loans & Advances	9,39,84,276	(8,54,65,169)
Increase/(Decrease) in Current Liabilities	(7,05,23,996)	9,11,29,580
Working Capital Changes	2,34,60,280	56,64,411
Cash Generated from operations	5,61,62,931	3,94,37,716
Income Tax (including Fringe Benefit Tax)	(81,86,127)	(84,00,000)
Cash Flow Before Extraordinary Item	4,79,76,804	3,10,37,716
Extra-ordinary items	-	-
Net cash from operating activities	4,79,76,804	3,10,37,716
B Cash flows from Investment activities		
Additions to Fixed Assets	(2,45,57,574)	(1,50,39,033)
Sale of Fixed Asset	2,84,360	-
Sale of Long Term Investment	41,84,221	31,93,593
Dividend Received	86,750	1,47,739
Investment in Subsidiary	(10)	(46,75,290)
Investment in long term investment	(2,95,00,000)	(1,23,965)
Change in Long term Loans & Advances	85,185	(6,71,537)
Interest Income	26,75,535	28,91,378
Net cash from Investing activities	(4,67,41,533)	(1,42,77,115)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

(In Rs.)

Particulars	31.03.2017	31.03.2016
C Cash flows from financing activities		
Repayment of Loans, Deposits & Overdraft	(1,68,73,531)	(14,21,634)
Acceptance of Term Loans	1,45,79,341	-
Acceptance of security Deposits	-	11,70,000
Financial Cost	(31,84,112)	(36,24,761)
Dividend Paid	(33,92,140)	(33,92,140)
Tax on Dividend	(6,90,560)	(6,74,260)
Net cash from Financing activities	(95,61,002)	(79,42,795)
Net Increase / Decrease in cash and cash equivalents	(83,25,727)	88,17,806
Cash and cash equivalents at beginning of period	1,96,80,772	1,08,62,966
Cash and cash equivalents at end of period	1,13,55,045	1,96,80,772

Notes of the Cash Flow Statement:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 : "Cash Flow Statements" as specified in Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- Cash and cash equivalents consist of cash on hand, balances and deposits with banks having maturity period less than 3 months. Deposits of Rs 2,23,97,239/- and Rs. 3,01,46,039/- as at 31st March 2017 and 31st March 2016 respectively are not treated as cash equivalents since the maturity period of those deposits are more than 3 months from the date of reporting.
- Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealized loss of Rs. 2,75,726/- (Previous year Rs. 51,824/- unrealized loss) on account of translation of foreign currency bank balances.
- Unpaid dividends of Rs. 5,19,287/- and Rs. 5,80,854/- in bank accounts as at 31st March 2017 and 31st March 2016 respectively are not treated as cash equivalents.
- The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.

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

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

Devendra Nayak
Partner
M. No. 027449

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
& Chief Financial Officer
DIN : 05240807

Sriee Anetha M
Company Secretary

Bengaluru
25/05/2017

Notes on Financial Statements for the Year ended 31st March , 2017

Note 2 - Share Capital

Particulars	Curent Reporting Period	Previous Reporting Period
Authorized Share Capital (50,00,000 Equity Shares of Re.10/- each) (Previous Year 50,00,000 Equity Shares of Re. 10/- each)	5,00,00,000	5,00,00,000
Equity Shares with Voting Rights Issued, Subscribed & Paid Up Share Capital (42,40,175 Equity Shares of Re.10/- each fully paid up) (previous year 42,40,175 shares of Re. 10/- each) (Of the above shares 26,00,000 shares are issued for consideration other than cash)	4,24,01,750	4,24,01,750
TOTAL	4,24,01,750	,24,01,750

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

Particulars	Curent Reporting Period	Previous Reporting Period
Shares outstanding at the beginning	42,40,175	42,40,175
Shares Issued during the period	-	-
Capital Reduction during the Period	-	-
Shares outstanding at the end	42,40,175	42,40,175

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

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

Particulars	Curent Reporting Period	Previous Reporting Period
Ultraweld Engineers Private Limited		
No of shares	29,72,315	29,72,315
% Held	70.10	70.10
TOTAL	29,72,315	29,72,315

(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 Company

Name of Share Holders	Curent Reporting Period	Previous Reporting Period
Ultraweld Engineers Private Limited		
No of shares	29,72,315	29,72,315
% Held	70.10	70.10

Note 3 Reserves & Surplus

Particulars	Curent Reporting Period	Previous Reporting Period
General Reserve		
Opening Balance	44,01,400	44,01,400
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (a)	44,01,400	44,01,400
Capital Reserve		
Opening Balance	6,06,76,001	6,06,76,001
Add: Additions during the year	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (b)	6,06,76,001	6,06,76,001
Securities Premium Account		
Opening Balance	17,79,67,000	17,79,67,000
Add: Premium of shares issued during the year	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (c)	17,79,67,000	17,79,67,000
Surplus/(Deficit) as per Statement of profit and Loss		
Opening balance	11,81,18,074	10,31,33,807
Add: Transferred from Statement of Profit and Loss	1,69,92,150	1,90,50,667
Less: Proposed Dividend (Dividends proposed to be distributed to Equity Shareholders (Re. 80 Paise per share))	33,92,140	33,92,140
Less: Tax on Proposed Dividend	6,90,560	6,74,260
Closing Balance - (d)	13,10,27,524	11,81,18,074
TOTAL (a) + (b) + (c) + (d)	37,40,71,925	36,11,62,475

Note 4 Long-Term Borrowings

Particulars	Curent Reporting Period	Previous Reporting Period
Secured		
A. Loans From Canara Bank		
Term Loan 1927773000116	23,33,828	39,53,828
[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 42 monthly instalments is grouped under Current Liabilities.]		
Term Loan 1927773000122	1,07,10,457	3,91,116
[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 60 monthly instalments starting from June 2016]		
From other parties	33,13,742	-
Long term Maturities of NBFC Loans (Secured by way of charge on Motor Vehicles purchased out of above) Balance outstanding repayable in 12 monthly instalments is grouped Current Liabilities]		
	1,63,58,027	43,44,944



Particulars	Loan Tenure	Rate of Interest
1. Term Loan - 1927773000116	5 years	Base rate+of 2.75% +0.25% Term premium Currently at 12.50%
2. Term Loan - 1927773000122	5 years	Base rate+ of 2.25% +0.5% Term Premium Currently at 12.25%

Two Vehicle Loans from NBFC are borrowed for a tenure of 3 years and 4 years with rate of interest of 5.82% and 7.97%

Note 5 - Deferred Tax Liabilities (Net)

Particulars	Curent Reporting Period	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 AS 22. The composition of accumulated deferred tax liability is as follows.		
Deferred tax Liability		
Related to Fixed Assets- Depreciation	63,96,530	49,56,137
Deferred Tax asset		
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	4,78,510	3,87,849
Deferred Tax Liability (Net)	59,18,020	45,68,288

Note 6 - Other Long Term Liabilities

Particulars	Curent Reporting Period	Previous Reporting Period
Security Deposits	16,70,000	16,70,000
TOTAL	16,70,000	16,70,000

Note 7 - Long Term Provisions

Particulars	Curent Reporting Period	Previous Reporting Period
Provision for employee benefits		
Leave Encashment (Unfunded)	3,35,225	1,62,070
TOTAL	3,35,225	1,62,070

**Note 8 - Short - Term Borrowings**

Particulars	Current Reporting Period	Previous Reporting Period
Secured		
Working capital loans from bank (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommsandra)	13,28,090	1,26,70,757
TOTAL	13,28,090	1,26,70,757

Note 9 - Trade Payable

Particulars	Current Reporting Period	Previous Reporting Period
Dues to		
Micro and Small Enterprises	15,525	18,526
Trade Payables- Others	1,10,04,138	8,40,29,506
TOTAL	1,10,19,663	8,40,48,032

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

Note 10 - Other Current Liabilities

Particulars	Current Reporting Period	Previous Reporting Period
Current maturities of long-term debt (Note 4)		
Secured		
Term Loans from Bank	58,80,000	88,89,608
Term Loans from NBFC	12,04,264	13,32,418
Advance Rent	12,28,500	-
Other payables		
Statutory Remittances	6,88,971	7,12,158
Payables to related parties	2,89,866	2,27,489
Unclaimed Dividend	5,14,196	5,75,142
Payables to Employees	14,76,440	10,67,831
Advances from Customer for Supplies/Services	1,52,26,611	91,01,693
Other Payables - Professional Charges	4,50,448	3,27,187
Total	2,69,59,296	2,22,33,526

Note 11 - Short-Term Provisions

Particulars	Current Reporting Period	Previous Reporting Period
Provision for employee benefits		
Leave Encashment (Unfunded)	1,24,090	58,802
Provision for Bonus	9,87,951	9,52,190
Provision for Others		
Provision for proposed dividend	33,92,140	33,92,140
Provision for Tax on proposed dividend	6,90,561	6,90,561
Provision for Income Tax (Net of taxes paid)	1,54,201	56,14,406
TOTAL	53,48,942	1,07,08,100

