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**30th Annual Report  
for year ended 31st March 2016**

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**SIKA INTERPLANT SYSTEMS LTD**

## SIKA INTERPLANT SYSTEMS LIMITED

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



### NOTICE

**NOTICE** is hereby given that the Thirtieth ANNUAL GENERAL MEETING of Sika Interplant Systems Limited ("the Company") will be held on Wednesday, 07<sup>th</sup> September, 2016 at 10:00 a.m. at Hotel Ajantha, 22 M.G.Road, Bangalore 560001 to transact the following ordinary business:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2016 together with the Reports of the Directors and the Auditor thereon.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2016.
3. To appoint a Director in place of Mr. Kunal Sikka (DIN:05240807), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To ratify the appointment of Auditors of the Company, fix their remuneration and 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 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-First AGM of the Company to be held in the year 2017, on such remuneration as may be mutually agreed between the Board of Directors and the Auditors."

### NOTES:

1. The relevant details of the Director seeking reappointment, pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 05<sup>th</sup> September 2016 to 07<sup>th</sup> September 2016, 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, Integrated Enterprises [India] Ltd (IEIL) 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 01<sup>st</sup> September 2016.
9. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, 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, 2016.
10. Members holding shares in physical form and who have not registered their e-mail IDs are requested to register the same with IEIL.
11. The Notice of the AGM is being sent by electronic mode and subsequently the Annual Report 2015-16 to those members whose e-mail addresses are registered with the Company/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 IEIL/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 (LODR) Regulation 2015, 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 01<sup>st</sup> September 2016 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. Ms. Gauri Balankhe, Practicing Company Secretary (Membership No. FCS No:7786), 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](http://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. 07<sup>th</sup> September 2016.

The instructions for shareholders voting electronically are as under:

- j. The remote e-voting period commences on 04<sup>th</sup> September 2016 at 9:00 a.m. (IST) and ends on 06<sup>th</sup> September 2016 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](http://www.evotingindia.com).
  - (ii) Click on "Shareholders".
  - (iii) Now Enter your User ID
    - a. For CDSL: 16-digit beneficiary ID,
    - b. For NSDL: 8-character DP ID followed by 8-digit Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (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](http://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	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/DP are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or DOB (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log in.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the instruction (iii).</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu where in 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 these resolutions contained in this Notice.
- (x) Click on the EVSN for 'SIKA INTERPLANT SYSTEMS LIMITED'.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvi) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to [www.evotingindia.com](http://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](mailto: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](mailto: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.

- 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

By Order of the Board  
Sreee Aneetha .M  
Company Secretary

Bangalore, 28<sup>th</sup> July 2016

**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	Mr. Kunal Sikka
DIN	05240807
Date of Birth	August 25, 1984
Date of Appointment	October 1, 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



**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 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

**Contents****Page No.**

Directors' Report..... 02

Management Discussion and Analysis..... 15

Corporate Governance Report ..... 18

**Standalone Financial Statements**

Auditors' Report.....29

Balance Sheet..... 33

Statement of Profit & Loss ..... 34

Cash Flow Statement..... 35

Notes forming part of the Financial Statements..... 37

**Consolidated Financial Statements**

Auditors' Report..... 55

Consolidated Balance Sheet..... 59

Consolidated Statement of Profit& Loss.....60

Consolidated Cash Flow Statement.....61

Notes forming part of the Consolidated Financial Statements..63

## DIRECTORS' REPORT

To the Members,

The Directors are pleased to present the Thirtieth Annual Report of the Company and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2016.

### FINANCIAL HIGHLIGHTS

(₹ in lakhs)

	Standalone		Consolidated	
	FY 2016	FY 2015	FY 2016	FY 2015
Total Income	4178.68	3049.21	4212.42	3091.26
Profit (Loss) before Tax and Depreciation	332.48	286.03	308.04	287.92
Provision for Taxes	93.49	77.79	93.70	75.16
Depreciation	48.48	51.14	49.69	51.53
Profit (Loss) for the Year After Tax and Depreciation	190.51	157.10	164.65	161.23
Earnings per Share (in ₹)	4.49	3.71	4.10	3.80

### OPERATIONAL REVIEW

During the year under review, your Company achieved Total Income of ₹ 4,178.68 Lakhs on a Standalone basis as compared to ₹ 3,049.21 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 190.51 Lakhs for the current Financial Year as against Net Profit of ₹ 157.10 Lakhs in the previous Financial Year.

On a Consolidated basis, your Company achieved Total Income of ₹ 4,212.42 Lakhs during the year under review as compared to ₹ 3,091.26 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 164.65 Lakhs for the current Financial Year as against Net Profit of ₹ 161.23 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, 2016. 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.

Policy for determining material subsidiaries of the Company has been provided via the following link: <http://sikaglobal.com/www.sikaglobal.com/PDF/AU/2.pdf>.

During the year, Aerotek Sika Aviosystems Private Limited was incorporated on 26<sup>th</sup> June 2015 in partnership with Aerotek Aviation Engineering Limited, UK ("Aerotek UK"), with equity holding in the ratio of 51:49 between your Company (including subsidiaries) and Aerotek UK (including its promoters), to undertake the manufacture and maintenance, repair and overhaul of aeronautical products and systems.

### DIRECTORS & KEY MANAGERIAL PERSONNEL

The Company has received necessary declaration from each independent director under Section 149 (7) of the Act that he meets 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").

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

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 2015-16, there were no changes in the Board and Key Managerial Personnel of the Company.

## DIRECTORS RESPONSIBILITY STATEMENT

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

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

## BOARD EVALUATION

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

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

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management 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 (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, 2014 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 under take the Secretarial Audit of the Company. The report on the Secretarial Audit is annexed herewith.

### 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 prevention of the accounting records, and the timely preparation of reliable financial disclosures.

## RISK MANAGEMENT

The Company has a robust Risk Management framework commensurate with the size and scale of its operations to



identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

#### **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 workplace 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 2015-16, the Company had received zero complaints on sexual harassment, and accordingly nil complaints remain pending as of 31<sup>st</sup> March 2016.

#### **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 frauds 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	0.87
Mr. R.N. Chawhan	0.87
Mr. S. Santhanam	0.87
Mrs. Krishna Sikka	N.A
Mr. Rajeev Sikka	8.69
Mr. Kunal Sikka	7.90

- 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	31%
Mr. Kunal Sikka, Whole Time Director & CFO	20%
Mrs. Sree Aneetha M, Company Secretary	N.A.

- c) The percentage increase in the median remuneration of employees in the financial year 2015-16 over 2014-15:15%
- d) The number of permanent employees on the rolls of Company: 47
- 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'16 ( ₹ in Lakhs)	52.52
Revenue ( ₹ In Lakhs)	4123
Remuneration of KMPs (as a % of revenue)	1.30
Profit before Tax (PBT) ( ₹ in Lakhs)	284
Remuneration of KMP (as a % of PBT)	18.49

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

Particulars	March 31, 2016	March 31, 2015	% Change
a. Market Capitalisation ( ₹ in crores)	51.09	59.40	-13.99
b. Price Earnings Ratio	26.84	37.76	-28.92

- 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, 2016 has increased 1205% in comparison to the rate at which the Company came out with the last public offer, i.e. ₹ 10/- at the time of the IPO in March 1986.

- i) Average percentile increase already made in the salaries of employees other than the managerial personnel in the FY 2015-16 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 & WTO 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 16	24.81	21.97	5.74
Revenue	4123		
Remuneration as % of revenue	0.6	0.5	0.2
Profit before Tax (PBT)	284		
Remuneration (as % of PBT)	8.74	7.73	2.02

- 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: 0.93

- m) Affirmation that remuneration is as per the Remuneration Policy of the Company:

The Company affirms remuneration is as per the Remuneration Policy of the Company.

## PUBLIC DEPOSITS

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

## DISCLOSURE REQUIREMENTS

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

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

### Conservation of Energy:

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

- a) Improved monitoring of energy consumption;
- b) Creating awareness within the Company on energy conservation;
- c) Increased focus on procurement of energy efficient equipment; and
- d) Exploring options towards utilisation of solar energy.

### Technology Absorption, Adaptation and Innovation

- a) Technology absorption and adaptation continues to be at core of the Company's objectives and associated strategy. The Company continues to use the latest technologies for improving productivity and the quality of its products and services. During the year the Company has made continued efforts in developing new designs to meet requirements of customers.
- b) The research and development efforts of the Company are customer need based and hence it is a continuous process. Because of its in-house R&D efforts the Company was able to deliver the best solutions to the customers in a cost effective manner, including for participation in import substitution programs for aerospace and defence projects capitalising on new business opportunities and improvement of existing designs.
- c) The Company has not imported any technology during the last three years.
- d) The expenditure incurred on Research and Development during the year was Rs. 68.04 lakhs.

### Foreign Exchange Earning and Outgo

During the year under review, the Company earned ₹972.24 Lakhs in foreign exchange and spent ₹3083.48 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,  
28<sup>th</sup> July 2016

## 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	87.35	(0.30)	(0.84)	(1.49)
4	Total Assets	95.77	17.90	226.67	0.05
5	Total Liabilities	95.77	17.90	226.67	0.05
6	Investments	36.48	0.00	0.00	-
7	Turnover	9.47	37.52	1.22	-
8	Profit before taxation	2.12	(16.75)	(2.33)	-
9	Provision for taxation	0.56	0.00	0.00	-
10	Profit after taxation	1.58	(16.44)	0.00	-
11	Proposed Dividend	-	-	-	-
12	% of Shareholding	99.99	51.00	30.86	100.00

## Notes:

- a) Reporting period and reporting currency of the above subsidiary is the same as that of the Company.  
b) Part B of the Annexure is not applicable as there are no associate companies/joint ventures of the Company as on 31<sup>st</sup> March 2016.

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

1. 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.