Note 13 - Non - Current Investments

Particulars	Current Reporting Period	Previous Reporting Period
Trade Investments (At cost)		
<u>Investments in equity instruments in Subsidiaries</u>		
Unquoted, Fully paid up		
Investment in EMSAC Pvt Ltd. (Current Year- 2,55,000 Equity Shares of Rs. 1/- each) (Previous Year- 2,55,000 equity shares of Rs.1/-each)	2,55,000	2,55,000
Investment in Sika Tourism Pvt Ltd., (Current Year- 1,00,000 Equity Shares of Rs. 1/- each) (Previous Year- 99,990 equity shares of Rs.1/- each)	1,00,000	99,990
Sikka N Sikka Engineers Pvt Ltd (Current Year- 6,000 Equity Shares of Rs. 100/- each) (Previous Year- 6,000 equity shares of Rs. 100/- each)	1,26,98,000	1,26,98,000
Investment in Aerotek Sika Aviosystems Pvt Ltd., (Current Year- 46,290 Equity Shares of Rs. 100/- each) (Previous Year- 46,290 Equity Shares of Rs. 100/- each)	46,75,290	46,75,290
Other investments (At cost)		
Quoted, Fully paid up		
<u>Investment in equity in other companies</u>		
Melstar Information Technology Ltd	9,520	9,520
Less: Provision for diminution in value of Investments (Current Year- 800 Equity Shares of Rs. 10/- each) (Previous Year- 800 equity shares of Rs.10/- each) (Market Value Rs. Nil, Previous Year Rs. 4,800/-)	(9,520)	
<u>Investments in Mutual Fund</u>		
HDFC Short Term Plan (Current year Rs. 207935.88 units of Rs. 31.50 each) (Previous Year - Nil) (Market Value Rs. 67,39202, Previous Year Rs. Nil)	65,50,000	-
Birla Dynamic Bond Fund (Current year Rs. 13,805.290 units of Rs. 18.11 each) (Previous Year - Rs. 13,805.290 units of Rs. 26.34 each) (Market Value Rs. 4,00767, Previous Year Rs. 3,63,642)	2,50,000	2,50,000
Reliance Liquid Fund (Current year Nil) (Previous Year - Rs. 1,030.831 units of Rs.1,114.15 each) (Market Value Rs. Nil, Previous Year Rs.11,48,500.36)	-	11,48,500
DSP Blackrock Income Opportunity Fund (Current year - 1,55,083.46 units of Rs. 26.115 each) (Previous Year - Nil) (Market Value Rs. 42,69,448, Previous Year Rs. Nil)	40,50,000	-
Kotak Income Opportunity Fund (Current year - 4,89,770.29 units of Rs. 17.252 each) (Previous Year - Nil) (Market Value Rs. 86,96,779, Previous Year Rs. Nil)	84,50,000	-
Reliance RSF Debt Fund (Current year - 3,88,799.17 units of Rs. 21.99/- each) (Previous Year - Nil) (Market Value Rs. 88,10,189, Previous Year Rs. Nil)	85,50,000	-

Note 13 - Non - Current Investments

Particulars	Current Reporting Period	Previous Reporting Period
Templeton India Ultra Short Bond Fund (Current year - Nil) (Previous Year - 1,10,837.637 units of Rs.10.0793 each) (Market Value Nil, Previous Year Rs. 11,17,165.79)	-	11,16,789
Total	4,55,78,290	2,02,53,089
Note:		
a) Aggregate amount of quoted investments	2,78,50,000	25,24,809
b) Aggregate amount of unquoted investments	1,77,28,290	1,77,28,280
Total	4,55,78,290	2,02,53,089
c) Aggregate market value of listed and quoted investments	2,89,16,385	26,34,108
d) Aggregate Provision for diminution in value of Investments	9,520	-

Note 14 - Long Term Loans & Advances

Particulars	Current Reporting Period	Previous Reporting Period
Loans & Advances (Unsecured, considered good)		
Loans to related parties	1,21,180	21,180
Security Deposits	13,21,491	13,16,992
Rental Deposits	16,71,116	16,60,800
Other Deposits	-	2,00,000
Total	31,13,787	31,98,972

Note 15 - Inventories

Particulars	Current Reporting Period	Previous Reporting Period
Raw material (Valued at landed cost which includes freight)	51,26,897	27,38,828
Work-in-Progress (Valued at lower of cost or Net Realisable Value)	98,51,524	69,36,612
Total	1,49,78,421	96,75,440

Note 16 - Trade Receivables

Particulars	Current Reporting Period	Previous Reporting Period
(Unsecured, considered good)		
Trade Receivables outstanding for a period exceeding six month from the date they were due for payment	2,96,004	2,18,264
Others Trade Receivables	1,35,34,118	10,62,89,943
Total	1,38,30,122	10,66,08,207

Note 17 - Cash & Bank Balances

Particulars	Current Reporting Period	Previous Reporting Period
Cash on hand	36,094	1,39,786
Balances with Banks		
Current Accounts	1,07,220	1,10,745
EEFC Accounts	21,37,644	40,46,923
Unpaid Dividend Account	5,19,286	5,80,854
Demand Deposit Accounts	3,14,71,326	4,55,29,359
Total	3,42,71,571	5,04,07,667

Notes:

- | | | |
|---|------------------|------------------|
| i) Balances with bank include deposits with remaining maturity of more than 12 months from the balance sheet date | 27,64,151 | 70,78,159 |
| ii) Balances with bank held as Margin Money deposits against guarantees | 2,55,075 | 2,55,075 |

Cash and cash equivalents as on 31st March 2017 and 31st March 2016 include restricted cash balances of INR 7,74,361/- and INR 8,35,929/- respectively. The restrictions are on account of deposits held as Margin deposits against guarantees and bank balances in unpaid dividend accounts.

Note 18 - Short-Term Loans And Advances

Particulars	Current Reporting Period	Previous Reporting Period
(Unsecured, considered good)		
Advance Income Tax (Net of provisions)		
Balances with Government Authorities	10,65,606	8,52,775
Advances to Creditors	8,20,563	1,91,000
Advance given to Employees	2,72,356	3,46,061
Prepaid Expenses	3,61,781	84,484
Total	25,20,306	14,74,320

Note 19 - Other Current Assets

Particulars	Current Reporting Period	Previous Reporting Period
Other Receivables	4,60,560	2,05,350
Total	4,60,560	2,05,350

Notes to the Financial Statement as at 31st March, 2017

Note 20 - Revenue From Operations

Particulars	Current Reporting Period	Previous Reporting Period
Sale of Engineering Products	28,36,06,503	36,30,77,308
Sale of Engineering Systems	1,85,82,978	93,46,714
Sale of Services	3,97,32,755	3,97,62,069
Other Operating Incomes	-	1,25,489
Total	34,19,22,236	41,23,11,579

Note 21 - Other Income

Particulars	Current Reporting Period	Previous Reporting Period
Interest From Bank Deposits	26,75,535	28,91,378
Rental Income	48,01,550	24,44,000
Dividend received	86,750	1,47,739
Other Income	2,38,672	13,852
Gain on sale of Asset / Investment	73,819	59,955
Total	78,76,325	55,56,924

Note 22 - Cost of material and consumables

Particulars	Current Reporting Period	Previous Reporting Period
Raw-Material		
Indigenous	1,02,53,717	1,45,68,536
Imported	48,33,828	21,54,649
Total	1,50,87,545	1,67,23,185

Percentage of Consumption	Current Reporting Period	Previous Reporting Period
Indigenous	67.96%	87.12%
Imported	32.04%	12.88%

Note 22.1 - Particulars of Materials consumed

Particulars	Current Reporting Period	Previous Reporting Period
Mechanical Components	82,00,905	86,51,795
Electrical components	37,57,391	55,34,372
Others	31,26,758	25,37,017
Total	1,50,85,054	1,67,23,185

Note 23 - Cost of Material (Trading)

Particulars	Current Reporting Period	Previous Reporting Period
Opening Stock	-	-
Purchase of Stock in Trade	23,92,29,968	30,89,64,142
Closing Stock	-	-
Total	23,92,29,968	30,89,64,142

Note 23.1 - Cost of Material (Trading)

Particulars	Current Reporting Period	Previous Reporting Period
Mechanical Components	17,09,18,500	26,05,17,206
Electrical components	6,65,31,184	4,66,78,376
Others	17,81,394	17,68,560
Total	23,92,31,078	30,89,64,142

Note 24 - Changes in Inventory of work-in-progress

Particulars	Current Reporting Period	Previous Reporting Period
Inventory at the end of the year	98,51,524	69,36,612
Inventory at the beginning of the year	69,36,612	49,71,972
Net (Increase)/Decrease	(29,14,912)	(19,64,640)

Note 25 - Employees Benefits Expense

Particulars	Current Reporting Period	Previous Reporting Period
Salaries & Wages	2,56,00,229	2,12,61,801
Bonus & Ex-Gratia	28,79,248	27,70,902
Contribution to provident & Other Funds	11,61,876	10,08,636
Staff Welfare Expenses	4,73,769	6,43,486
Total	3,01,15,122	2,56,84,825

Note 26 - Finance Costs

Particulars	Current Reporting Period	Previous Reporting Period
Bank Guarantee Commission	5,24,207	82,536
Interest Expense	23,82,415	24,12,832
Foreign Exchange Loss (Net)	2,77,490	11,29,393
Total	31,84,112	36,24,761

Note 27 - Depreciation And Amortisation Expense

Particulars	Current Reporting Period	Previous Reporting Period
Tangible Asset	55,81,183	45,90,185
Intangible Asset	2,35,931	2,57,917
Total	58,17,114	48,48,102

**Note 28 - Other Expenses**

Particulars	Current Reporting Period	Previous Reporting Period
<u>Manufacturing & Operating Expenses</u>		
Electricity and Water Charges	6,20,344	4,01,163
Repairs & Maintenance - Factory, Building	16,59,851	12,33,845
Repairs & Maintenance - Machinery	34,065	20,351
Retainership Fee	24,57,861	25,45,624
<u>Establishment Expenses</u>		
Bank Charges	5,82,422	8,65,116
Membership & Subscription Charges	27,192	85,875
Rent	9,00,536	8,49,919
Audit Fee	2,75,000	2,50,000
Legal & Professional Charges	55,00,765	50,20,555
Electricity & Water charges	2,47,799	2,83,174
Communication Expenses	7,53,667	7,19,193
Insurance	2,19,476	2,58,780
Repair & Maintenance	10,32,733	7,62,743
Vehicle Maintenance	7,65,534	4,89,206
Rates & Taxes	4,62,247	5,64,631
Sitting Fee	80,000	60,000
Charity and Donations	1,80,000	58,000
Travelling & Conveyance	83,48,483	66,81,958
Printing and Stationary	3,11,643	2,92,990
Office Expenses	5,33,254	4,79,163
AGM Expenses	69,153	65,213
Discounts, Bad debts and Write offs	3,14,042	90,183
LD Charges & Other Claims	98,922	41,95,994
Miscellaneous Expenses	-	4000
Loss on diminution of investments	9,520	-
<u>Selling & Distribution Expenses</u>		
Business promotion Expenses	43,95,749	39,40,818
Seminar & Exhibition Charges	28,71,344	13,70,120
Total	3,27,51,603	3,15,88,615

Note 29 - Payments to Auditors during the year

Particulars	Current Reporting Period	Previous Reporting Period
As Auditor	2,50,000	2,25,000
For Taxation Matters	25,000	25,000
For Certification Charges	-	-
Total	2,75,000	2,50,000

Note 30 - Contingent Liability and Commitments

Particulars	Current Reporting Period	Previous Reporting Period
Bank Guarantee	1,29,59,677	25,50,747
Capital Commitments to the extent not provided in the books	-	-
Total	1,29,59,677	25,50,747

Note 31 - 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 32 - Capital Reserve and Securities Premium have arose pursuant to a scheme of merger approved by the Honourable High Court of Karnataka.

Note 33 - Expenditure in Foreign Currency

Particulars	2016-2017	2015-2016
Purchase of Raw Materials & components (CIF value)	63,06,185	19,54,710
Purchase of Stock in Trade (CIF value)	23,71,94,603	30,46,90,687
Travelling Expenses	27,44,192	17,02,587
Total	24,62,44,980	30,83,47,984

Note 34 - Earnings in Foreign Currency (FOB Basis)

Particulars	2016-2017	2015-2016
Export of Services	3,29,38,190	3,99,72,153
Export of Goods	5,15,53,229	5,72,52,381
Total	8,44,91,419	9,72,24,534

Note 35 - Sale by class of goods and services

Particulars	2016-2017	2015-2016
Finished Engineering Systems		
a. Handling Systems	1,30,29,282	55,82,822
b. Others	55,53,696	37,63,892
2. Engineering Products		
a. Servo Products	27,36,47,452	34,19,65,340
b. Others	99,59,051	212,37,457
3. Sale of Engineering Services		
a. Design and Drawings	3,29,37,755	3,43,42,068
b. Others	67,95,000	54,20,000
Total	34,19,22,236	41,23,11,579



Note No.12 - Fixed Assets

Description	Gross Block (At cost)				Accumulated Depreciation				Net Block	
	As at	Additions	Deletions	As at	As at	Additions	Deletions	As at	As at	As at
	01.04.2016			31.03.2017	01.04.2016			31.03.2017	31.03.2017	31.03.2016
a) Tangible Assets										
Freehold Land at Bommasandra	25,43,81,946	-	-	25,43,81,946	-	-	-	-	25,43,81,946	25,43,81,946
Freehold Land at Thimmanahalli	7,58,344	-	-	7,58,344	-	-	-	-	7,58,344	7,58,344
Lease Hold land at Mysore*	58,82,629	-	-	58,82,629	-	-	-	-	58,82,629	58,82,629
Building	7,38,36,956	7,48,505	-	7,45,85,461	42,68,460	16,57,060	-	59,25,520	6,86,59,941	6,95,68,496
Roads	20,65,220	-	-	20,65,220	-	2,06,522	-	2,06,522	18,58,698	20,65,220
Plant and Machinery	65,14,968	1,17,21,549	-	1,82,36,517	18,41,203	9,37,379	-	27,78,582	1,54,57,935	46,73,765
Office Equipment	46,48,370	6,94,943	-	53,43,313	32,92,768	5,04,299	-	37,97,067	15,46,246	13,55,602
Furniture and Fixtures	72,88,823	16,17,527	-	89,06,350	40,41,292	8,28,108	-	48,69,400	40,36,950	32,47,531
Vehicles	1,38,34,227	96,13,867	13,26,207	2,21,21,887	77,03,053	12,97,491	10,96,734	79,03,810	1,42,18,077	61,31,174
Computer and Accessories	45,41,310	1,61,183	-	47,02,493	40,25,808	1,50,324	-	41,76,132	5,26,361	5,15,502
Subtotal (a)	37,37,52,793	2,45,57,574	13,26,207	39,69,84,160	2,51,72,584	55,81,183	10,96,734	2,96,57,033	36,73,27,127	34,85,80,209
Previous year Figures	35,87,13,760	1,50,39,033	-	37,37,52,793	2,05,82,399	45,90,185	-	2,51,72,584	34,85,80,209	33,81,31,361
b) Intangible Assets										
Software	14,31,787	-	-	14,31,787	7,22,894	2,35,931	-	9,58,825	4,72,962	7,08,893
Subtotal (b)	14,31,787	-	-	14,31,787	7,22,894	2,35,931	-	9,58,825	4,72,962	7,08,893
Previous year Figures	14,31,787	-	-	14,31,787	4,64,977	2,57,917	-	7,22,894	7,08,893	9,66,810
c) Capital Work in Progress-Tourism Project										
Progress-Tourism Project	28,57,795	-	-	28,57,795	-	-	-	-	28,57,795	28,57,795
Subtotal (c)	28,57,795	-	-	28,57,795	-	-	-	-	28,57,795	28,57,795
Previous year Figures	16,11,711	12,46,084	-	28,57,795	-	-	-	-	28,57,795	16,11,711
Total (a+b+c)	37,80,42,375	2,45,57,574	13,26,207	40,12,73,742	2,58,95,478	58,17,114	10,96,734	3,06,15,858	37,06,57,884	35,21,46,897
Previous year	4,38,71,640	10,21,23,784	-	14,59,95,424	3,20,71,286	35,87,507	-	3,56,58,793	11,03,36,631	1,18,00,354

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2017, hence the Company has not recognized any impairment losses.

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

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


Note 36 - Related Party Disclosure

Particulars	Category
Category (a)	
M/s Ultraweld Engineers Pvt Ltd	Promoter 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
Category (b)	
M/s Gourmet Estates Pvt Ltd	Associate Company
M/s Sterling Technologie Pte Ltd	Associate Company
Category (c)	
Mr. Rajeev Sikka	Key Management Personnel
Mr. Kunal Sikka	Key Management Personnel
Mrs. Anuradha Sikka	Relative of Key Management Personnel
Mrs. Srie Aneetha M	Key Management Personnel

Related party Transactions

Particulars	Referred to in (a) above		Referred to in (b) above		Referred to in (c) above	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Purchase:						
Engineering Services	-	-	-	-	-	-
Sales:						
Engineering Services	94,500	8,40,000	-	-	-	-
Export of Products	-	-	39,46,224	2,04,42,139	-	-
Expenses:						
Professional/Consultancy Charges	3,15,000	5,40,000	-	-	3,17,520	3,44,400
Remuneration Paid	-	-	-	-	50,78,441	47,11,451
Salary paid	-	-	-	-	6,65,647	5,73,911
Other Transactions:						
Loans borrowed	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-
Loans given	1,00,000	5,000	-	-	-	-
Loans recovered	-	83,430	-	2,41,127	-	-
Interest paid	-	-	-	-	-	-
Security Deposit paid	-	10,00,000	-	-	-	-
Outstanding						
Professional Charges/Remuneration	-	-	-	-	4,36,866	4,43,266
Loans receivable	1,21,180	21,180	-	-	-	-
Salary Payable	-	-	-	-	59,000	50,160

Note-37 As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard with regard to Note No 25 are given below

a) Defined Contribution Plans

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

Particulars	2016-2017	2015-2016
Employer's Contribution to Provident Fund	5,45,107	4,54,194
Employer's Contribution to Pension Scheme	4,43,125	4,07,270
Total	9,88,232	8,61,464

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	2016-2017	Gratuity 2015-2016
Components of Employer Expenses		
Current Service cost	2,02,420	1,88,268
Interest on Obligations	2,15,056	1,02,262
Expected Return on Plan Assets	(2,92,583)	(2,89,750)
Net actuarial loss / (gain) recognized during the year	(68,937)	(51,667)
Total Expenses recognised in the Statement of Profit & Loss	55,956	(50,886)
Net asset/(liability) recognised in the Balance Sheet		
Present Value of defined benefit Obligation	30,14,171	16,19,921
Fair value of plan assets	42,53,681	39,82,496
Funded status [Surplus / (deficit)]	12,39,510	23,62,575
Unrecognised past service costs	-	-
Change in defined benefit obligations (DBO) during the year		
Present Value of DBO at beginning of the year	26,88,195	13,07,701
Current Service Cost	2,02,420	1,88,268
Interest Cost	2,15,056	1,02,262
Actuarial (Gains) / Losses	(68,937)	21,690
Benefits Paid	(22,563)	-
Present Value of DBO at end of the year	30,14,171	16,19,921
Change in fair value of assets during the year		
Plan Assets at Beginning of the year	39,83,661	36,19,390
Expected Return on Plan Assets	2,92,583	2,89,750
Actuarial (Gains) / Losses	-	73,356
Benefits Paid	(22,563)	-
Plan Assets at End of the Year	-	39,82,496
Actual Return on Plan Assets	42,53,681	3,63,106
Actuarial assumptions		
Interest Rate	8.00%	7.81%
Discount Rate	8.00%	7.81%
Expected Return on Plan Assets	7.34%	8.00%
Salary Escalation	7.00%	7.00%
Attrition rate	5.00%	5.00%

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

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

Particulars	Leave Encashment	
	2016-2017	2015-2016
Changes in Defined Obligations		
Obligations at period beginning - Current	1,24,090	58,802
Obligations at period beginning - Non Current	3,35,225	1,62,070
Service Cost	58,593	46,137
Interest on Defined benefit obligation	17,272	10,932
Benefits settled	-	(92,785)
Actuarial gain/(loss)	1,62,578	70,406
Obligations at period end	4,59,315	2,20,872
Current Liability (within 12 months)	1,24,090	58,802
Non Current Liability	3,35,225	1,62,070
Changes in Plan Assets		
Plans assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Contributions	-	92,785
Benefits settled	-	(92,785)
Plans assets at period end, at fair value	-	-
-		
Funded Status		
Closing PBO	4,59,315	2,20,872
Closing Fair value of plan assets	-	-
Closing Funded status	(4,59,315)	(2,20,872)
Net Asset/(Liability) recognized in the Balance Sheet	(4,59,315)	(2,20,872)
Expenses recognized in the P&L account		
Service cost	58,593	46,137
Interest cost	17,272	10,932
Expected return on plan assets	-	-
Actuarial (Gain)/Loss	1,62,578	70,402
Net gratuity / leave cost	2,38,443	1,27,474
Experience Adjustment on Plan Liabilities	1,05,275	70,402
Experience Adjustment on Plan Assets	-	-
Assumptions		
Interest rate	7.31%	7.81%
Discount factor	7.31%	7.82%
Estimated rate of return on plan assets	0.00%	0.00%
Salary increase	7.00%	6.00%
Attrition rate	5.00%	5.00%

**Note 38 - The expenditure incurred on Research and Development activities comprises of the following**

Particulars	2016-2017	2015-2016
Salaries & Wages	54,52,301	65,36,115
Plant & Machinery	1,12,72,015	2,67,988
Total	1,67,24,316	68,04,103

Note 39 - Specified Bank Notes

Particulars	SBNs	Other Denomination Notes	Total
Closing Balance as at 8th November 2016	51,000	972	51,972
Add: Withdrawal from bank accounts	-	3,34,000	3,34,000
Add: Receipts fro permitted transactions	-	7,745	7,745
Add: Receipts for non-permitted transactions (if any)	-	-	-
Less: Paid for permitted transactions	-	2,91,850	2,91,850
Less: Paid for non-permitted transactions (if any)	-	-	-
Less: Deposited in bank accounts	51,000	-	51,000
Closing balance as at 30th December 2016	-	50,867	50,867

Note 40- 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 41- The previous year's figure have been regrouped/ recast / restated wherever necessary to confirm to the current presentation.