2. 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
Aerrotek Sika Aviosystems Pvt. Ltd. Subsidiary Company	Marketing Agreement	3 years, extendable on mutual consent	Appointment of the Company as Marketing partner for customers in India	13-02-2016	10 Lakhs
Sterling Technologie Pte Ltd. Related party Transaction	Sale of Products	mutual consent as per terms of agreement	Sales of Products	29-05-2015	NA

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

Bengaluru, 28<sup>th</sup> July 2016

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

As on the financial year ended on 31<sup>st</sup> March 2015 (Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014)

**I. REGISTRATION AND OTHER DETAILS:**

! i) CIN!	:	L29190KA1985PLC007363
! ii) Registration Date!	:	20 <sup>th</sup> December 1985
! iii) Name of the Company!	:	SIKA INTERPLANT SYSTEMS LIMITED
! iv) Category / Sub-Category of the Company!	:	Public Company & Company limited by shares
v) Address of the Registered office and contact details!	:	No.3, Gangadharchetty Road, Bengaluru 560042. Ph.No.: 080 49299144
! vi) Whether listed company Yes / No!	:	Yes
! vii) Name, Address and Contact details of Registrar and Transfer Agent!	:	Integrated Enterprises [India] Limited ! No.30, Ramana Residency, 4 <sup>th</sup> Cross, ! Sampige Road, Malleswaram, Bengaluru - 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	88.06%
2	Others		11.94%

**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	
<b>A. Promoters</b>									
(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..	-	-	-	-	-	-	-	-	
<b>Sub-total (A) (1):-</b>	<b>3041217</b>	<b>-</b>	<b>3041217</b>	<b>71.72</b>	<b>3041217</b>	<b>-</b>	<b>3041217</b>	<b>71.72</b>	No change
<b>(2) Foreign:</b>	-	-	-	-	-	-	-	-	
a) NRIs - Individuals	-	-	-	-	-	-	-	-	
b) Other - Individuals	-	-	-	-	-	-	-	-	
c) Bodies Corp.	-	-	-	-	-	-	-	-	
d) Banks / FI	-	-	-	-	-	-	-	-	
e) Any Other....	-	-	-	-	-	-	-	-	
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total shareholding of Promoter (A) = (A)(1)+(A) (2)</b>	<b>3041217</b>	<b>-</b>	<b>3041217</b>	<b>71.72</b>	<b>3041217</b>	<b>-</b>	<b>3041217</b>	<b>71.72</b>	No change
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds/UTI									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									

NIL

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	
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	125610	6000	131610	3.10	100819	6000	106819	2.52	-0.58
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	531529	133462	664991	15.68	520163	131272	651435	15.36	-0.32
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	374854	0	374854	8.84	419459	0	419459	9.89	1.05
c) Others (specify)	4634	0	4634	0.11	5365	0	5365	0.13	0.02
Clearing Member	22869	0	22869	0.54	15880	0	15880	0.37	0.17
<b>Sub-total (B)(2):-</b>	<b>1059496</b>	<b>139462</b>	<b>1198958</b>	<b>28.28</b>	<b>1061686</b>	<b>137272</b>	<b>1198958</b>	<b>28.28</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>1059496</b>	<b>139462</b>	<b>1198958</b>	<b>28.28</b>	<b>1061686</b>	<b>137272</b>	<b>1198958</b>	<b>28.28</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-				-		
<b>Grand Total (A+B+C)</b>	<b>4100713</b>	<b>139462</b>	<b>4240175</b>	<b>100.00</b>	<b>4102903</b>	<b>137272</b>	<b>4240175</b>	<b>100.00</b>	<b>0.00</b>



## (ii) Shareholding of Promoters

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

## (iii) Change in Promoters' Shareholding ( please specify, if there is no change)

No changes in Promoters Shareholding during the year under review.

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

Sl. No.	Top 10 Shareholders	No. of Shares as on 01.04.2015	No. of Shares as on 31.03.2016	Net Changes	% to Capital as on 31.03.2016
1	Sharad Kanayalal Shah	69795	69795	0	1.65%
2	Shashank S Khade	62152	62152	0	1.47%
3	Sindhu Trade Links Ltd	43677	18677	-25000	0.44%
4	Anshul Baigal	42405	42405	0	1%
5	Shivani T Trivedi	39765	39765	0	0.94%
6	Moneyplant Estates Pvt Ltd	24314	24314		0.57%
7	Dr. Ramesh Chimamlal shah	22998	18600	-4398	0.44%
8	Laxmichand Kunverji Kenia	20188	20188	0	0.48%
9	Banhem Stock Broking Pvt Ltd	17250	15360	-1890	0.36%
10	Bharat Kunverji Kenia	15416	15416	0	0.36%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Directors & KMP	No. of Shares as on 01.04.2015	No. of Shares as on 31.03.2016	Net Changes	% to Capital as on 31.03.2016
1	Rajeev Sikka	3,933	3,933	0	0.092%
2	Krishna Sikka	52	52	0	0.001%
3	Dr. C.G.Krishnadas Nair	80000	80000	0	1.886%

**V. INDEBTEDNES**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	27,267,745	-	-	27,267,745
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i)+(ii)+(iii)</b>	<b>27,267,745</b>	<b>-</b>	<b>-</b>	<b>27,267,745</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	(1,362,436)	-	-	(1,362,436)
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	25,905,309	-	-	25,905,309
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i)+(ii)+(iii)</b>	<b>25,905,309</b>	<b>-</b>	<b>-</b>	<b>25,905,309</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No.	Particulars of Remuneration	Rajeev Sikka	Kunal Sikka	Totals
		MD	WTD/CFO	
1	Gross Salary:			
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	24,00,000	21,79,992	45,79,992
	b) Value of Perquisites u/s.17(2) of Income Tax Act, 1961	80,574	17,285	97,859
	c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others	-	-	-
	<b>Total</b>	<b>24,80,574</b>	<b>21,97,277</b>	<b>46,77,851</b>

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

## B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Director		
		Dr. C.G. Krishnadas Nair	R.N. Chawhan	S. Santhanam
1	Fees for attending the Board/Committee meetings	20,000	20,000	20,000
2	Commission	-	-	-
	<b>Total</b>	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	5,73,911
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
5	Others	-
	<b>Total</b>	5,73,911

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

There were no penalties, punishment or compounding of offences during the year ended 31<sup>st</sup> March 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### THE ECONOMY

In 2015, global economic activity remained subdued, with world output slowing down further. The financial year witnessed a sharp decline in world trade growth with significantly weak import volumes in leading emerging markets, including China, Brazil and Russia. Steep falls in oil prices, continued weakness in commodity prices, a slowdown in China and deep recessions in some large emerging market economies more than offset strong growth in India and some of the ASEAN economies.

During the year under review, India's GDP grew by 7.6%, making it one of the fastest growing major economies in the world. The growth rate is expected to reach close to 8% backed by declining oil prices and relatively limited exposure to current global financial turbulence. Besides, inflation remained under control and fiscal and current account deficits continued to be moderate. The investment cycle in India and consumption expenditure are both displaying green shoots. This growth is likely to be sustainable on the back of the Government's focus on industrial activities, with a continued focus on its flagship 'Make in India' program, infrastructure development and ease of doing business including through the likely implementation of GST from April 2017.

The US Dollar maintained its upward momentum over the year. Most emerging market currencies depreciated significantly more than the rupee with respect to the dollar, putting pressure on India's exports and impacting the trade deficit. However, the Indian government's desire to significantly increase infrastructure spend and the Pay Commission payouts to government employees are expected to have a positive impact. Volatility in global economy and stress in the Indian banking sector may continue to have an adverse impact on economic recovery.

### 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 2.2% of its GDP.

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 gather pace, with the new 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 earlier in 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. 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 Imports, never the less 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 (2016-17) looks positive. 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.

#### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

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

#### **COMPANY PERFORMANCE**

As can be seen from the financial results forming part of this report, both the Company's turnover and net profit increased year on year, despite various headwinds apparent in the domestic and global macroeconomic environment. The furtherance of your Company on a robust growth trajectory was driven by the positive returns from a continued sharp focus on customers combined with strong program management resulting in the timely execution of major orders.

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 stake holders 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.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed a fresh Listing Agreement with the Stock Exchange.

### 2. BOARD OF DIRECTORS

As on 31<sup>st</sup> March 2016, the Company had 6 Directors, comprising 4 Non-Executive Directors and 2 Executive Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other public companies as on 31<sup>st</sup> March 2016 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	5	1	3
Mrs. Krishna Sikka (DIN: 01226312)	Non-Executive	4	Yes	-	-	-
Mr. R.N. Chawhan (DIN: 00568833)	Independent Non-Executive	4	No	-	-	-
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 2015-16. The Board meetings were held on 29<sup>th</sup> May 2015; 08<sup>th</sup> August 2015; 12<sup>th</sup> November 2015 and 13<sup>th</sup> February, 2016. The information and declarations as required in terms of Listing Regulations is being regularly placed before the Board.

As on 31<sup>st</sup> March 2016, 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](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.

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

#### Performance Evaluation criteria for Independent Directors:

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

### 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, notice period or severance fees.

During the year 2015-16, 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 2015-16:

Name of the Director and period of appointment	Salary (Rs. In Lakhs)	Benefits, perquisites and allowances (Rs.in Lakhs)	Commission (Rs. In Lakhs)
Mr. Rajeev Sikka Chairman & Managing Director (w.e.f 01 <sup>st</sup> April 2015 for a period of 3 years)	24.80	1.44	Nil
Mr. Kunal Sikka Whole Time Director & CFO (w.e.f 01 <sup>st</sup> October 2014 for a period of 3 years)	21.97	1.30	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.

- ii. 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	Non-Executive, Independent	4
3.	Mr. S. Santhanam	Non-Executive, Independent	4
4.	Mr. Rajeev Sikka	Executive	4
5.	Mr. Kunal Sikka	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, 2015 and during the year under review the Company did not receive any complaint. Accordingly there were no complaints outstanding as on March 31, 2016. During the year all the requests for dematerializations were approved by the Company. No valid transfer / transmission of shares were pending as of 31<sup>st</sup> March 2016.

## 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
2014-15	Friday, 25 <sup>th</sup> September, 2015	10:00 a.m.	Hotel Ajantha, 22, M.G. Road, Bengaluru 560 001	-
2013-14	Thursday, 25 <sup>th</sup> September, 2014	10:00 a.m.		2
2012-13	Friday, 27 <sup>th</sup> September, 2013	10:00 a.m.		1

- b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2015- 16.  
c) No Postal Ballot was conducted during the financial year 2015-16.  
d) As of the date of the Report, no special resolutions are proposed to be conducted through postal ballot.

## 8. Means of Communication

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

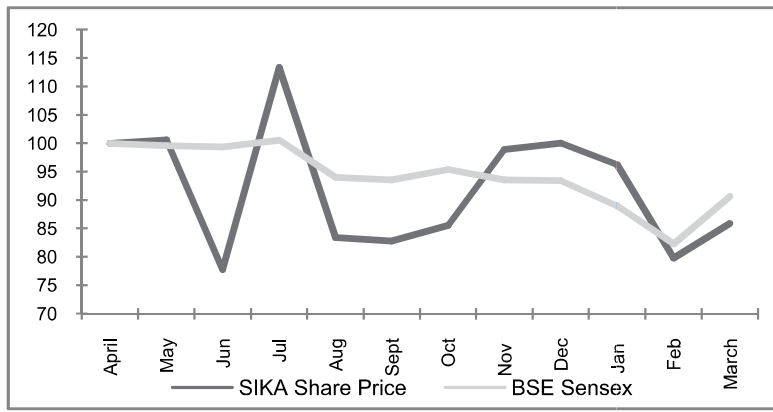
## 9. General shareholder information

- a. Annual General Meeting: The AGM is scheduled to be held on Wednesday, 7<sup>th</sup> September 2016, 10:00 am at Hotel Ajantha, 22 M.G.Road, Bengaluru 560 001.
- b. Financial Year: 01<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016
- c. Book Closure 05<sup>th</sup> September 2016 to 07<sup>th</sup> September 2016 (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 2015-16:

Month	High (₹)	Low (₹)
April '15	195.00	131.50
May '15	150.90	128.70
June '15	140.90	104.30
July '15	178.00	110.00
August '15	168.00	94.00
September '15	129.60	97.00
October '15	144.00	115.90
November '15	144.40	108.20
December '15	156.50	112.00
January '16	150.00	102.70
February '16	132.10	101.20
March '16	130.00	113.60

i. Performance of the share price of the Company in comparison to BSE Sensex in 2015-16:



Base 100 = April 1, 2015

j. Registrars & Transfer agents

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

k. Share transfer system:

96.77% of the equity shares of the Company are in electronic form. Transfers of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with the RTA. Transfer of shares in physical form is normally processed within ten to fifteen days from the date of receipt, if the documents are complete in all respects. All requests for dematerialization of shares are processed, if found in order and confirmation is given to the respective depositories within 15 days.