For and on behalf of the board of Directors

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

Rajeev Sikka
Chairman & Managing Director
DIN : 00902887

Kunal Sikka
Whole Time Director
& Chief Financial Officer
DIN: 05240807

Devendra Nayak
Partner
M. No. 027449

R.N. Chawhan
Director
DIN : 00568833

Sriee Aneetha M
Company Secretary

Bengaluru
25/05/2017

Note 1. Significant Accounting Policies

a. Accounting Convention:

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") and mandatory Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the act to the extent notified.

b. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation and impairment (if any). All costs relating to the acquisition and installation of fixed assets have been capitalized.

Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes land, related acquisition expenses, development/construction costs, borrowing costs and other direct expenditure including advances to contractors and others.

Leasehold land on a lease-cum-sale basis is capitalized at the allotment rates charged by the concerned allotting Authorities.

Intangibles having the characteristic of assets, capable of generating future economic benefits and are reliably measurable are stated at cost.

c. Depreciation/Amortization

a. Upto 31st March 2014, the Depreciation have been 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 Companies Act, 1956.

b. With effect from April 1st 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

d. Valuation of 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.

e. Valuation of Investments:

Current investments are valued at the lower of cost and market value. Long Term Investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in carrying value of each investment.

f. Retirement Benefits:

Company has Group Gratuity policy with Life Insurance Corporation of India and the premiums determined there at is charged to revenue. The Company has provided for Leave Encashment based on accumulated un-availed leave by the employees as on the date of Balance Sheet.

g. 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.

h. Foreign Currency Transactions:

Transactions in foreign currency are recorded using the spot rate at the transaction date and exchange differences resulting from settled transactions are adjusted in the profit and loss account. At the balance sheet date, monetary items denominated in foreign currencies are converted into rupee equivalents at exchange rates as at the balance sheet date. Those relating to acquisition of fixed assets are adjusted to the cost of assets.

i. Provisions:

A provision is recognized when outflow of resources will be required to settle a present obligation as a result of past events. Accordingly, provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



j. Provision for Warranty:

The estimated liability for the product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective action on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically up to three years.

As per the terms of contracts, the company provides post contract services/ warranty support to some of its customers. The company accounts for the post-contract support / provision for warranty on the basis of the information available with the management duly taking into account the current and past technical estimates.

k. Segment Reporting Policies: Primary Business Segments

The Company is primarily engaged in the business of manufacturing and rendering of services in engineering products and designs. For all purposes the company is organized into one operating activity of Engineering products and services. Accordingly, the Company is of the view that it has only one business segment. The Company has no activity outside India except for export of Engineering Services. Thereby there is no geographical segment.

l. Impairment of Assets

At each Balance Sheet date the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, the Company estimates the recoverable amount and if this is lower than the carrying amount of the asset, an impairment loss is recognized in the Profit and Loss account to the extent the carrying amount exceeds the recoverable amount.

m. Taxation

Current Taxation and Deferred Taxation:

Provision for current income tax is made on the assessable income at the rates applicable to the relevant assessment year.

Deferred Tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

Deferred tax assets on unabsorbed depreciation and carry forward of losses are recognized only to the extent there is a virtual certainty of its realization.

n. Research & Development Expenditure

Research & Development Expenditure is charged to Revenue under the natural heads of account in the year in which it is incurred. However, Expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield

economic benefits to the company, is considered as an intangible asset.

o. 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. For the Purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares are outstanding during the period are adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split.

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

Devendra Nayak
Partner
M. No. 027449

For and on behalf of the board of Directors

Rajeev Sikka
Chairman & Managing Director
DIN : 00902887

Kunal Sikka
Whole Time Director
& Chief Financial Officer
DIN: 05240807

R.N. Chawhan
Director
DIN : 00568833

Sree Aneetha M
Company Secretary

Bengaluru
25/05/2017

INDEPENDENT AUDITOR'S REPORT

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

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M/s. SIKA INTERPLANT SYSTEMS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of the information and according to the explanations given to us, aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2017;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements / financial information of subsidiaries, whose financial statements reflect total assets of Rs. **3,40,35,908/-** as at March 31, 2017, total revenue of Rs. **48,21,188/-** and net cash flows amounting to Rs. **20,67,085/-** for the year ended on that date, as considered in the consolidated financials statements. The consolidated financial statements also include the Group's share of net loss of Rs. **17,54,823/-** for the year ended 31st March, 2017, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of Section 143 (11) of the Act, based on the comments in the auditors' report of the Company and on the auditors' reports issued in accordance with the Order on subsidiary companies incorporated in India, we give in the Annexure 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, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the Directors of the Company as on March 31, 2017, 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, 2017 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.

Place : Bengaluru
Date : 25th May, 2017

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

Devendra Nayak
Partner
M. No. 027449

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, 2017 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, 2017, 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.

Place : Bengaluru
Date : 25/05/2017

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

Devendra Nayak
Partner
M. No. 027449

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2017

Particulars	Note No.	2017 (Rs.)		2016 (Rs.)	
I EQUITY & LIABILITIES					
1 Shareholders' funds					
(a) Share Capital	2.1.a	4,24,01,750		4,24,01,750	
(b) Reserves and Surplus	2.1.b	37,33,80,709		35,87,73,649	
			41,57,82,459		40,11,75,399
			75,93,032,09		75,59,885
Minority Interest					
2 Share Application Money Pending Allotment					
3 Non-current liabilities					
(a) Long-term Borrowings	2.2.a	1,63,58,027		43,44,944	
(b) Deferred Tax Liabilities	2.2.b	59,49,262		45,97,236	
(c) Other long term liabilities	2.2.c	49,10,000		16,70,000	
(d) Long-term Provisions	2.2.d	3,35,225		1,62,070	
			2,75,52,515		1,07,74,250
4 Current liabilities					
(a) Short-term borrowings	2.3.a	13,28,090		1,26,70,757	
(b) Trade payables	2.3.b				
Micro and Small Enterprises		15,525		18,526	
Others		1,30,27,203		8,82,09,512	
(c) Other Current liabilities	2.3.c	2,74,01,287		2,33,44,266	
(d) Short-term provisions	2.3.d	60,02,135		1,07,62,100	
			4,77,74,241		13,50,05,161
TOTAL			49,87,02,246		55,45,14,695
II ASSETS					
1 Non-current assets					
(a) Fixed assets					
Tangible assets	3.1.a	36,73,32,876		34,85,91,603	
Intangible assets	3.1.b	4,72,962		7,08,893	
Capital work in progress	3.1.c	2,63,47,670		2,05,77,511	
Goodwill on Consolidation		8,92,267		16,34,533	
(b) Non Current Investment	3.1.d	2,85,09,077		31,42,959	
(d) Long-term loans and advances	3.1.e	20,84,013		22,53,198	
			42,56,38,865		37,69,08,698
2 Current assets					
(a) Inventories	3.2.a	1,46,58,621		93,42,440	
(b) Trade Receivable	3.2.b	1,38,30,122		10,68,98,209	
(c) Cash and Cash equivalents	3.2.c	3,92,54,864		5,75,53,141	
(d) Short Term Loans & Advances	3.2.d	48,37,613		35,07,166	
(e) Other current assets	3.2.e	4,82,162		3,05,040	
			7,30,63,382		17,76,05,997
TOTAL			49,87,02,247		55,45,14,695

Significant Accounting Policies
Notes on Financial Statements
As per our report of even date
Fro B N Subramanya & Co.,
Chartered Accountants
FRN. 004142S
Devendra Nayak
Partner
M. No. 027449
Bengaluru
25/05/2017

1
2 to 19

For **SIKA INTERPLANT SYSTEMS LIMITED**

Rajeev Sikka
Chairman & Managing Director
DIN: 00902887

R.N. Chawhan
Director
DIN: 00568833

Kunal Sikka
Whole Time Director
& Chief Financial Officer
DIN: 05240807

Sriee Aneetha M
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Note No.	2017 (Rs.)		2016 (Rs.)	
REVENUE					
Revenue from Operations	4.1	34,21,42,736		41,51,82,294	
Other Income	4.2	1,23,39,212		60,60,243	
Total Revenue			35,44,81,948		42,12,42,537
EXPENSES:					
Cost of Materials and Consumables	5.1	1,50,87,545			
Purchases	5.2	23,92,29,968		1,67,23,185	
Changes in inventory	5.3	(29,14,912)		31,03,67,357	
Employee Benefits Expenses	5.4	3,01,25,081		(19,64,640)	
Finance Costs	5.5	31,86,355		35,78,396	
Depreciation and amortization	5.6	58,22,757		49,69,583	
Amortization of Goodwill		7,42,266		8,30,719	
Other expenses	5.7	3,43,42,624		3,25,78,534	
Total Expenses			32,56,21,684		39,54,07,382
Profit before tax			2,88,60,264		2,58,35,155
Exceptional Item			-		-
Profit before tax, minority interest & share of profit from associate			2,88,60,264		2,58,35,155
Less: Tax Expenses					
Current Tax		83,57,983		84,54,000	
Less: MAT Credit Entitlement		-		-	
Current Tax Expense for earlier years		4,27,337		-	
Deferred Tax		13,52,026		9,16,028	
			1,01,37,346		93,70,028
Profit before minority interest & share of profit from associate			1,87,22,918		1,64,65,127
Share of Profits of Minority Interest			33,157		(9,20,924)
Profit for the period			1,86,89,760		1,73,86,051
Earnings per equity share					
Basic & Diluted			4.41		4.10
Weighted Average No. of Equity Shares			42,40,175		42,40,175

Significant Accounting Policies
Notes to the accounts

1
2 to 19

As per our report of even date
Fro B N Subramanya & Co.,
Chartered Accountants
FRN. 004142S