I. Distribution of Shareholding as on 31<sup>st</sup> March 2016:

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto – 500	2193	88.79	289670	6.83
501 – 1000	142	5.75	117130	2.76
1001 – 2000	61	2.47	92811	2.19
2001 – 3000	25	1.01	63310	1.49
3001 – 4000	12	0.49	43624	1.03
4001 – 5000	9	0.36	41840	0.99
5001 – 10000	10	0.40	77157	1.82
10001 & above	18	0.73	3514633	82.89
<b>Total</b>	<b>2470</b>	<b>100.00</b>	<b>4240175</b>	<b>100.00</b>

Shareholding Pattern of the Company as on 31<sup>st</sup> March 2016

Category	No. of Shareholders	No. of Shares Held	Percentage
Promoters	6	3041217	71.72
Foreign institutions & Banks	0	0	0
Financial institutions & Banks	0	0	0
Bodies Corporate	41	106819	2.52
Individual	2407	1076259	25.38
Clearing Member	16	15880	0.38
<b>Total</b>	<b>2470</b>	<b>4240175</b>	<b>100.00</b>

- m. Dematerialization of Shares and Liquidity: Trading in equity shares of the Company is permitted only in dematerialized form. As on 31<sup>st</sup> March 2016, 96.77% of the Company's equity shares were held in dematerialized form with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd. (CDSL). Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE438E01016.
- n. Outstanding GDRs/ADRs/Warrants/Convertible Instruments: None
- o. Stock Option Scheme: None
- p. Equity Shares in the Suspense Account: The Company does not have any unclaimed shares and hence there are no disclosures to be made.
- q. Plant location: Sika Technology Centre, 21<sup>st</sup> KM Hosur Road, Bommasandra Industrial Area, Bengaluru 560 099.
- r. Address for Correspondence: Registered Office:  
No.3 Gangadharchetty Road, Bengaluru 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 established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2016, nor shall any payment be made in respect of such claims.

During the year under review, the Company has credited Rs. 92,243.40 being the unpaid dividend for the financial year 2007-08 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 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
2008 – 2009	30-09-2009	29-09-2016
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

#### 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 behaviour. 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 practising Company Secretary on a quarterly basis in accordance with SEBI requirements. The Reconciliation of Share Capital Audit Reports of the practising 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, 2016. 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 Listing 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.



**INDEPENDENT AUDITORS'S COMPLIANCE CERTIFICATE**

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

1. We have examined the compliance of the conditions of Corporate Governance by Sika Interplant Systems Limited ("the Company") for the year ended 31<sup>st</sup> March 2016 as stipulated in:
  - Clause 49 (excluding clause 49 (VII) (E)) of the Listing Agreements of the Company with the Stock Exchange for the period April 01, 2015 to November 30, 2015,
  - Clause 49 (VII) (E) of the Listing Agreements of the Company with the Stock Exchange for the period April 1, 2015 to September 1, 2015.
  - Regulations for the period September 2, 2015 to March 31, 2016 and
  - Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing
  - Regulations 17 to 27 (excluding regulation 23 (4)) and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period December 01, 2015 to March 31, 2016.
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 not 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 stipulated in Clause 49 of the Listing Agreements and Regulation 17 to 27 and clauses (b) to (i) of regulation 46 (2) and Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.

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)

Bengaluru  
28<sup>th</sup> July 2016

**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, 2016.

Rajeev Sikka  
Chairman and Managing Director

Place : Bengaluru  
Date : 28<sup>th</sup> July 2016

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

FOR THE FINANCIAL YEAR ENDED 31.03.2016

[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 (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 31.03.2016 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" during the audit period according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment. There was no Foreign Direct Investment and External Commercial Borrowing.
- v. 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, 1992;

- 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;
- vi. 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 (effective from July 01, 2015).

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. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; 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. Further, the company did not consider retirement of directors by rotation at the annual general meeting held during the year as the total number of directors of the company liable to retire by rotation, on the date of the annual general meeting, was less than two.

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. However, the company needs to streamline and enhance the quality of filing of various returns/forms with the office of the Registrar of Companies and disclosure of information in the Board's report, as required, from time to time, under the provisions of Companies Act, 2013 and rules made thereunder.

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

NityanandHebbar  
Proprietor  
ACSN No. 26717  
C P No. 9618

Place: Bengaluru

Date: 30/05/2016

## 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 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 31<sup>st</sup> 2016;
- (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 31<sup>st</sup> March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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.

Place : Bengaluru  
Date : 30<sup>th</sup> May 2016

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

Devendra Nayak  
Partner  
M. No. 027449

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure refer read to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2016, 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 firm 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 31.03.2016
1	21,180	21,150

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

**ix) Diversion of Funds**

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

**x) Frauds noticed / Detected**

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

**xi) Managerial Remuneration**

According to the information and explanations given to us and 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 : 30<sup>th</sup> May, 2016

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 31<sup>st</sup>, 2016 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 safe guarding 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, 2016, 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 : 30<sup>th</sup> May, 2016

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

Devendra Nayak  
Partner  
M. No. 027449



## BALANCE SHEET AS AT 31st MARCH 2016

Particulars	Note No	Current Reporting Period	Previous Reporting Period
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
Share Capital	2	42,401,750	42,401,750
Reserves & Surplus	3	361,162,475	346,178,208
		<b>403,564,225</b>	<b>388,579,958</b>
<b>(2) Non-current Liabilities</b>			
Long-term Borrowings	4	4,344,944	5,773,706
Deferred tax liabilities (Net)	5	4,568,288	3,619,441
Other Long term liabilities	6	1,670,000	500,000
Long-term provisions	7	162,070	154,942
		<b>10,745,301</b>	<b>10,048,089</b>
<b>(3) Current Liabilities</b>			
Short - Term Borrowings	8	12,670,757	15,854,039
Trade payables	9	84,048,032	4,687,116
Other Current Liabilities	10	22,233,526	9,807,001
Short-term provisions	11	10,708,100	8,182,679
		<b>129,660,415</b>	<b>38,530,835</b>
	<b>Total</b>	<b>543,969,942</b>	<b>437,158,882</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets</b>			
Fixed Assets	12		
(i) Tangible assets		348,580,209	338,131,361
(ii) Intangible assets		708,893	966,810
(iii) Capital Work-in-Progress		2,857,795	2,857,795
Non - Current Investments	13	20,253,089	18,587,472
Long Term Loans & Advances	14	3,198,972	2,527,435
		<b>375,598,958</b>	<b>363,070,873</b>
<b>(2) Current Assets</b>			
Inventories	15	9,675,440	15,163,576
Trade receivables	16	106,608,209	15,186,858
Cash & Bank Balances	17	48,464,714	40,415,458
Short-term Loans and Advances	18	1,474,320	1,133,454
Other current assets	19	2,148,301	2,188,664
		<b>168,370,983</b>	<b>74,088,009</b>
	<b>Total</b>	<b>543,969,942</b>	<b>437,158,882</b>

Significant Accounting Policies  
Notes on Financial Statements

1  
2 to 40

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.

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

Devendra Nayak  
Partner  
M. No. 027449

Bengaluru  
30/05/2016

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 2016

Particulars	Note No	Current Reporting Period	Previous Reporting Period
<b>REVENUE</b>			
Revenue from Operations	20	412,311,579	296,773,192
Other income	21	5,556,924	8,148,032
<b>Total Revenue</b>		<b>417,868,503</b>	<b>304,921,224</b>
<b>EXPENSES</b>			
Cost of material and consumables	22	16,723,185	22,595,549
Cost of material	23	308,964,142	199,733,391
Changes in inventory of work-in-progress	24	(1,964,640)	(616,166)
Employee benefits expense	25	25,684,825	20,949,533
Finance costs	26	3,624,761	2,504,639
Depreciation and amortisation expense	27	4,848,102	5,114,389
Other Expenses	28	31,588,615	31,150,356
<b>Total Expenses</b>		<b>389,468,990</b>	<b>281,431,691</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; tax</b>		<b>28,399,514</b>	<b>23,489,534</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; tax</b>		<b>28,399,514</b>	<b>23,489,534</b>
Extraordinary items		-	-
<b>Profit/(Loss) before tax</b>		<b>28,399,514</b>	<b>23,489,534</b>
Less: Tax expenses			
Current tax		8,400,000	6,600,000
Current tax expense for earlier years		-	531,118
Deferred tax		948,846	648,550
<b>Profit/(Loss) for the period</b>		<b>19,050,667</b>	<b>15,709,866</b>
<b>Earnings per equity share</b>			
Basic and Diluted		<b>4.49</b>	<b>3.71</b>
Weighted no of shares		<b>4,240,175</b>	<b>4,240,175</b>
Significant Accounting Policies	1		
Notes to accounts	2 to 40		

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

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

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

Devendra Nayak  
Partner  
M. No. 027449

Bengaluru  
30/05/2016

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 2016

(In Rs.)

Particulars	31.03.2016		31.03.2015	
<b>A] CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit Before Taxation and Extraordinary item	28,399,514		23,489,534	
<b>Adjustments for:</b>				
Depreciation	4,848,102		5,114,389	
Financial expenses (Considered under Financial Activities)	3,624,761		2,504,639	
Interest Income (Considered under Investment Activities)	(2,891,378)		(3,298,262)	
Dividend Received (Considered under Investment Activities)	(147,739)		(299,817)	
Profit on sale of Asset/Investment (Considered in Investment Activities)	(59,955)		(63,896)	
<b>Operating Profit Before Working Capital Changes</b>		<b>33,773,305</b>		<b>27,446,586</b>
(Increase)/ Decrease in Current Assets, Loans & Advances	(86,827,266)		(7,010,455)	
Increase/(Decrease) in Current Liabilities	91,129,580		(6,526,825)	
Working Capital Changes		4,302,314		(13,537,280)
<b>Cash Generated from operations</b>		<b>38,075,619</b>		<b>13,909,305</b>
Income Tax (including Fringe Benefit Tax)		(8,400,000)		(7,131,118)
<b>Cash Flow Before Extraordinary Item</b>		<b>29,675,619</b>		<b>6,778,187</b>
Extra-ordinary items		-		-
<b>Net cash from operating activities</b>		<b>29,675,619</b>		<b>6,778,187</b>
<b>B Cash flows from Investment activities</b>				
Additions to Fixed Assets	(15,039,033)		(10,940,932)	
Sale of Fixed Asset	-		251,185	
Sale of Long Term Investment	3,193,593		-	
Dividend Received	147,739		299,817	
Investment in Subsidiary	(4,675,290)		-	
Investment in long term investment	(123,965)		(5,274,962)	
Change in Long term Loans & Advances	(671,537)		(721,019)	
Interest Income	2,891,378		3,298,262	
<b>Net cash from Investing activities</b>		<b>(14,277,115)</b>		<b>(13,087,648)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

(In Rs.)

Particulars	31.03.2016		31.03.2015	
<b>C Cash flows from financing activities</b>				
Repayment of Loans, Deposits & Overdraft	(1,421,634)		(4,213,893)	
Acceptance of Security Deposit	1,170,000			
Financial Cost	(3,624,761)		(2,504,639)	
Dividend Paid	(3,392,140)		(3,392,140)	
Tax on Dividend	(674,260)		(716,541)	
<b>Net cash from Financing activities</b>		<b>(7,942,795)</b>		<b>(10,827,213)</b>
<b>Net Increase / Decrease in cash and cash equivalents</b>		<b>7,455,708</b>		<b>(17,136,674)</b>
Cash and cash equivalents at beginning of period		10,862,966		27,999,640
<b>Cash and cash equivalents at end of period</b>		<b>18,318,675</b>		<b>10,862,966</b>

**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 3,01,46,039/- and Rs. 2,95,52,491/- as at 31st March 2016 and 31st March 2015 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. 51,824/- (Previous year Rs. 3,23,401/- unrealized loss) on account of translation of foreign currency bank balances.
- The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.