Devendra Nayak
Partner
M. No. 027449

Bengaluru
25/05/2017

For **SIKA INTERPLANT SYSTEMS LIMITED**

Rajeev Sikka
Chairman & Managing Director
DIN: 00902887

R.N. Chawhan
Director
DIN: 00568833

Kunal Sikka
Whole Time Director
& Chief Financial Officer
DIN: 05240807

Sree Aneetha M
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

Particulars	March 31st 2017		March 31st 2016	
	Amount	Amount	Amount	Amount
A Cash flows from operating activities				
Net Profit Before Taxation and Extraordinary item		2,88,60,264		2,58,35,155
Adjustments for:				
Profit on sale of assets/investments	(64,299)		(68,199)	
Loss on sale of Fixed Assets	-		-	
Depreciation and Amortisation	65,65,023		58,00,302	
Financial Expenses(Considered under Financial Activities)	31,86,355		35,78,396	
Interest Income(Considered under Investment Activities)	(28,80,357)		(33,52,629)	
Dividend Income (Considered under Investment Activities)	(1,27,677)		(1,79,914)	
		66,79,047		57,77,955
Operating Profit Before Working Capital Changes		3,55,39,310		3,16,13,110
(Increase)/ Decrease Current Assets, Loans & Advances	9,37,54,706		(8,58,39,404)	
Increase/(Decrease) Current Liabilities	(7,27,50,491)		9,56,59,078	
Working Capital changes		2,10,04,214		98,19,674
Cash Generated from operations		5,65,43,525		4,14,32,784
Income Tax (including Fringe Benefit Tax)		(87,85,320)		(84,54,000)
Cash Flow Before Extraordinary Item		4,77,58,205		3,29,78,784
Extra-ordinary items		-		-
Net cash from operating activities		4,77,58,205		3,29,78,784
B Cash flows from Investment activities				
Additions to Fixed Assets (incl. Capital Work in Progress)	(3,03,27,733)		(3,27,58,856)	
Sale of Fixed Assets	2,84,360		20,500	
Sale of long term investment	41,84,221		31,93,593	
Dividend Received	1,27,677		1,79,914	
Investment in long term investment	(2,95,40,936)		(1,56,140)	
Change in Long Term Loans and Advances	1,69,185		3,92,122	
Interest Income	28,80,357		33,52,629	
Net cash from Investing activities		(5,22,22,869)		(2,57,76,239)
C Cash flows from financing activities				
Issue of Share Capital	-		73,71,000	
Securities Premium on issue of Share Capital	-		73,607	
Repayment of Loans, Deposits and Overdraft	(1,68,73,531)		(14,21,634)	
Acceptance of Term Loan	1,45,79,341		-	
Acceptance of Security Deposit	32,40,000		11,70,000	
Finance Cost	(31,86,355)		(35,78,396)	
Dividend Paid	(33,92,140)		(33,92,140)	
Tax on Dividend	(6,90,560)		(6,74,260)	
Net cash used in Financing activities		(63,23,246)		(4,51,823)
Net Increase / Decrease in cash and cash equivalents		(1,07,87,910)		67,50,722
Cash and cash equivalents at beginning of period		2,68,26,248		2,00,75,526
Cash and cash equivalents at end of period		1,60,38,338		2,68,26,248

Notes to the cash flow statement:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 : "Cash Flow Statements" as specified in Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
2. Cash and cash equivalents consist of cash on hand, balances and deposits with banks having maturity period less than 3 months. Deposits of Rs 2,26,97,239/- and Rs. 3,01,46,039/- as at 31st March 2017 and 31st March 2016 respectively are not treated as cash equivalents since the maturity period of those deposits are more than 3 months from the date of reporting.
3. Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealized loss of Rs. 2,75,726/- (Previous year Rs. 51,824/- unrealized loss) on account of translation of foreign currency bank balances.
4. Unpaid dividends of Rs. 5,19,287/- and Rs.5,80,854/- in bank accounts as at 31st March 2017 and 31st March 2016 respectively are not treated as cash equivalents.
5. The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.

As per our report of even date
Fro B N Subramanya & Co.,
Chartered Accountants
FRN. 004142S

Devendra Nayak
Partner
M. No. 027449

Bengaluru
25/05/2017

For **SIKA INTERPLANT SYSTEMS LIMITED**

Rajeev Sikka
Chairman & Managing Director
DIN: 00902887

R.N. Chawhan
Director
DIN: 00568833

Kunal Sikka
Whole Time Director
& Chief Financial Officer
DIN: 05240807

Sriee Aneetha M
Company Secretary

Notes forming part of the consolidated accounts

2.1. a Share Capital

Particulars	2017	2016
(i) Authorized Capital		
50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000	5,00,00,000
Issued, Subscribed and fully Paid-up Capital		
42,40,175 Equity Shares of Rs. 10/- each fully paid up	4,24,01,750	4,24,01,750
Total	4,24,01,750	4,24,01,750

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

(iii) The reconciliation statement of shares is as under:

Particulars	No. of Shares	2017 Amount	2016 Amount
Equity Shares			
Opening Balance	42,40,175	42,40,175	42,40,175
Changes during the year	-	-	-
Closing Balance	42,40,175	42,40,175	42,40,175

(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares of the company:

Particulars		2017 No. of Shares	2016 No. of Shares
Equity Shares			
Ultraweld Engineers Private Limited % Held	70.10%	29,72,315	29,72,315

(v) Details of shares held by Promoter Company

Particulars		2017 No. of Shares	2016 No. of Shares
Equity Shares			
Ultraweld Engineers Private Limited % Held	70.10%	29,72,315	29,72,315

(vi) The Company has not allotted any fully paid shares either by way of bonus shares or pursuant to contract(s) without payment.

(vii) No shares are reversed for issue under options or contracts/commitments for sale of shares/disinvestment.

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

2.1. b Reserves and surplus

Particulars	2017	2016
General Reserve		
Opening Balance	44,01,400	44,01,400
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (b)	44,01,400	44,01,400
Capital Reserve		
Opening Balance	6,06,76,001	6,06,76,001
Add: Additions during the year	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (c)	6,06,76,001	6,06,76,001
Securities Premium Account		
Opening Balance	17,79,67,000	17,79,67,000
Add: Premium of shares issued during the year	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (c)	17,79,67,000	17,79,67,000
Surplus/(Deficit) as per Statement of profit and Loss		
Opening balance	11,57,29,248	10,21,59,703
Transferred from Statement of Profit and Loss	1,86,89,760	1,73,86,050
Pre acquisition profits upto 04/01/2016		2,49,895
Effect on depreciation due to change in estimate	-	-
Proposed Dividend (Divdends Proposed to be distributed to equity shareholders (Rs. 80 paise per share))	33,92,140	33,92,140
Tax on Proposed Dividend	6,90,560	6,74,260
Closing Balance - (d)	13,03,36,308	11,57,29,248
Total (a) + (b) + (c) + (d)	37,33,80,709	35,87,73,649

Non-current Liabilities

2.2. a Long-Term Borrowings

Particulars	2017	2016
Secured		
is grouped under Current Liabilities.]		
A. Loans From Canara Bank		
Term Loan - 1927773000116	23,33,828	39,53,828
[Sanctioned amount Rs.74,00,000/- in 2014 and secured by way of 1st charge on Machineries/Office Equipment/Computers purchased out of the amounts availed. Balance outstanding repayable in 42 monthly instalments.]		
Term Loan - 1927773000122	1,07,10,457	3,91,116
[Sanctioned amount Rs.2,12,00,000/- in 2015 and secured by way of 1st Charge on land at Bommasandra and machinery/office equipment purchased out of fresh loan. Balance outstanding repayable in 60 monthly instalments starting from June 2016.]		
B. From other parties		-
Long term Maturities of NBFC Loans (Secured by way of charge on Motor Vehicles purchased out of above) Balance outstanding repayable in 12 monthly instalments is grouped under Current Liabilities.]	33,13,742	
C. From Related parties	-	
Total	1,63,58,027	43,44,944

Particulars	2017	2016
1. Term Loan - 1927773000116	5 years	Base rate+ 2.25% + 0.25% Term Premium currently at 12.50%
2. Term Loan - 1927773000122	5 years	Base rate+ 2.25% + 0.5% Term Premium currently at 12.25%

Two Vehicle Loans from NBFC are borrowed for a tenure of 3 years and 4 years with rate of interest of 5.82% and 7.97%

2.2. b Deferred Tax Liabilities (Net)

Particulars	2017	2016
The Accumulated impact of deferred tax arising on account of timing differences and expected to be reversed during the forthcoming years is recognised as an adjustment to balance of profit and loss as prescribed in AS 22. The composition of accumulated deferred tax liability is as follows.		
Deferred tax Liability		
Related to Fixed Assets- Depreciation	63,96,530	49,56,137
Deferred Tax asset		
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	4,34,508	3,43,847
Related to Fixed Assets Depreciation	12,760	15,054
Related to expenditure allowed under the Income Tax Act 1961 on payment basis		
	59,49,262	45,97,236

2.2. c Other Long Term Liabilities

Particulars	2017	2016
Loan from related parties (Unsecured & considered good)	32,40,000	-
Security Deposits	16,70,000	16,70,000
TOTAL	49,10,000	16,70,000

2.2. d Long Term Provisions

Particulars	2017	2016
Provision for employee benefits		
Leave Encashment (Unfunded)	3,35,225	1,62,070
TOTAL	3,35,225	1,62,070

Current Liabilities

2.3. a Short - Term Borrowings

Particulars	2017	2016
Secured		
Working capital loans from bank (Working capital loans are secured by book debts, stock and land at Bommsandra)	1,32,80,090	1,26,70,757
TOTAL	1,32,80,090	1,26,70,757

2.3. b Trade Payable

Particulars	2017	2016
Dues to		
Micro and Small Enterprises	15,525	18,526
Related Parties	-	-
Others	1,30,27,203	8,82,09,512
TOTAL	1,30,42,728	8,82,28,038

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

2.3. c Other Current Liabilities

Particulars	2017	2016
Current maturities of long term debt		
Secured		
Term Loan from Bank	58,80,000	88,89,608
Vehicle loan from NBFC	12,04,264	13,32,418
Advance Rent	12,28,500	-
Other payables		
Statutory Remittances	7,06,547	11,17,928
Payables to related parties	2,89,866	2,27,489
Unclaimed Dividend	5,14,196	5,75,142
Payables to Employees	17,90,414	13,99,930
Advances from Customer for Supplies/Services	1,52,26,611	91,01,693
Other Payables	5,60,889	7,00,058
Total	2,74,01,287	2,33,44,266