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

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

Devendra Nayak  
Partner  
M. No. 027449

Bengaluru  
30/05/2016

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

## Notes on Financial Statements for the Year ended 31st March , 2016

## 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)	50,000,000	50,000,000
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)	42,401,750	42,401,750
<b>TOTAL</b>	<b>42,401,750</b>	<b>42,401,750</b>

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

Particulars	Curent Reporting Period	Previous Reporting Period
Shares outstanding at the beginning	4,240,175	4,240,175
Shares Issued during the period	-	-
Capital Reduction during the Period	-	-
Shares outstanding at the end	<b>4,240,175</b>	<b>4,240,175</b>

(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 &gt; 5% shares specifying number of shares held

Particulars	Curent Reporting Period	Previous Reporting Period
Ultraweld Engineers Private Limited		
No of shares	2,972,315	2,972,315
% Held	70.10	70.10
<b>TOTAL</b>	<b>2,972,315</b>	<b>2,972,315</b>

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

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

## (f) Details of Shares held by Promoter Company

Name of Share Holders	Curent Reporting Period	Previous Reporting Period
Ultraweld Engineers Private Limited		
No of shares	2,972,315	2,972,315
% Held	70.10	70.10

### Note 3 Reserves & Surplus

Particulars	Current Reporting Period	Previous Reporting Period
<b>General Reserve</b>		
Opening Balance	4,401,400	4,401,400
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (a)	<b>4,401,400</b>	<b>4,401,400</b>
<b>Capital Reserve</b>		
Opening Balance	60,676,001	60,676,001
Add: Additions during the year	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (b)	<b>60,676,001</b>	<b>60,676,001</b>
<b>Securities Premium Account</b>		
Opening Balance	177,967,000	177,967,000
Add: Premium of shares issued during the year	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (c)	<b>177,967,000</b>	<b>177,967,000</b>
<b>Surplus/(Deficit) as per Statement of profit and Loss</b>		
Opening balance	103,133,807	93,226,061
Add: Transferred from Statement of Profit and Loss	19,050,667	15,709,866
Less: Effect on depreciation due to change in estimate	-	1,693,439
Less: Proposed Dividend (Dividends proposed to be distributed to Equity Shareholders (Re. 80 Paisa per share))	3,392,140	3,392,140
Less: Tax on Proposed Dividend*	674,260	716,541
Closing Balance - (d)	<b>118,118,074</b>	<b>103,133,807</b>
<b>TOTAL (a) + (b) + (c) + (d)</b>	<b>361,162,475</b>	<b>346,178,208</b>

\* Tax on Proposed Dividend as at 31-03-2015 includes an amount of Rs 22,012/- being provision relating to an earlier year.

### Note 4 Long-Term Borrowings

Particulars	Current Reporting Period	Previous Reporting Period
<b>Secured</b>		
<b>A. Loans From Canara Bank</b>		
<b>Term Loan 1</b>	-	3,719,608
[Sanctioned amount Rs.5,10,00,000/- in 2009 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 10 monthly instalments is grouped under Current Liabilities.]		
<b>Term Loan 2</b>	3,953,828	701,980
[Sanctioned amount Rs.74,00,000/- in 2014 and secured by way of 1st charge on Machineries/Office Equipments/Computers purchased out of the amounts availed. Balance outstanding repayable in 42 monthly instalments.]		
<b>Term Loan 3</b>	391,116	-
[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.]		

Particulars	Curent Reporting Period	Previous Reporting Period
<b>B. From other parties</b>	-	1,352,118
Long term Maturities of Finance Lease Obligations (Secured by Vehicle Purchased out of above) Balance outstanding repayable in 12 monthly instalments is grouped under Current Liabilities.]		
<b>Total</b>	<b>4,344,944</b>	<b>5,773,706</b>

Particulars	Loan Tenure	Rate of Interest
1. Term Loan from Bank	5 years	Base rate+Floating rate of 2.25% currently at 12.65%
2. Term Loan from Bank	5 years	Base rate+Floating rate of 2.25% currently at 12.65%
3. Term Loan from Bank	5 years	Base rate+2.25%+0.5% Term Premium currently at 12.65%
4. Two Vehicle Loans from NBFC are borrowed for a tenure of 3 years with rate of interest of 10.45% and 10.30%		

#### 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.		
<b>Deferred tax Liability</b>		
Related to Fixed Assets- Depreciation	4,956,137	3,877,429
<b>Deferred Tax asset</b>		
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	387,849	257,987
<b>Deferred Tax Liability (Net)</b>	<b>4,568,288</b>	<b>3,619,441</b>

#### Note 6 - Other Long Term Liabilities

Particulars	Curent Reporting Period	Previous Reporting Period
Security Deposits	1,670,000	500,000
<b>TOTAL</b>	<b>1,670,000</b>	<b>500,000</b>

#### Note 7 - Long Term Provisions

Particulars	Curent Reporting Period	Previous Reporting Period
<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	162,070	154,942
<b>TOTAL</b>	<b>162,070</b>	<b>154,942</b>

**Note 8 - Short - Term Borrowings**

Particulars	Curent 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)	12,670,757	15,854,039
<b>TOTAL</b>	<b>12,670,757</b>	<b>15,854,039</b>

**Note 9 - Trade Payable**

Particulars	Curent Reporting Period	Previous Reporting Period
<b>Dues to</b>		
Micro and Small Enterprises	18,526	-
Trade Payables- Others	84,029,506	4,687,116
<b>TOTAL</b>	<b>84,048,032</b>	<b>4,687,116</b>

**Note 10 - Other Current Liabilities**

Particulars	Curent Reporting Period	Previous Reporting Period
Current maturities of long-term debt (Note 4)		
<b>Secured</b>		
Term Loans from Bank	8,889,608	5,640,000
Current maturities Finance Lease Obligation		
<b>Secured</b>		
Vehicle loan from NBFC	1,332,418	1,239,420
<b>Other payables</b>		
Statutory Remittances	712,158	667,493
Payables to related parties	227,489	280,304
Unclaimed Dividend	575,142	590,079
Payables to Employees	1,067,831	1,047,241
Advances from Customer for Supplies/Services	9,101,693	208
Other Payables - Professional Charges	327,187	342,256
<b>Total</b>	<b>22,233,526</b>	<b>9,807,001</b>

**Note 11 - Short-Term Provisions**

Particulars	Curent Reporting Period	Previous Reporting Period
<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	58,802	31,241
Provision for Bonus	952,190	572,826
<b>Provision for Others</b>		
Provision for proposed dividend	3,392,140	3,392,140
Provision for Tax on proposed dividend	690,561	694,529
Provision for Income Tax (Net of taxes paid)	5,614,406	3,366,454
Provision for Warranty	-	125,489
<b>TOTAL</b>	<b>10,708,100</b>	<b>8,182,679</b>



**Note No.12 - Fixed Assets**

Description	Gross Block (At cost)			Accumulated Depreciation			Net Block	
	As at	Additions	Deletions	As at	Additions	Deletions	As at	As at
	01.04.2015			31.03.2016	01.04.2015		31.03.2016	31.03.2015
<b>a) Tangible Assets</b>								
Freehold Land at Bommasandra	254,381,946	-	-	254,381,946	-	-	-	254,381,946
Freehold Land at Thimmanahalli	758,344	-	-	758,344	-	-	-	758,344
Lease Hold land at Mysore*	5,882,629	-	-	5,882,629	-	-	-	5,882,629
Building	62,392,044	11,444,912	-	73,836,956	2,981,600	1,286,860	4,268,460	69,568,496
Roads	-	2,065,220	-	2,065,220	-	-	-	2,065,220
Plant and Machinery	6,246,980	267,988	-	6,514,968	1,380,839	460,364	1,841,203	4,673,765
Office Equipment	3,801,076	847,294	-	4,648,370	2,879,178	413,590	3,292,768	1,355,602
Furniture and Fixtures	7,258,724	30,099	-	7,288,823	3,118,920	922,372	4,041,292	3,247,531
Vehicles	13,834,227	-	-	13,834,227	6,299,998	1,403,055	7,703,053	6,131,174
Computer and Accessories	4,157,790	383,520	-	4,541,310	3,921,864	103,944	4,025,808	515,502
<b>Subtotal (a)</b>	<b>358,713,760</b>	<b>15,039,033</b>	<b>-</b>	<b>373,752,793</b>	<b>20,582,399</b>	<b>4,590,185</b>	<b>25,172,584</b>	<b>348,580,209</b>
<b>Previous year Figures</b>	<b>350,890,274</b>	<b>9,142,764</b>	<b>1,319,278</b>	<b>358,713,760</b>	<b>15,144,155</b>	<b>6,570,233</b>	<b>1,131,989</b>	<b>338,131,361</b>
<b>b) Intangible Assets</b>								
Software	1,431,787	-	-	1,431,787	464,977	257,917	722,894	708,893
<b>Subtotal (b)</b>	<b>1,431,787</b>	<b>-</b>	<b>-</b>	<b>1,431,787</b>	<b>464,977</b>	<b>257,917</b>	<b>722,894</b>	<b>966,810</b>
<b>Previous year Figures</b>	<b>879,703</b>	<b>552,084</b>	<b>-</b>	<b>1,431,787</b>	<b>227,382</b>	<b>237,595</b>	<b>464,977</b>	<b>966,810</b>
								<b>652,321</b>

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2016, 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 13 - Non - Current Investments**

Particulars	Current Reporting Period	Previous Reporting Period
<b>Trade Investments (At cost)</b>		
<b><u>Investments in equity instruments in Subsidiaries</u></b>		
<b>Unquoted, Fully paid up</b>		
Investment in EMSAC Pvt Ltd. [Current Year- 2,55,000 Equity Shares of Rs. 1/- Each (Previous Year- 2,55,000 equity shares of Rs.1/-Each)]	255,000	255,000
Investment in Sika Tourism Pvt Ltd., [Current Year- 99,990 Equity Shares of Rs. 1/- Each (Previous Year- 99,990 equity shares of Rs,1/-Each)]	99,990	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)]	12,698,000	12,698,000
Investment in Aerotek Sika Aviosystems Pvt Ltd., [Current Year- 46,290 Equity Shares of Rs. 100/- Each (Previous Year- Nil)]	4,675,290	-
<b>Other investments (At cost)</b>		
<b>Quoted, Fully paid up</b>		
<b><u>Investment in equity in other companies</u></b>		
<b>Melstar Information Technology Ltd</b> [Current Year- 800 Equity Shares of Rs. 10/- Each (Previous Year- 800 equity shares of Rs.10/-Each)] (Market Value Rs. 4,800/-, Previous Year Rs. 3,520/-)	9,520	9,520
Sterling Technologies Pte Ltd (Current Year- Nil) (Previous Year- 90 equity shares of Rs. 47.63/- Each)	-	4,287
<b><u>Investments in Mutual Fund</u></b>		
<b>Birla Dynamic Bond Fund</b> (Current year 13,805.290 units of Rs. 26.34/- each (Previous Year - 13,805.290 units of Rs. 24.44 each) (Market Value Rs. 3,63,642/-, Previous Year Rs. 3,37,,437/-)	250,000	250,000
<b>Reliance Liquid Fund</b> (Current year 1,030.831 units of Rs.1,114.15/- each (Previous Year - 982.229 units of Rs.1,114.15 each) (Market Value Rs.11,48,500.36/-, Previous Year Rs.1094350.44/-)	1,148,500	1,094,340
<b>Tauris Liquid Fund</b> (Current year - Nil) (Previous Year - 3,128.531 units of Rs.1,000.2620 each) (Market Value Rs. Nil, Previous Year Rs. 31,29,350.50/-)	-	3,129,351
<b>Templeton India Ultra Short Bond Fund</b> (Current year 1,10,837.637 units of Rs.10.0793/- each (Previous Year - 1,04,205.497 units of Rs.10.0793 each) (Market Value Rs.11,17,165.79/-, Previous Year Rs. 10,50,318.47/-)	1,116,789	1,046,984
<b>Total</b>	<b>20,253,089</b>	<b>18,587,472</b>
<b>Note:</b>		
a) Aggregate amount of quoted investments	2,524,809	5,530,195
b) Aggregate amount of unquoted investments	17,728,280	13,057,277
<b>Total</b>	<b>20,253,089</b>	<b>18,587,472</b>
c) Aggregate market value of listed and quoted investments	2,634,108	5,614,976