2.3. d Short-term Provisions

Particulars	2017	2016
Provision for employee benefits		
Leave Encashment (Unfunded)	1,24,090	58,802
Provision for Bonus	9,87,951	9,52,190
Provision for Others		
Provision for proposed dividend	33,92,140	33,92,140
Provision for Tax on proposed dividend	6,90,560	6,94,561
Provision for Income Tax	8,07,394	56,68,406
Provision for Warranty	-	-
Total	60,02,135	1,07,62,100

3.1. a Fixed Assets

Particulars	2017	2016
Tangible		
Others Tangible Assets	36,73,32,876	34,85,91,603
	36,73,32,876	34,85,91,603

3.1. b Fixed Assets

Particulars	2017	2016
In Tangible		
Goodwill	-	-
Producing Properties	4,72,962	7,08,893
	4,72,962	7,08,893

3.1. c Fixed Assets

Particulars	2017	2016
Capital Work in Progress		
Work in Progress	2,63,47,670	2,05,77,511
	2,63,47,670	2,05,77,511

3.1. d Non-Current Investments

Particulars	2017	2016
Trade Investments (At cost)		
Quoted, Fully paid up		
<u>Investment in equity in other companies</u>		
Melstar Information Technology Ltd	9,520	9,520
Less: Provision for diminution in value of investments	(9,520)	
(Current Year- 800 Equity Shares of Rs. 10/- each)		
(Previous Year- 800 equity shares of Rs. 10/-each)		
(Market Value Nil, Previous Year Rs. 4,800/-)		
<u>Investments in Mutual Fund</u>		
HDFC Short Term Plan	65,50,000	-
(Current year 207935.88 units of Rs. 31.50 each)		
(Previous Year - Nil)		
(Market Value Rs. 67,39,202, Previous Year Rs. Nil)		
Birla Dynamic Bond Plan	2,50,000	2,50,000
(Current year 13,805.290 units of Rs. 18.11 each)		
(Previous Year - 13,805.290 units of Rs. 26.34 each)		
(Market Value Rs.4,00,767, Previous Year Rs. 3,63,642)		
Reliance Liquid Fund	-	11,48,500
(Current year - Nil)		
(Previous Year - 1,030.831 units of Rs.1,114.15 each)		
(Market Value Rs. Nil, Previous Year Rs.11,48,500.36)		
DSP Blackrock Income Opportunity Fund	40,50,000	-
(Current year - 1,55,083.46 units of Rs. 26.115 each)		
(Previous Year - Nil)		
(Market Value Rs. 42,69,448, Previous Year Rs. Nil)		
Kotak Income Opportunity Fund	84,50,000	-
(Current year - 4,89,770.29 units of Rs. 17.252 each)		
(Previous Year - Nil)		
(Market Value Rs. 86,96,779, Previous Year Rs. Nil)		
Reliance RSF Debt Fund	85,50,000	-
(Current year 3,88,799.17 units of Rs.21.99 each)		
(Previous Year - Nil)		
(Market Value Rs.88,10,189, Previous Year Rs. Nil)		
Templeton India Ultra Short Bond Fund	-	11,16,789
(Current year - Nil)		
(Previous year 1,10,837.637 units of Rs.10.0793 each)		
(Market Value Rs. Nil, Previous Year Rs.11,17,165.79)		
Birla Sunlife Dynamic bond fund	2,66,972	2,48,911
(Current Year - 24178.355 units of Rs. 11.0418 each;		
PY - 21,719 units of Rs. 11.46 each)		
(Market Value, CY-Rs 2,66,972, PY -Rs 2,48,911.32)		

3.1. d Non-Current Investments

Particulars	2017	2016
Birla Sunlife Floating rate fund	2,59,473	2,45,176
(Current Year - 2593.449 units of Rs.100.0495- each ; PY - 2311.115 units of Rs.100.2903 each) (Market Value, CY-Rs. 2,59,473/-, PY -Rs.2,45,176/-)		
Templeton India Low duration fund	1,32,132	1,23,563
(Current Year -12,498.492 units of Rs.10.5718 each ; PY - 11,099.672 units of Rs.10.5002/-) (Market Value, CY-Rs.1,32,132/-, PY - Rs.1,23,562.83/-)		
Government Securities	500	500
Total	2,85,09,077	31,42,959
Note		
a. Aggregate amount of quoted investments	2,85,08,577	31,42,459
b. Aggregate amount of unquoted investments	500	500
Total	2,85,09,077	31,42,959
c. Aggregate market value of listed and quoted investments	2,95,74,962	32,51,759
d. Aggregate Provision for diminution in value of investments	9,520	-

3.1. e Long-term Loans and Advances

Particulars	2017	2016
Loans & Advances		
(Unsecured, considered good)		
Loans to related parties	-	-
Security Deposits	4,12,897	38,1,873
Rental Deposits	16,71,116	16,60,800
Other Deposits	-	2,10,525
Total	20,84,013	22,53,198

Current Assets

3.2. a Inventories

Particulars	2017	2016
Raw material	48,07,097	24,05,828
(Valued at landed cost which includes freight)		
Work-in-Progress	98,51,524	69,36,612
(Valued at cost)		
Total	1,46,58,621	93,42,440

3.2. b Trade Receivables

Particulars	2017	2016
(Unsecured, considered good)		
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment	2,96,004	3,18,264
Others Trade Receivables	1,35,34,118	10,65,79,945
Total	1,38,30,122	10,68,98,209



3.2. c Cash and Cash equivalents

Particulars	2017	2016
Cash on hand	39,682	1,41,023
Balances with Banks		
Current Accounts	2,84,348	37,04,982
EEFC Accounts	21,37,644	40,45,923
Unpaid Dividend Account	5,19,286	5,80,854
Demand Deposit Accounts	3,14,71,326	4,55,29,359
Fixed Deposits	48,02,577	35,50,000
Total	3,92,54,863	5,75,53,141

- i) Balances with bank include deposits with remaining maturity of more than 12 months 32,41,278 73,78,159
- ii) Balances with bank held as Margin Money deposits against guarantees 2,55,075 2,55,075

Cash and cash equivalents as on 31st March 2017 and 31st March 2016 include restricted cash balances of INR 7,74,361/- and INR 8,35,929/- respectively. The restrictions are on account of deposits held as Margin deposits against guarantees and bank balances in dividends.

3.2. d Short - term Loans and Advances

Particulars	2017	2016
(Unsecured, considered good)		
Advance Income Tax (Net of provisions)	12,16,204	49,550
Balances with Government Authorities	20,61,556	23,46,775
Advances to Creditors	8,47,604	6,80,296
Advance given to Employees	2,72,356	3,46,061
Prepaid Expenses	4,39,892	84,484
Total	48,37,613	35,07,166

3.2. e Other Current Assets

Particulars	2017	2016
Other Receivables	4,82,162	3,05,040
Total	4,82,162	3,05,040

4.1 Revenue from Operations

Particulars	2017	2016
Sale of Engineering Products	28,36,06,503	36,51,99,225
Less: Sales Returns	-	-
Less: Excise duty	-	-
Sale of Engineering Systems	1,85,82,978	93,46,714
Sale of Services	3,99,53,255	4,05,10,867
Other Operating Incomes	-	1,25,489
Total	34,21,42,736	41,51,82,294

4.2 Other Income

Particulars	2017	2016
Interest From Bank Deposits	28,80,357	33,52,629
Rental Income	48,01,550	24,44,000
Dividend received	1,27,677	1,79,914
Other Income	43,34,599	15,500
Gain on sale of Asset / Investment	73,819	68,199
Remission of liability	1,21,211	-
Total	1,23,39,212	60,60,243

5.1 Cost of Materials and Consumables

Particulars	2017	2016
Raw Material		
Indigeneous	1,02,53,717	1,45,68,536
Imported	48,33,828	21,54,649
Total	1,50,87,545	1,67,23,185

5.1 a Percentage of Consumption

Particulars	2017	2016
Indigeneous	67.96%	87.12%
Imported	32.04%	12.88%

5.1 b Particulars of Consumption

Particulars	2017	2016
Mechanical Components	82,00,905	86,51,795
Electrical components	37,57,391	55,34,372
Others	31,26,758	25,37,017
Total	1,50,85,054	1,67,23,185

5.2 Purchase

Particulars	2017	2016
Purchase of Stock in Trade	23,92,29,968	31,03,67,357
Total	23,92,29,968	31,03,67,357

5.2 a. Particulars of Purchases

Particulars	2017	2016
Mechanical Components	17,09,18,500	26,05,17,206
Electrical components	6,65,31,184	4,66,78,376
Others	17,81,394	31,71,775
Total	23,92,31,078	31,03,67,357

5.3 Changes in Inventory

Particulars	2017	2016
Inventory at the beginning of the year	69,36,612	49,71,972
Inventory at the end of the year	98,51,524	69,36,612
	(29,14,912)	(19,64,640)

5.4 Employee Benefit Expenses

Particulars	2017	2016
Salaries & Wages	2,56,10,188	2,32,30,451
Gratuity	-	12,187
Bonus & Ex-Gratia	28,79,248	34,26,489
Contribution to provident & Other Funds	11,61,876	10,08,636
Staff Welfare Expenses	4,73,769	6,46,486
Total	3,01,25,081	2,83,24,249

5.5 Finance Costs

Particulars	2017	2016
Bank Guarantee Commission	5,24,207	82,536
Interest Expense	23,84,658	24,16,656
Foreign Exchange Loss (Net)	2,77,490	10,79,204
Total	31,86,355	35,78,396

5.6 Depreciation and Amortization

Particulars	2017	2016
Tangible Asset	55,86,826	47,11,666
Intangible Asset	2,35,931	2,57,917
Total	58,22,757	49,69,583

5.7 Other Expenses

Particulars	2017	2016
<u>Manufacturing Expenses</u>		
Electricity and Water Charges	6,20,344	4,01,163
Repairs & Maintenance - Factory, Building	16,59,851	12,33,845
Repairs & Maintenance - Machinery	34,065	20,351
Retainership Fee	24,57,861	25,45,624
<u>Establishment Expenses</u>		
Bank Charges	6,35,169	8,85,819
Membership & Subscription Charges	27,192	91,600
Rent	9,55,690	10,49,707
Audit Fee	3,21,000	3,17,838
Legal & Professional Charges	60,90,522	50,92,277
Electricity & Water charges	2,54,379	2,93,954
Communication Expenses	7,70,831	7,40,666

5.7 Other Expenses

Particulars	2017	2016
Insurance	2,25,988	2,64,922
Repair & Maintenance	15,67,827	8,13,593
Vehicle Maintenance	7,88,663	4,89,206
Rates & Taxes	5,50,153	9,12,856
Sitting Fee	1,30,000	90,000
Charity and Donations	1,80,000	58,000
Travelling & Conveyance	83,88,286	68,00,131
Printing and Stationary	3,15,257	3,00,496
Office Expenses	5,40,754	5,05,101
AGM Expenses	69,153	65,213
Discounts, Bad debts and Write offs	3,82,042	90,183
Liquidated Damages	98,922	1,95,994
Miscellaneous Expenses	-	9,056
Loss on diminution of investments	9,520	
Selling & Distribution Expenses		
Business promotion Expenses	43,97,810	39,40,818
Seminar & Exhibition Charges	28,71,344	13,70,120
Claims by Customer	-	40,00,000
Total	3,43,42,624	3,25,78,534

6. Basis of Preparation of Consolidated Financial Statements

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

7. Payments to Auditors during the year:

Particulars	2017	2016
As Auditor	2,96,000	2,92,838
For Taxation Matters	25,000	25,000
For Certification Charges	-	-
Total*	3,21,000	3,17,838

*Inclusive of Service tax

8. Contingent Liability and Commitments

Particulars	2017	2016
Bank Guarantee	1,29,59,677	25,50,747
Capital Commitments to the extent not provided in the books	-	-
	1,29,59,677	25,50,747

9. 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.