**Note 14 - Long Term Loans & Advances**

Particulars	Curent Reporting Period	Previous Reporting Period
<b>Loans &amp; Advances</b>		
(Unsecured, considered good)		
Loans to related parties	21,180	317,797
Security Deposits	1,316,992	189,593
Rental Deposits	1,660,800	1,620,800
Other Deposits	200,000	399,245
<b>Total</b>	<b>3,198,972</b>	<b>2,527,435</b>

**Note 15 - Inventories**

Particulars	Curent Reporting Period	Previous Reporting Period
Raw material (Valued at landed cost which includes freight)	2,738,828	10,191,604
Work-in-Progress (Valued at cost)	6,936,612	4,971,972
<b>Total</b>	<b>9,675,440</b>	<b>15,163,576</b>

**Note 16 - Trade Receivables**

Particulars	Curent 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	318,264	520,042
Others Trade Receivables	106,289,945	14,666,816
<b>Total</b>	<b>106,608,209</b>	<b>15,186,858</b>

**Note 17 - Cash & Bank Balances**

Particulars	Curent Reporting Period	Previous Reporting Period
<b>Cash on hand</b>	139,784	125,850
<b>Balances with Banks</b>		
Current Accounts	110,745	117,192
EEFC Accounts	4,046,923	4,014,038
Unpaid Dividend Account	580,854	596,292
Demand Deposit Accounts	43,586,408	35,562,086
<b>Total</b>	<b>48,464,714</b>	<b>40,415,458</b>

**Notes:**

- |   |                  |                  |
|---|------------------|------------------|
| i) Balances with bank include deposits with remaining maturity of more than 12 months from the balance sheet date | <b>7,078,159</b> | <b>3,563,554</b> |
| ii) Balances with bank held as Margin Money deposits against guarantees   | <b>255,075</b>   | <b>1,097,492</b> |

Cash and cash equivalents as on 31st March 2016 and 31st March 2015 include restricted cash balances of INR 8,35,929/- and INR 16,93,784/- respectively. The restrictions are on account of deposits held as Margin deposits against guarantees and bank balances in dividends.

**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	852,775	552,856
Advances to Creditors	191,000	134,629
Advance given to Employees	346,061	278,000
Prepaid Expenses	84,484	167,969
<b>Total</b>	<b>1,474,320</b>	<b>1,133,454</b>

**Note 19 - Other Current Assets**

Particulars	Current Reporting Period	Previous Reporting Period
Interest Accrued	1,942,951	1,982,063
Other Receivables	205,350	206,601
<b>Total</b>	<b>2,148,301</b>	<b>2,188,664</b>

## Notes to the Financial Statement as at 31st March, 2016

## Note 20 - Revenue From Operations

Particulars	Curent Reporting Period	Previous Reporting Period
Sale of Engineering Products	363,077,308	231,714,983
Sale of Engineering Systems	9,346,714	8,148,511
Sale of Services	39,762,069	56,759,111
Other Operating Incomes	125,489	150,587
<b>Total</b>	<b>412,311,579</b>	<b>296,773,192</b>

## Note 21 - Other Income

Particulars	Curent Reporting Period	Previous Reporting Period
Interest From Bank Deposits	2,891,378	3,298,262
Rental Income	2,444,000	3,847,100
Dividend received	147,739	299,817
Other Income	13,852	638,957
Gain on sale of Asset / Investment	59,955	63,896
<b>Total</b>	<b>5,556,924</b>	<b>8,148,032</b>

## Note 22 - Cost of material and consumables

Particulars	Curent Reporting Period	Previous Reporting Period
<b>Raw-Material</b>		
Indigenous	14,568,536	10,179,907
Imported	2,154,649	12,415,642
<b>Total</b>	<b>16,723,185</b>	<b>22,595,549</b>

Percentage of Consumption	Curent Reporting Period	Previous Reporting Period
Indigenous	87.12%	45.05%
Imported	12.88%	54.95%

## Note 22.1 - Particulars of Materials consumed

Particulars	Curent Reporting Period	Previous Reporting Period
Mechanical Components	8,651,795	7,789,012
Electrical components	5,534,372	11,470,065
Others	2,537,017	3,336,472
<b>Total</b>	<b>16,723,185</b>	<b>22,595,549</b>

**Note 23 - Cost of Material**

Particulars	Curent Reporting Period	Previous Reporting Period
Opening Stock	-	-
Purchase of Stock in Trade	308,964,142	199,733,391
Closing Stock	-	-
<b>Total</b>	<b>308,964,142</b>	<b>199,733,391</b>

**Note 23.1 - Cost of Material**

Particulars	Curent Reporting Period	Previous Reporting Period
Mechanical Components	260,517,206	173,077,357
Electrical components	46,678,376	24,268,587
Others	1,768,560	2,387,447
<b>Total</b>	<b>308,964,142</b>	<b>199,733,391</b>

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

Particulars	Curent Reporting Period	Previous Reporting Period
Inventory at the end of the year	6,936,612	4,971,972
Inventory at the beginning of the year	4,971,972	4,355,806
<b>Net (Increase)/Decrease</b>	<b>(1,964,640)</b>	<b>(616,166)</b>

**Note 25 - Employees Benefits Expense**

Particulars	Curent Reporting Period	Previous Reporting Period
Salaries & Wages	21,261,801	18,853,307
Bonus & Ex-Gratia	2,770,902	490,250
Contribution to provident & Other Funds	1,008,636	1,040,697
Staff Welfare Expenses	643,486	565,279
<b>Total</b>	<b>25,684,825</b>	<b>20,949,533</b>

**Note 26 - Finance Costs**

Particulars	Curent Reporting Period	Previous Reporting Period
Bank Guarantee Commission	82,536	152,256
Interest Expense	2,412,832	3,539,814
Foreign Exchange Loss (Net)	1,129,393	(1,187,431)
<b>Total</b>	<b>3,624,761</b>	<b>2,504,639</b>

**Note 27 - Depreciation And Amortisation Expense**

Particulars	Curent Reporting Period	Previous Reporting Period
Tangible Asset	4,590,185	4,876,794
Intangible Asset	257,917	237,595
<b>Total</b>	<b>4,848,102</b>	<b>5,114,389</b>

**Note 28 - Other Expenses**

Particulars	Curent Reporting Period	Previous Reporting Period
<b><u>Manufacturing Expenses</u></b>		
Electricity and Water Charges	401,163	635,757
Repairs & Maintenance - Factory, Building	1,233,845	1,874,910
Repairs & Maintenance - Machinery	20,351	256,083
Retainership Fee	2,545,624	3,569,762
<b><u>Establishment Expenses</u></b>		
Bank Charges	865,116	542,087
Membership & Subscription Charges	85,875	133,024
Rent	849,919	819,470
Audit Fee	250,000	333,990
Legal & Professional Charges	5,020,555	5,442,997
Electricity & Water charges	283,174	267,876
Communication Expenses	719,193	596,040
Insurance	258,780	254,955
Repair & Maintenance	1,251,949	1,422,256
Rates & Taxes	564,631	269,613
Sitting Fee	60,000	55,000
Charity and Donations	58,000	83,000
Travelling & Conveyance	6,681,958	6,973,372
Printing and Stationary	292,990	387,975
Office Expenses	479,163	660,211
AGM Expenses	65,213	40,460
Discounts, Bad debts and Write offs	90,183	394,918
LD Charges & Other Claims	4,195,994	560,034
Miscellaneous Expenses	4,000	400
<b><u>Selling &amp; Distribution Expenses</u></b>		
Business promotion Expenses	3,940,818	3,416,738
Seminar & Exhibition Charges	1,370,120	2,159,428
<b>Total</b>	<b>31,588,615</b>	<b>31,150,356</b>

**Note 29 - Payments to Auditors during the year**

Particulars	Curent Reporting Period	Previous Reporting Period
As Auditor	225,000	280,900
For Taxation Matters	25,000	28,090
For Certification Charges	-	25,000
<b>Total</b>	<b>250,000</b>	<b>333,990</b>

**Note 30 - Contingent Liability and Commitments**

Particulars	Current Reporting Period	Previous Reporting Period
Bank Guarantee	2,550,747	7,974,918
Capital Commitments to the extent not provided in the books	-	1,163,480
<b>Total</b>	<b>2,550,747</b>	<b>9,138,398</b>

**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	2015-2016	2014-2015
Purchase of Raw Materials & components (CIF value)	1,954,710	12,385,472
Purchase of Stock in Trade (CIF value)	304,690,687	196,838,699
Travelling Expenses	1,702,587	2,218,320
<b>Total</b>	<b>308,347,984</b>	<b>211,442,491</b>

**Note 34 - Earnings in Foreign Currency (FOB Basis)**

Particulars	2015-2016	2014-2015
Export of Services	39,972,153	47,600,111
Export of Goods	57,252,381	252,133
<b>Total</b>	<b>97,224,534</b>	<b>47,852,244</b>

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

Particulars	2015-2016	2014-2015
Finished Engineering Systems		
a. Handling Systems	5,582,822	13,052,511
b. Others	3,763,892	615,000
2. Engineering Products		
a. Servo Products	341,965,340	234,298,403
b. Others	21,237,457	367,167
3. Sale of Engineering Services		
a. Design and Drawings	34,342,068	47,600,111
b. Others	5,420,000	840,000
<b>Total</b>	<b>412,311,579</b>	<b>296,773,192</b>



**Note 36 - Related Party Disclosure**

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

**Related party Transactions**

Particulars	Referred to in (a) above		Referred to in (b) above		Referred to in (c) above	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015
<b>Purchase:</b>						
Engineering Services	-	2,100,000	-	-		
<b>Sales:</b>						
Engineering Services	840,000	840,000				
Export of Products	-	-	20,442,139	-		
<b>Expenses:</b>						
Professional/Consultancy Charges	540,000	540,000	-	-	344,400	932,400
Remuneration Paid	-	-	-	-	4,677,851	2,830,684
Salary paid	-	-	-	-	573,911	661,500
<b>Other Transactions:</b>						
Loans borrowed	-	6,800,000	-	-	-	-
Loans repaid	-	6,800,000	-	-	-	-
Loans given	5,000	118,430	-	241,127	-	-
Loans recovered*	83,430	18,820	241,127	-	-	-
Interest paid	-	672,527	-	-	-	-
Security Deposit paid	1,000,000	-	-	-	-	-
<b>Outstanding</b>						
Professional Charges/Remuneration	-	-	-	-	443,266	357,304
Loans receivable	21,180	85,721	-	241,127	-	-

**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	2015-2016	2014-2015
Employer's Contribution to Provident Fund	454,194	447,574
Employer's Contribution to Pension Scheme	407,270	399,623
<b>Total</b>	<b>861,464</b>	<b>847,197</b>

**b) Defined Benefit Plans**

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

Particulars	2015-2016	Gratuity 2014-2015
<b>Components of Employer Expenses</b>		-
Current Service cost	188,268	176,405
Interest on Obligations	102,262	85,082
Expected Return on Plan Assets	(289,750)	(268,103)
Net actuarial loss / (gain) recognized during the year	(51,667)	(43,190)
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>(50,886)</b>	<b>(49,806)</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	1,619,921	1,307,701
Fair value of plan assets	3,982,496	3,619,390
Funded status [Surplus / (deficit)]	2,362,575	2,311,689
Unrecognised past service costs	-	-
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present Value of DBO at beginning of the year	1,307,701	1,089,404
Current Service Cost	188,268	176,405
Interest Cost	102,262	85,082
Actuarial (Gains) / Losses	21,690	(43,190)
Benefits Paid	-	-
Present Value of DBO at end of the year	1,619,921	1,307,701
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	3,619,390	3,351,287
Expected Return on Plan Assets	289,750	268,103
Actuarial (Gains) / Losses	73,356	-
Benefits Paid	-	-
Plan Assets at End of the Year	3,982,496	3,619,390
Actual Return on Plan Assets	363,106	268,103
<b>Actuarial assumptions</b>		
Interest Rate	7.81%	7.81%
Discount Rate	7.81%	7.81%
Expected Return on Plan Assets	8.00%	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	
	2015-2016	2014-2015
<b>Changes in Defined Obligations</b>		-
Obligations at period beginning - Current	31,241	21,272
Obligations at period beginning - Non Current	154,942	101,087
Service Cost	46,137	106,435
Interest on Defined benefit obligation	10,932	5,275
Benefits settled	(92,785)	(109,643)
Actuarial gain/(loss)	70,406	61,757
<b>Obligations at period end</b>	<b>220,872</b>	<b>186,183</b>
Current Liability (within 12 months)	58,802	31,241
Non Current Liability	162,070	154,942
<b>Changes in Plan Assets</b>		
Plans assets at period beginning, at fair value		
Expected return on plan assets		
Actuarial gain/(loss)		
Contributions	92,785	109,643
Benefits settled	(92,785)	(109,643)
Plans assets at period end, at fair value		-
<b>Funded Status</b>		
Closing PBO	220,872	186,183
Closing Fair value of plan assets	-	-
Closing Funded status	(220,872)	(186,183)
Net Asset/(Liability) recognized in the Balance Sheet	(220,872)	(186,183)
<b>Expenses recognized in the P&amp;L account</b>		
Service cost	46,137	106,435
Interest cost	10,932	5,227
Expected return on plan assets	-	-
Actuarial (Gain)/Loss	70,402	61,757
<b>Net gratuity / leave cost</b>	<b>127,474</b>	<b>173,467</b>
Experience Adjustment on Plan Liabilities	70,402	61,757
Experience Adjustment on Plan Assets	-	-
<b>Assumptions</b>		
Interest rate	7.81%	7.81%
Discount factor	7.82%	7.81%
Estimated rate of return on plan assets	0.00%	0.00%
Salary increase	6.00%	6.00%
Attrition rate	5.00%	5.00%

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

Particulars	2015-2016	2014-2015
Salaries & Wages	6,536,115	7,021,952
Plant & Machinery	267,988	2,752,681
<b>Total</b>	<b>6,804,103</b>	<b>9,774,633</b>

**Note 39- 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 40-** 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

Sree Aneetha M  
Company Secretary

Bengaluru  
30/05/2016

## 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:

- Upto 31<sup>st</sup> 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.
- With effect from April 1<sup>st</sup> 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:

- Finished Goods: Stock of finished goods are valued at lower of cost and net realizable value.
- 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.
- 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:

- Revenue from sale of goods is recognized on passing of the property in goods.
- Services – Revenue from services is recognized on completion of service.
- 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. Earning Per Share**

Basic earning 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 share holders, share split and reverse share split.

## 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, 2016, 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 control systems 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, 2016;
- (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, 2016, 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



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, 2016, 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, 2016 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 : 30<sup>th</sup> May, 2016

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, 2016 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, 2016, 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 in so far 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 : 30/05/2016

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

Devendra Nayak  
Partner  
M. No. 027449

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2016

Particulars	Note No.	Current Reporting Period		Previous Reporting Period	
<b>I EQUITY &amp; LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
(a) Share Capital	2.1.a	42,401,750		42,401,750	
(b) Reserves and Surplus	2.1.b	358,773,649		345,204,103	
			401,175,399		387,605,853
<b>Minority Interest</b>			7,559,885		1,036,202
<b>2 Share Application Money Pending Allotment</b>					
<b>3 Non-current liabilities</b>					
(a) Long-term Borrowings	2.2.a	4,344,944		5,773,706	
(b) Deferred Tax Liabilities	2.2.b	4,597,236		3,681,207	
(c) Other long term liabilities	2.2.c	1,670,000		500,000	
(d) Long-term Provisions	2.2.d	162,070		154,942	
			10,774,250		10,109,855
<b>4 Current liabilities</b>					
(a) Short-term borrowings	2.3.a	12,670,757		15,854,039	
(b) Trade payables	2.3.b	88,228,038		4,992,637	
(c) Other Current liabilities	2.3.c	23,344,266		10,261,666	
(d) Short-term provisions	2.3.d	10,762,100		8,237,741	
			135,005,161		39,346,083
<b>TOTAL</b>			<b>554,514,695</b>		<b>438,097,993</b>
<b>II ASSETS</b>					
<b>1 Non-current assets</b>					
(a) Fixed assets					
Tangible assets	3.1.a	348,591,603		338,276,491	
Intangible assets	3.1.b	708,893		966,810	
Capital work in progress	3.1.c	20,577,511		2,857,795	
Goodwill on Consolidation		1,634,533		2,215,251	
(b) Non Current Investment	3.1.d	3,142,959		6,120,457	
(d) Long-term loans and advances	3.1.e	2,253,198		2,645,320	
			376,908,698		353,082,123
<b>2 Current assets</b>					
(a) Inventories	3.2.a	9,342,440		14,830,576	
(b) Trade Receivable	3.2.b	106,898,209		16,432,801	
(c) Cash and Cash equivalents	3.2.c	55,610,190		49,628,018	
(d) Short Term Loans & Advances	3.2.d	3,507,166		1,867,813	
(e) Other current assets	3.2.e	2,247,991		2,256,664	
			177,605,997		85,015,870
<b>TOTAL</b>			<b>554,514,695</b>		<b>438,097,993</b>

Significant Accounting Policies  
Notes on Financial Statements

1  
2 to 17

As per our report of even date  
**Fro B N Subramanya & Co.,**

Chartered Accountants  
FRN. 004142S

Devendra Nayak  
Partner  
M. No. 027449

Bengaluru  
30/05/2016

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 2016**

Particulars	Note No.	Current Reporting Period		Previous Reporting Period	
<b>REVENUE</b>					
Revenue from Operations	4.1	415,182,294		300,699,121	
Other Income	4.2	6,060,243		8,427,208	
<b>Total Revenue</b>			<b>421,242,537</b>		<b>309,126,329</b>
<b>EXPENSES:</b>					
Cost of Materials and Consumables	5.1	16,723,185		23,988,105	
Purchases	5.2	310,367,357		199,733,391	
Changes in inventory	5.3	(1,964,640)		1,621,292	
Employee Benefits Expenses	5.4	28,324,249		22,847,791	
Finance Costs	5.5	3,578,396		1,734,501	
Depreciation and amortization	5.6	4,969,583		5,153,130	
Ammortization of Goodwill		830,719		553,813	
Other expenses	5.7	32,578,534		29,854,928	
<b>Total Expenses</b>			<b>395,407,382</b>		<b>285,486,951</b>
<b>Profit before tax</b>			<b>25,835,155</b>		<b>23,639,378</b>
<b>Exceptional Item</b>			-		-
<b>Profit before tax, minority interest &amp; share of profit from associate</b>			<b>25,835,155</b>		<b>23,639,378</b>
Less: Tax Expenses					
Current Tax		8,454,000		6,761,019	
Less: MAT Credit Entitlement		-		(230,740)	
Current Tax Expense for earlier years		-		351,858	
Deferred Tax		916,028		633,754	
			9,370,028		7,515,891
<b>Profit before minority interest &amp; share of profit from associate</b>			<b>16,465,127</b>		<b>16,123,488</b>
<b>Share of Profits of Minority Interest</b>			(920,924)		62,647
<b>Profit for the period</b>			<b>17,386,051</b>		<b>16,060,841</b>
Earnings per equity share					
Basic & Diluted			4.10		3.80
Weighted Average No. of Equity Shares			4,240,175		4,240,175

Significant Accounting Policies  
Notes to the accounts

1  
2 to 17

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

Devendra Nayak  
Partner  
M. No. 027449

Bengaluru  
30/05/2016

For **SIKA INTERPLANT SYSTEMS LIMITED**

Rajeev Sikka  
Chairman & Managing Director  
DIN: 00802887

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 2016		March 31st 2015	
	Amount	Amount	Amount	Amount
<b>A Cash flows from operating activities</b>				
Net Profit Before Taxation and Extraordinary item		25,835,155		23,639,378
<b>Adjustments for:</b>				
Pre acquisition profits on acquisition of subsidiary (Non cash flow item)	-			
Profit on sale of assets/investments	(68,199)		(102,311)	
Loss on sale of Fixed Assets	-		7,194	
Depreciation and Ammortisation	5,800,302		5,706,943	
Financial Expenses (Considered under Financial Activities)	3,578,396		1,734,501	
Interest Income (Considered under Investment Activities)	(3,352,629)		(3,329,552)	
Dividend Income (Considered under Investment Activities)	(179,914)		(349,230)	
		5,777,955		3,667,545
<b>Operating Profit Before Working Capital Changes</b> (Increase)/ Decrease Current Assets,Loans & Advances	(87,232,885)	31,613,110	(6,887,145)	27,306,923
Increase/(Decrease) Current Liabilities Working Capital changes	95,524,076	8,457,576	(6,753,417)	(13,402,259)
<b>Cash Generated from operations</b>		40,070,686		13,904,665
Income Tax (including Fringe Benefit Tax)		8,454,000		6,882,137
<b>Cash Flow Before Extraordinary Item</b>		31,616,686		7,022,528
Extra-ordinary items		-		-
<b>Net cash from operating activities</b>		31,616,686		7,022,528
<b>B Cash flows from Investment activities</b>				
Additions to Fixed Assets	(32,758,856)		(10,940,932)	
Sale of Fixed Assets	20,500		251,185	
Sale of Long Term Investment	3,193,593		138,572	
Dividend Received	179,914		349,230	
Investment in Long Term Investment	(156,140)		(5,317,384)	
Change in Long Term Loans and Advances	392,122		(704,839)	
Interest Income	3,352,629		3,329,552	
<b>Net cash from Investing activities</b>		(25,776,239)		(12,894,616)
<b>C Cash flows from financing activities</b>				
Issue of Share Capital	7,371,000		-	
Securities Premium on issue of Share Capital	73,607		-	
Repayment of Loans, Deposits and Overdraft	(1,421,634)		(4,213,893)	
Acceptance of Security Deposit	1,170,000		-	
Finance Cost	(3,578,396)		(1,734,501)	
Dividend Paid	(3,392,140)		(3,392,141)	
Tax on Dividend	(674,260)		(716,541)	
<b>Net cash used in Financing activities</b>		(451,823)		(10,057,076)
<b>Net Increase / Decrease in cash and cash equivalents</b>		5,388,624		(15,929,163)
Cash and cash equivalents at beginning of period		49,628,018		36,004,689
<b>Cash and cash equivalents at end of period</b>		<b>55,016,642</b>		<b>20,075,526</b>

**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 3,01,46,039/- and Rs. 2,95,52,491/- as at 31st March 2016 and 31st March 2015 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. 51,824/- (Previous year Rs. 3,23,401/- unrealized loss) on account of translation of foreign currency bank balances.
4. The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.