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

11. Expenditure in Foreign Currency

Particulars	2017	2016
Purchase of Raw Materials & components (CIF value)	63,06,185	19,54,710
Purchase of Stock in Trade (CIF value)	23,71,94,603	30,46,90,687
Travelling Expenses	27,44,192	17,02,587
	24,62,44,980	30,83,47,984

Earnings in Foreign Currency

Particulars	2017	2016
Export of Services	3,29,38,190	3,99,72,153
Export of Goods	5,15,53,229	5,72,52,381
	8,44,91,419	9,72,24,534

12. Sale by Class of goods and services

Particulars	2017	2016
1. Finished Engineering Systems	1,30,29,282	55,82,822
a. Handling Systems	55,53,696	37,63,892
b. Others		
2. Engineering Products	27,36,47,452	34,19,65,340
a. Servo Products	99,59,051	2,12,37,457
b. Others		
3. Sale of Engineering Services		
a. Design and Drawings	3,29,37,755	3,80,52,783
b. Others	67,95,000	45,80,000
	34,19,22,236	41,51,82,294

13 The Financial statement have been prepared in the format prescribed by the Schedule III of the Companies Act 2013. Comparative Figures of previous period has not been presented as it is the first occasion on which consolidated financial statements are presented (As per Transitional Provisions of AS 21). Figures have been rounded off to the nearest rupee.

14 The expenditure incurred on Research and Development activities comprises of the following

Particulars	2017	2016
Salaries and Wages	54,52,301	65,36,115
Plant and Machinery	1,12,72,015	2,67,988
	1,67,24,316	68,04,103

15 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.

16 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 Accounting Standard (AS) 21 - "Consolidated 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.
- Minority 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.
- Minority 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 Accounting Standard (AS) 13 "Accounting for Investments"
- The following subsidiaries & Associates have been considered in the consolidated financial statements

Name of the Entry	Country of Incorporation	% of ownership Interest
Subsidiary		
Sikka N Sikka Engineers Private Limited	India	100.00%
Sika Tourism Private Limited	India	100.00%
EMSAC Engineering Private Limited	India	51.00%
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, 2017.

h Name of the Entity	Net Assets		Share in Profit or Loss	
	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
Parent				
Sika Interplant Systems Limited	95.04%	39,51,50,694	86.95%	1,62,49,884
Subsidiaries				
Sikka N Sikka Engineers Private Limited	2.14%	88,86,325	13.65%	25,50,567
Sika Tourism Private Limited	0.00%	(20,598)	-0.27%	(50,900)
EMSAC Engineering Private Limited	0.12%	5,12,685	0.23%	42,858
Aerotek Sika Aviosystems Private Limited	4.53%	1,88,46,386	-0.37%	(69,492)
Minority Interest				
	-1.83%	(75,93,032)	-0.18%	(33,157)
	100.00%	41,57,82,461	100.00%	1,86,89,760

17. Related Party Disclosure

Particulars	Category
Category (a) M/s Ultraweld Engineers Pvt Ltd	Promoter Company
Category (b) M/s Gourmet Estates Pvt Ltd M/s Sterling Technologie Pte Ltd	Associate Company Associate Company
Category (c) Mr. Rajeev Sikka Mr. Kunal Sikka Mrs. Sriee Aneetha M Mrs. Anuradha Sikka	Key Management Personnel Key Management Personnel Key Management Personnel Relative of Key Management Personnel

Related Party Transactions

Particulars	Referred to in (b) above		Referred to in (c) above	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Purchases:				
Engineering Services	-	-	-	-
Sales:				
Engineering Services				
Export of Products	39,46,224	2,04,42,139	-	-
Expenses:				
Professional/Consultancy Charges	-	-	3,17,520	3,44,400
Remuneration paid	-	-	50,78,441	47,07,790
Salary paid	-	-	6,65,647	-
Other Transactions:				
Loans borrowed	-	-	-	-
Loans repaid	-	-	-	-
Loans given	-	-	-	-
Loans recovered	-	2,41,127	-	-
Interest paid	-	-	-	-
Security Deposit paid	-	-	-	-
Outstanding				
Professional Charges/Remuneration	-	-	4,36,866	4,43,266
Loans receivable	-	-	-	-
Professional Charges/Remuneration			59,000	

18 As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard

a) Defined Contribution Plans

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

Particulars	2017	2016
Employer's Contribution to Provident Fund	5,45,107	4,54,194
Employer's Contribution to Pension Scheme	4,43,125	4,07,270
Total	9,88,232	8,61,464

b) Defined Benefit Plans

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

Particulars	Gratuity	
	2017	2016
Components of Employer Expenses		
Current Service cost	2,02,420	1,88,268
Interest on Obligations	2,15,056	1,02,262
Expected Return on Plan Assets	(2,92,583)	(2,89,750)
Net actuarial loss / (gain) recognized during the year	(68,937)	(51,667)
Total Expenses recognised in the Statement of Profit & Loss	55,956	(50,886)
Net asset/(liability) recognised in the Balance Sheet		
Present Value of defined benefit Obligation	30,14,171	16,19,921
Fair value of plan assets	42,53,681	39,82,496
Funded status [Surplus / (deficit)]	12,39,510	23,62,575
Unrecognised past service costs	-	-
Change in defined benefit obligations(DBO) during the year		
Present Value of DBO at beginning of the year	26,88,195	13,07,701
Current Service Cost	2,02,420	1,88,268
Interest Cost	2,15,056	1,02,262
Actuarial (Gains) / Losses	(68,937)	21,690
Benefits Paid	(22,563)	-
Present Value of DBO at end of the year	30,14,171	16,19,921
Change in fair value of assets during the year		
Plan Assets at Beginning of the year	39,83,661	36,19,390
Expected Return on Plan Assets	2,92,583	2,89,750
Actuarial (Gains) / Losses	-	73,356
Benefits Paid	(22,563)	-
Plan Assets at End of the Year	-	39,82,496
Actual Return on Plan Assets	42,53,681	3,63,106
Actuarial assumptions		
Interest Rate	8.00%	7.81%
Discount Rate	8.00%	7.81%
Expected Return on Plan Assets	7.34%	8.00%
Salary Escalation	7.00%	7.00%
Attrition rate	5.00%	5.00%

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

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

Particulars	Leave Encashment	
	2017	2016
Changes in Defined Obligations		-
Obligations at period beginning - Current	1,24,090	31,241
Obligations at period beginning - Non Current	3,35,225	1,54,942
Service Cost	58,593	46,137
Interest on Defined benefit obligation	17,272	10,932
Benefits settled	-	(92,785)
Actuarial gain/(loss)	1,62,578	70,406
Obligations at period end	4,59,315	2,20,872
Current Liability (within 12 months)	1,24,090	58,802
Non Current Liability	3,35,225	1,62,070
Changes in Plan Assets		
Plans assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Contributions	-	92,785
Benefits settled	-	(92,785)
Plans assets at period end, at fair value	-	-
Funded Status		
Closing PBO	4,59,315	2,20,872
Closing Fair value of plan assets	-	-
Closing Funded status	(4,59,315)	(2,20,872)
Net Asset/(Liability) recognized in the Balance Sheet	(4,59,315)	(2,20,872)
Expenses recognized in the P&L account		
Service cost	58,593	46,137
Interest cost	17,272	10,932
Expected return on plan assets	-	-
Actuarial (Gain)/Loss	1,62,578	70,402
Net gratuity / leave cost	2,38,443	1,27,474
Experience Adjustment on Plan Liabilities	1,05,275	70,402
Experience Adjustment on Plan Assets	-	-
Assumptions		
Interest rate	7.31%	7.81%
Discount factor	7.31%	7.82%
Estimated rate of return on plan assets	0.00%	0.00%
Salary increase	7.00%	6.00%
Attrition rate	5.00%	5.00%

19. The previous year figures have been regrouped / recast / restated wherever necessary to confirm to current presentation.



Fixed Assets

Description	Life Span of Assets in years	Gross Block (At cost)				Accumulated Depreciation				Net Block	
		As at 01.04.2016	Additions	Deletions	As at 31.03.2017	As at 01.04.2016	Additions	Deletions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
a) Tangible Assets											
Freehold Land at Bommasandra	30	2,54,381,946	-	-	25,43,81,946	-	-	-	-	25,43,81,946	25,43,81,946
Freehold Land at Thimmanahalli	30	7,58,344	-	-	7,58,344	-	-	-	-	7,58,344	7,58,344
Lease Hold land at Mysore*	30	58,82,629	-	-	58,82,629	-	-	-	-	58,82,629	58,82,629
Building	30	7,38,36,956	7,48,505	-	7,45,85,461	42,68,460	16,57,060	-	59,25,520	6,86,59,941	6,95,68,496
Roads	10	20,65,220	-	-	20,65,220	-	2,06,522	-	2,06,522	18,58,698	20,65,220
Plant and Machinery	15	65,14,968	1,17,21,549	-	1,82,36,517	18,41,203	9,37,379	-	27,78,582	1,54,57,935	46,73,765
Office Equipment	5	47,24,855	6,94,943	-	54,19,798	33,69,253	5,04,299	-	38,73,552	15,46,246	13,55,602
Furniture and Fixtures	10	73,43,275	16,17,527	-	89,60,802	40,84,350	8,33,751	-	49,18,101	40,42,701	32,58,925
Vehicles	8	1,38,34,227	96,13,867	13,26,207	2,21,21,887	77,03,053	12,97,491	10,96,734	79,03,810	1,42,18,077	61,31,174
Computer and Accessories	3	48,61,778	1,61,183	-	50,22,961	43,46,276	1,50,324	-	44,96,600	5,26,361	5,15,502
Subtotal (a)		37,42,04,198	2,45,57,574	13,26,207	39,74,35,565	2,56,12,595	55,86,826	10,96,734	3,01,02,687	36,73,32,878	34,85,91,602
Previous year Figures		35,91,77,421	1,50,39,033	12,256	37,42,04,198	2,09,00,929	47,11,666	-	2,56,12,595	34,85,91,603	33,82,76,491
b) Intangible Assets											
Software	6	14,31,787	-	-	14,31,787	7,22,894	2,35,931	-	9,58,825	4,72,962	7,08,893
Subtotal (b)		14,31,787	-	-	14,31,787	7,22,894	2,35,931	-	9,58,825	4,72,962	7,08,893
Previous year Figures		14,31,787	-	-	14,31,787	4,64,977	2,57,917	-	7,22,894	7,08,893	9,66,810
Total (a+b)		37,56,35,985	2,45,57,574	13,26,207	39,88,67,352	2,63,35,489	58,22,757	10,96,734	3,10,61,512	36,78,05,840	34,93,00,495
Previous Year		36,06,09,208	1,50,39,033	12,256	37,56,35,985	2,13,65,906	49,69,583	-	2,63,35,489	34,93,00,496	33,92,43,301

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2017, hence the Company has not recognized any impairment losses.

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

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

Note. 1**Principles of Consolidation and Significant Accounting Policies:****I. Principles 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:

- 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 Accounting Standard 21 on "Consolidated 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. Goodwill is written off over the period of five years.
- Minority 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

- Minority 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.
- 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.
- The following subsidiaries & Associates have been considered in the consolidated financial statements

Sl. No.	Name of the Company	Relation	Ownership Interest
1	Sikka N Sikka Engineers Pvt Ltd	Subsidiary	100.00%
2	Sika Tourism Pvt Ltd	Subsidiary	100.00%
3	Emsac Engineering Pvt Ltd	Subsidiary	51.00%
4	Aerrotek Sika Aviosystems Pvt Ltd	Subsidiary	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, 2017.

g) Name of the Entity	Net Assets		Share in Profit or Loss	
	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
Parent				
Sika Interplant Systems Limited	95.04%	39,51,50,694	86.95%	1,62,49,884
Subsidiaries				
Sikka N Sikka Engineers Private Limited	2.14%	88,86,325	13.65%	25,50,567
Sika Tourism Private Limited	0.00%	(2,08,598)	-0.27%	(50,900)
EMSAC Engineering Private Limited	0.12%	5,12,685	0.23%	42,858
Aerrotek Sika Aviosystems Private Limited	4.53%	1,88,46,386	-0.37%	(69,492)
Minority Interest	-1.83%	(75,93,032)	-0.18%	(33,157)
Total	100.00%	41,57,82,461	100.00%	1,86,89,760

II. Significant Accounting Policies:

- Significant Accounting Policies of the parent company and its subsidiaries are similar in nature except for accounting of retirement Benefits in accordance with AS 15 in Sikka N Sikka Engineers Private Limited. However, impact of the same is not material and the accounting policies of the parent company are enclosed as **Annexure 1**.

Annexure 1**a) Accounting Convention:**

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India (" Indian GAAP") and mandatory Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with rule 7 of the

Companies (Accounts) Rules, 2014 and the provisions of the act to the extent notified.

b) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation and impairment (if any). All costs relating to the acquisition and installation of fixed assets have been capitalized.

Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes land, related acquisition expenses, development /construction costs, borrowing costs and other direct expenditure including advances to contractors and others.

Leasehold land on a lease-cum-sale basis is capitalized at the allotment rates charged by the concerned allotting Authorities.

Intangibles having the characteristic of assets, capable of generating future economic benefits and are reliably measurable are stated at cost.

c) Depreciation/Amortisation:

- a. Upto 31st March 2014, the Depreciation have been 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 Companies Act, 1956.
- b. With effect from April 1st 2014, deprecation 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

d) Valuation of 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.

e) Valuation of Investments:

Current investments are valued at the lower of cost and market value. Long Term Investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in carrying value of each investment.

f) Retirement Benefits:

Company has Group Gratuity policy with Life Insurance Corporation of India and the premiums determined there at is charged to revenue. The Company has provided for Leave Encashment based on accumulated un-availed leave by the employees as on the date of Balance Sheet.

g) 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.

h) Foreign Currency Transaction:

Transactions in foreign currency are recorded using the spot rate at the transaction date and exchange differences resulting from settled transactions are adjusted in the profit and loss account. At the balance sheet date, monetary items denominated in foreign currencies are converted into rupee equivalents at exchange rates as at the balance sheet date. Those relating to acquisition of fixed assets are adjusted to the cost of assets.

i) Provisions:

A provision is recognized when outflow of resources will be required to settle a present obligation as a result of past events. Accordingly, provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

j) Provision for Warranty:

The estimated liability for the product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and



management estimates regarding possible future incidence based on corrective action on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically up to three years.

As per the terms of contracts, the company provides post-contract services/ warranty support to some of its customers. The company accounts for the post contract support / provision for warranty on the basis of the information available with the management duly taking into account the current and past technical estimates.

k) Segment Reporting Policies: Primary Business Segments

The Company is primarily engaged in the business of manufacturing and rendering of services in engineering products and designs. For all purposes the company is organized into one operating activity of Engineering products and services. Accordingly, the Company is of the view that it has only one business segment. The Company has no activity outside India except for export of Engineering Services. Thereby there is no geographical segment.

l) Impairment of Assets:

At each Balance Sheet date, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, the Company estimates the recoverable amount and if this is lower than the carrying amount of the asset, an impairment loss is recognized in the Profit and Loss account to the extent the carrying amount exceeds the recoverable amount.

m) Taxation:

Current Taxation and Deferred Taxation:
Provision for current income tax is made on the assessable income at the rates applicable to the relevant assessment year.

Deferred Tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

Deferred tax assets on unabsorbed depreciation and carry forward of losses are recognized only to the extent there is a virtual certainty of its realization.

n) Research and Development Expenditure:

Research & Development Expenditure is charged to Revenue under the natural heads of account in the year in which it is incurred. However, Expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the company, is considered as an intangible asset.

o) 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. For the Purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares are outstanding during the period are adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split.

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

Devendra Nayak
Partner
M. No. 027449

For **SIKA INTERPLANT SYSTEMS LIMITED**

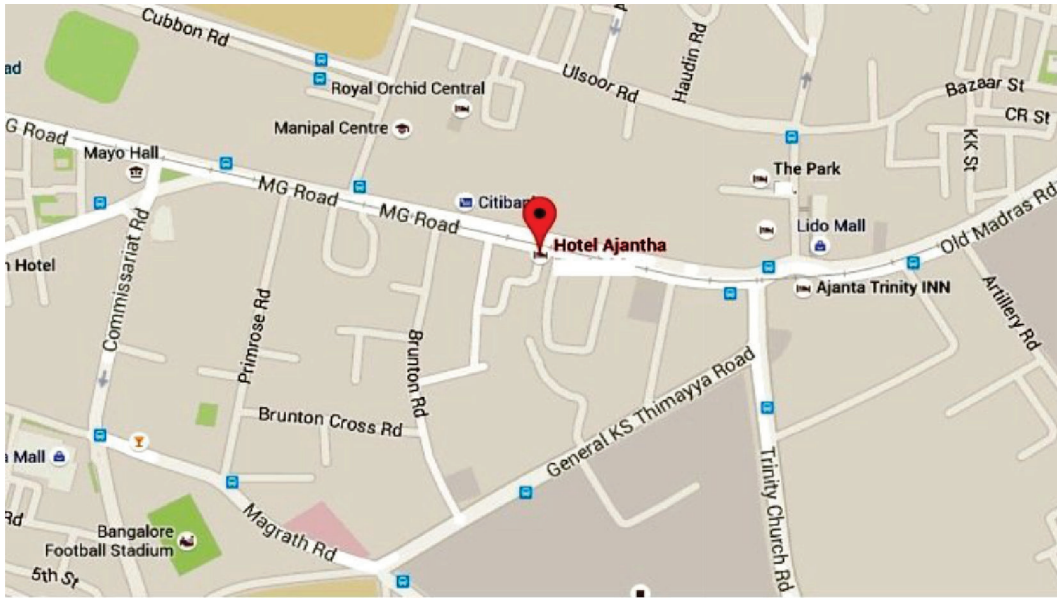
Rajeev Sikka
Chairman & Managing Director
DIN : 00902887

Kunal Sikka
Whole Time Director
& Chief Financial Officer
DIN: 05240807

R.N. Chawhan
Director
DIN : 00568833

Sriee Aneetha M
Company Secretary

Bengaluru
25/05/2017



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

ATTENDANCE SLIP

31st ANNUAL GENERAL MEETING ON WEDNESDAY, 27th September 2017 AT 10:00 A.M.
At Hotel Ajantha, 22 M.G. Road, Bengaluru 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 31st Annual General Meeting of the Company to be held on Wednesday, 27th September 2017 at 10:00 a.m. at Hotel Ajantha, 22 M.G. Road, Bengaluru 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

- 1. Adoption of Audited Financial Statements for the year ended 31st March 2017 together with the Reports of the Board of Directors and the Auditors thereon.
- 2. Declaration of dividend for the financial year 2016-17
- 3. Appointment of Director Mrs. Krishna Sikka (DIN:01226312) retiring by rotation
- 4. Appointment of Statutory Auditors
- 5. Re-appointment of Mr. Rajeev Sikka (DIN 00902887) as Chairman and Managing Director of the Company
- 6. Re-appointment of Mr. Kunal Sikka (DIN: 05240807) as Whole Time Director of the Company
- 7. Adoption of new set of Article of Associations of the Company.

Affix
Revenue
Stamp

Signed this _____ day of _____ 2017.
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

If undelivered, please return to:

INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED
(Formerly: Integrated Enterprises (India) Limited)

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

Tel: 080 23460815, E-mail: giri@integratedindia.in Website: www.integratedindia.in