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

Devendra Nayak  
Partner  
M. No. 027449

Bengaluru  
30/05/2016

**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	2016	2015
<b>(i) Authorized Capital</b>		
50,00,000 Equity Shares of Rs. 10/- each	50,000,000	125,000,000
<b>Issued, Subscribed and fully Paid-up Capital</b>		
42,40,175 Equity Shares of Rs. 10/- each fully paid up	42,401,750	42,401,750
<b>Total</b>	<b>42,401,750</b>	<b>42,401,750</b>

(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	2016 Amount	2015 Amount
<b>Equity Shares</b>			
Opening Balance	4,240,175	4,240,175	4,240,175
Changes during the year	-	-	-
Closing Balance	4,240,175	4,240,175	4,240,175

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

Particulars		2016 No. of Shares	2015 No. of Shares
<b>Equity Shares</b>			
Ultraweld Engineers Private Limited % Held	70.10%	2,972,315	2,972,315

(v) Details of shares held by Promoter Company

Particulars		2016 No. of Shares	No. of Shares
<b>Equity Shares</b>			
Ultraweld Engineers Private Limited % Held	70.10%	2,972,315	2,972,315

(vi) The Company has not allotted any fully paid shares either by way of bonus shares or pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding the balance sheet date.

(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	2016	2015
<b>General Reserve</b>		
Opening Balance	4,401,400	4,401,400
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (b)	4,401,400	4,401,400
<b>Capital Reserve</b>		
Opening Balance	60,676,001	60,676,001
Add: Additions during the year	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (c)	60,676,001	60,676,001
<b>Securities Premium Account</b>		
Opening Balance	177,967,000	177,967,000
Add: Premium of shares issued during the year	-	-
Less: Utilised/ Transferred during the year	-	-
Closing Balance - (c)	177,967,000	177,967,000
<b>Surplus/(Deficit) as per Statement of profit and Loss</b>		
Opening balance	102,159,703	91,955,286
Transferred from Statement of Profit and Loss	17,386,050	16,060,841
Pre acquisition profits upto 04/01/2016	249,895	-
Effect on depreciation due to change in estimate	-	(1,747,743)
Proposed Dividend (Divdends Proposed to be distributed too equity shareholders(Rs. 80 paise per share))	3,392,140	(3,392,141)
Tax on Proposed Dividend*	674,260	(716,541)
Closing Balance - (a)	115,729,248	102,159,702
<b>Total (i) + (ii)</b>	<b>358,773,649</b>	<b>345,204,103</b>

\* Tax on Proposed Dividend as at 31-03-2015 includes an amount of Rs 22,012/- being provision relating to an earlier year.



## Non-current Liabilities

### 2.2. a Long-Term Borrowings

Particulars	2016	2015
<b>Secured</b>		
<b>A. Loans From Canara Bank</b>		
<b>Term Loan 1</b> [Sanctioned amount Rs.5,10,00,000/- in 2009 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 10 monthly instalments is grouped under Current Liabilities.]	-	3,719,608
<b>Term Loan 2</b> [Sanctioned amount Rs.74,00,000/- in 2014 and secured by way of 1st charge on Machineries/Office Equipments/Computers purchased out of the amounts availed. Balance outstanding repayable in 42 monthly instalments.]	3,953,828	701,980
<b>Term Loan 3</b> [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.]	391,116	
<b>B. From other parties</b> Long term Maturities of Finance Lease Obligations (Secured by Vehicle Purchased out of above) Balance outstanding repayable in 12 monthly instalments is grouped under Current Liabilities.]		1,352,118
<b>Total</b>	<b>4,344,944</b>	<b>5,773,706</b>

Particulars	2016	2015
1. Term Loan from Bank	5 years	Base rate+Floating rate of 2.25% currently at 12.65%
2. Term Loan from Bank	5 years	Base rate+Floating rate of 2.25% currently at 12.65%
3. Term Loan from Bank	5 years	Base rate+2.25%+0.5% Term Premium currently at 12.65%
4. Two Vehicle Loans from NBFC are borrowed for a tenure of 3 years with rate of interest of 10.45% and 10.30%		

## 2.2. b Deferred Tax Liabilities (Net)

Particulars	2016	2015
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.		
<b>Deferred tax Liability</b>		
Related to Fixed Assets- Depreciation	4,956,137	3,906,680
<b>Deferred Tax asset</b>		
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	343,847	
Related to Fixed Assets Depreciation	15,054	11,488
Related to expenditure allowed under the Income Tax Act 1961 on payment basis		213,985
	<b>4,597,236</b>	<b>3,681,207</b>

## 2.2. c Other Long Term Liabilities

Particulars	2016	2015
Loan from related parties (Unsecured & considered good)		
Security Deposits	1,670,000	500,000
<b>TOTAL</b>	<b>1,670,000</b>	<b>500,000</b>

## 2.2. d Long Term Provisions

Particulars	2016	2015
<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	162,070	154,942
<b>TOTAL</b>	<b>162,070</b>	<b>154,942</b>

## Current Liabilities

### 2.3. a Short - Term Borrowings

Particulars	2016	2015
Secured		
Working capital loans from bank (Working capital loans are secured by book debts, stock and land at Bommsandra)	12,670,757	15,854,039
<b>TOTAL</b>	<b>12,670,757</b>	<b>15,854,039</b>

### 2.3. b Trade Payable

Particulars	2016	2015
<b>Dues to</b>		
Micro and Small Enterprises	-	-
Related Parties	-	-
Others	88,228,038	4,992,637
<b>TOTAL</b>	<b>88,228,038</b>	<b>4,992,637</b>

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	2016	2015
<b>Current maturities of long term debt</b>		
<b>Secured</b>		
Term Loan from Bank	8,889,608	5,640,000
<b>Current maturities Finance Lease Obligation</b>		
<b>Secured</b>		
Vehicle loan from NBFC	1,332,418	1,239,420
<b>Other Payables</b>		
Statutory Remittances	1,117,928	771,060
Payables to related parties	227,489	280,304
Unclaimed Dividend	575,142	590,079
Payables to Employees	1,399,930	1,047,241
Advances from Customer for Supplies/Services	9,101,693	179,381
Other Payables	700,058	514,181
<b>Total</b>	<b>23,344,266</b>	<b>10,261,666</b>

## 2.3. d Short-term Provisions

Particulars	2016	2015
<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	58,802	31,241
Provision for Bonus	952,190	627,888
<b>Provision for Others</b>		
Provision for proposed dividend	3,392,140	3,392,140
Provision for Tax on proposed dividend	690,561	694,529
Provision for Income Tax	5,668,406	3,366,453
Provision for Warranty	-	125,489
<b>Total</b>	<b>10,762,100</b>	<b>8,237,740</b>

## 3.1. a Fixed Assets

Particulars	2016	2015
<b>Tangible</b>		
Others Tangible Assets	348,591,603	338,276,491
	<b>348,591,603</b>	<b>338,276,491</b>

## 3.1. b Fixed Assets

Particulars	2016	2015
<b>In Tangible</b>		
Goodwill	-	
Producing Properties	708,893	966,810
	<b>708,893</b>	<b>966,810</b>

## 3.1. c Fixed Assets

Particulars	2016	2015
<b>Capital Work in Progress</b>		
Work in Progress	20,577,511	2,857,795
	<b>20,577,511</b>	<b>2,857,795</b>

## 3.1. d Non-Current Investments

Particulars	2016	2015
<b>Trade Investments (At cost)</b>		
<b>Quoted, Fully paid up</b>		
<b><u>Investment in equity in other companies</u></b>	-	
<b>Melstar Information Technology Ltd</b>	9,520	9,520
[Current Year- 800 Equity Shares of Rs. 10/- Each (Previous Year- 800 equity shares of Rs. 10/-Each)] (Market Value Rs. 4,800/-, Previous Year Rs. 3,520/-)		
<b>Sterling Technologies Pte Ltd</b>	-	4,287
(Current Year- Nil) (Previous Year- 90 equity shares of Rs. 47.63/- Each)		
<b><u>Investments in Mutual Fund</u></b>		
<b>Birla Dynamic Bond Fund</b>	250,000	250,000
(Current year 13,805.290 units of Rs. 26.34/- each (Previous Year - 13,805.290 units of Rs. 24.44 each) (Market Value Rs. 3,63,642/-, Previous Year Rs. 3,37,,437/-)		
<b>Reliance Liquid Fund</b>	1,148,500	1,094,340
(Current year 1,030.831 units of Rs.1,114.15/- each (Previous Year - 982.229 units of Rs.1,114.15 each) (Market Value Rs.11,48,500.36/-, Previous Year Rs.10,94,350.44/-)		
<b>Tauris Liquid Fund</b>	-	3,129,351
(Current year - Nil) (Previous Year - 3,128.531 units of Rs. 1,000.2620 each) (Market Value Rs. Nil, Previous Year Rs. 31,29,350.50/-)		
<b>Templeton India Ultra Short Bond Fund</b>	1,116,789	1,046,984
(Current year 1,10,837.637 units of Rs.10.0793/- each (Previous Year - 1,04,205.497 units of Rs.10.0793 each) (Market Value Rs.11,17,165.79/-, Previous Year Rs. 10,50,318.47/-)		
<b>Birla Sunlife Dynamic bond fund</b>	248,911	237,144
(Current Year - 22,915.158 units of Rs. 10.8623/- each; PY - 21719.454 units of Rs.10.9185/- each) (Market Value, CY-Rs. 2,48,911.32/-, PY -Rs. 2,37,143.86/-)		

## 3.1. d Non-Current Investments

Particulars	2016	2015
<b>Birla Sunlife Floating rate fund</b> (Current Year - 2438.891 units of Rs.100.5278/- each ; PY - 2311.115 units of Rs.100.2903 each) (Market Value, CY-Rs. 2,45,176.35/-, PY -Rs.2,31,782.42/-)	245,176	231,782
<b>Templeton India Low duration fund</b> (Current Year -11,757.810 units of Rs.10.5090 each ; PY - 11,099.672 units of Rs.10.5002/-) (Market Value, CY-Rs.1,23,562.83/-, PY - Rs.1,16,548.78/-)	123,563	116,549
Government Securities	500	500
<b>Total</b>	<b>3,142,959</b>	<b>6,120,457</b>

**Note**

a. Aggregate amount of quoted investments	3,142,459	6,115,670
b. Aggregate amount of unquoted investments	500	4,787
<b>Total</b>	<b>3,142,959</b>	<b>6,120,457</b>
c. Aggregate market value of listed and quoted investments	3,251,759	6,200,451

## 3.1. e Long-term Loans and Advances

Particulars	2016	2015
Loans & Advances (Unsecured, considered good)		
Loans to related parties	-	301,617
Security Deposits	381,873	323,658
Rental Deposits	1,660,800	1,620,800
Other Deposits	210,525	399,245
<b>Total</b>	<b>2,253,198</b>	<b>2,645,320</b>

**Current Assets**

## 3.2. a Inventories

Particulars	2016	2015
Raw material (Valued at landed cost which includes freight)	2,405,828	9,858,604
Work-in-Progress (Valued at cost)	6,936,612	4,971,972
<b>Total</b>	<b>9,342,440</b>	<b>14,830,576</b>

## 3.2. b Trade Receivables

Particulars	2016	2015
(Unsecured, considered good)		
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment	318,264	520,042
Others Trade Receivables	106,579,945	15,912,759
<b>Total</b>	<b>106,898,209</b>	<b>16,432,801</b>

### 3.2. c Cash and Cash equivalents

Particulars	2016	2015
<b>Cash on hand</b>	141,023	128,672
<b>Balances with Banks</b>		
Current Accounts	3,704,982	9,326,930
EEFC Accounts	4,046,923	4,014,038
Unpaid Dividend Account	580,854	596,292
Demand Deposit Accounts	43,586,408	35,562,086
Fixed Deposits	3,550,000	-
<b>Total</b>	<b>55,610,190</b>	<b>49,628,018</b>

- i) Balances with bank include deposits with remaining maturity of more than 12 months from the balance sheet date 7,378,159 3,663,554
- ii) Balances with bank held as Margin Money deposits against guarantees 255,075 1,097,492

Cash and cash equivalents as on 31st March 2016 and 31st March 2015 include restricted cash balances of INR 8,35,929/- and INR 16,93,784/- 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	2016	2015
(Unsecured, considered good)		
Advance Income Tax (Net of provisions)	49,550	489,462
Balances with Government Authorities	2,346,775	797,753
Advances to Creditors	680,296	134,629
Advance given to Employees	346,061	278,000
Prepaid Expenses	84,484	167,968
<b>Total</b>	<b>3,507,166</b>	<b>1,867,813</b>

### 3.2. e Other Current Assets

Particulars	2016	2015
Interest Accrued	1,942,951	1,982,063
Other Receivables	305,040	274,601
<b>Total</b>	<b>2,247,991</b>	<b>2,256,664</b>

### 4.1 Revenue from Operations

Particulars	2016	2015
Sale of Engineering Products	365,199,225	234,514,983
Sale of Engineering Systems	9,346,714	17,647,678
Sale of Services	40,510,867	48,385,873
Other Operating Incomes	125,489	150,587
<b>Total</b>	<b>415,182,294</b>	<b>300,699,121</b>

#### 4.2 Other Income

Particulars	2016	2015
Interest From Bank Deposits	3,352,629	3,329,552
Rental Income	2,444,000	3,847,100
Dividend received	179,914	349,230
Other Income	15,500	806,209
Gain on sale of Asset / Investment	68,199	95,117
	-	
<b>Total</b>	<b>6,060,243</b>	<b>8,427,208</b>

#### 5.1 Cost of Materials and Consumables

Particulars	2016	2015
<b>Raw Material</b>		
Indigeneous	14,568,536	9,621,302
Imported	2,154,649	14,366,803
<b>Total</b>	<b>16,723,185</b>	<b>23,988,105</b>

#### 5.1 a Percentage of Consumption

Particulars	2016	2015
Indigeneous	87.12%	40.11%
Imported	12.88%	59.89%

#### 5.1 b Particulars of Material Consumed

Particulars	2016	2015
Mechanical Components	8,651,795	7,789,012
Electrical components	5,534,372	11,470,064
Others	2,537,017	4,729,029
<b>Total</b>	<b>16,723,185</b>	<b>23,988,105</b>

#### 5.2 Purchase

Particulars	2016	2015
Purchase of Stock in Trade	310,367,357	199,733,391
<b>Total</b>	<b>310,367,357</b>	<b>199,733,391</b>

#### 5.2 a. Particulars of Purchases

Particulars	2016	2015
Mechanical Components	260,517,206	173,077,357
Electrical components	46,678,376	24,268,587
Others	3,171,775	2,387,447
<b>Total</b>	<b>310,367,357</b>	<b>199,733,391</b>

### 5.3 Changes in Inventory of Work-in-Progress

Particulars	2016	2015
Inventory at the beginning of the year	4,971,972	4,971,972
Inventory at the end of the year	6,936,612	6,593,264
	<b>(1,964,640)</b>	<b>1,621,292</b>

### 5.4 Employee Benefit Expenses

Particulars	2016	2015
Salaries & Wages	23,230,451	20,740,465
Gratuity	12,187	6,600
Bonus & Ex-Gratia	3,426,489	490,250
Contribution to provident & Other Funds	1,008,636	1,040,697
Staff Welfare Expenses	646,486	569,779
<b>Total</b>	<b>28,324,249</b>	<b>22,847,791</b>

### 5.5 Finance Costs

Particulars	2016	2015
Bank Guarantee Commission	82,536	152,256
Interest Expense	2,416,656	2,875,218
Foreign Exchange Loss (Net)	1,079,204	(1,292,973)
<b>Total</b>	<b>3,578,396</b>	<b>1,734,501</b>

### 5.6 Depreciation and Amortization

Particulars	2016	2015
Tangible Asset	4,711,666	4,915,535
Intangible Asset	257,917	237,595
<b>Total</b>	<b>4,969,583</b>	<b>5,153,130</b>

### 5.7 Other Expenses

Particulars	2016	2015
<b><u>Manufacturing Expenses</u></b>		
Electricity and Water Charges	401,163	635,757
Repairs & Maintenance - Factory, Building	1,233,845	2,006,497
Repairs & Maintenance - Machinery	20,351	256,083
Retainership Fee	2,545,624	1,469,762
<b><u>Establishment Expenses</u></b>		
Bank Charges	885,819	560,392
Membership & Subscription Charges	91,600	133,024
Rent	1,049,707	1,019,258
Audit Fee	317,838	401,406
Legal & Professional Charges	5,092,277	5,537,458
Electricity & Water charges	293,954	280,230



### 5.7 Other Expenses

Particulars	2016	2015
Communication Expenses	740,666	614,816
Insurance	264,922	263,051
Repair & Maintenance	1,302,799	1,422,257
Rates & Taxes	912,856	330,108
Sitting Fee	90,000	77,500
Charity and Donations	58,000	83,000
Travelling & Conveyance	6,800,131	7,088,283
Printing and Stationary	300,496	397,075
Office Expenses	505,101	684,107
AGM Expenses	65,213	40,460
Discounts, Bad debts and Write offs	90,183	394,918
LD Charges & Other Claims	4,195,994	560,034
Miscellaneous Expenses	9,056	400
<b>Selling &amp; Distribution Expenses</b>		
Business promotion Expenses	3,940,818	3,429,754
Seminar & Exhibition Charges	1,370,120	2,169,298
<b>Total</b>	<b>32,578,534</b>	<b>29,854,928</b>

### 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	2016	2015
As Auditor	292,838	348,316
For Taxation Matters	25,000	28,090
For Certification Charges	-	25,000
<b>Total*</b>	<b>317,838</b>	<b>401,406</b>

\*Inclusive of Service tax

### 8 Contingent Liability and Commitments

Particulars	2016	2015
Bank Guarantee	2,550,747	7,971,918
Capital Commitments to the extent not provided in the books	-	1,163,480
	<b>2,550,747</b>	<b>9,135,398</b>

**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	2016	2015
Purchase of Raw Materials & components (CIF value)	1,954,710	12,385,472
Purchase of Stock in Trade (CIF value)	304,690,687	196,838,699
Travelling Expenses	1,702,587	2,218,320
	<b>308,347,984</b>	<b>211,442,491</b>

**Earnings in Foreign Currency**

Particulars	2016	2015
Export of Services	39,972,153	47,600,111
Export of Goods	57,252,381	252,133
	<b>97,224,534</b>	<b>47,852,244</b>

**12. Sale by Class of goods and services**

Particulars	2016	2015
1. Finished Engineering Systems	5,582,822	13,052,511
a. Handling Systems	3,763,892	615,000
b. Others		
2. Engineering Products	341,965,340	234,298,403
a. Servo Products	21,237,457	367,167
b. Others		
3. Sale of Engineering Services		
a. Design and Drawings	38,052,783	52,366,040
b. Others	4,580,000	
	<b>412,311,579</b>	<b>300,699,121</b>

- 13** The Financial statement have been prepared in the format prescribed by the Schedule II 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	2016	2015
Salaries and Wages	6,536,115	7,021,952
Plant and Machinery	267,988	2,752,681
	<b>6,804,103</b>	<b>9,774,633</b>

**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
<b>Subsidiary</b>		
Sikka N Sikka Engineers Private Limited	India	99.99%
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, 2016.

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
<b>Parent</b>				
Sika Interplant Systems Limited	95.48%	383,042,296	104.80%	18,219,948
<b>Subsidiaries</b>				
Sikka N Sikka Engineers Private Limited	1.58%	6,335,757	0.92%	160,283
Sika Tourism Private Limited	-0.01%	(28,502)	-0.21%	(36,345)
EMSAC Engineering Private Limited	0.12%	469,853	-9.46%	(1,644,848)
Aerotek Sika Aviosystems Private Limited	4.72%	18,915,878	-1.35%	(233,913)
<b>Minority Interest</b>	-1.88%	(7,559,885)	5.30%	920,924
	<b>100.00%</b>	<b>401,175,399</b>	<b>100.00%</b>	<b>17,386,051</b>

## 17. Related Party Disclosure

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

## Related Party Transactions

Particulars	Referred to in (b) above		Referred to in (c) above	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
<b>Purchases:</b>				
Engineering Services	-	-	-	-
<b>Sales:</b>				
Engineering Services				
Export of Products	20,442,139	-	-	-
<b>Expenses:</b>				
Professional/Consultancy Charges	-	-	344,400	932,400
Remuneration paid	-	-	4,707,790	2,830,684
Salary paid	-	-	-	661,500
<b>Other Transactions:</b>				
Loans borrowed	-	-	-	-
Loans repaid	-	-	-	-
Loans given	-	241,127	-	-
Loans recovered	241,127	-	-	-
Interest paid	-	-	-	-
Security Deposit paid	-	-	-	-
<b>Outstanding</b>				
Professional Charges/Remuneration	-	-	443,266	357,304
Loans receivable	-	241,127	-	-

18 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	2015
Employer's Contribution to Provident Fund	454,194	447,574
Employer's Contribution to Pension Scheme	407,270	399,623
<b>Total</b>	<b>861,464</b>	<b>847,197</b>

**b) Defined Benefit Plans**

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

Particulars	Gratuity	
	2016	2015
<b>Components of Employer Expenses</b>		-
Current Service cost	188,268	176,405
Interest on Obligations	102,262	85,082
Expected Return on Plan Assets	(289,750)	(268,103)
Net actuarial loss / (gain) recognized during the year	(51,667)	(43,190)
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>(50,886)</b>	<b>(49,806)</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	1,619,921	1,307,701
Fair value of plan assets	3,982,496	3,619,390
Funded status [Surplus / (deficit)]	2,362,575	2,311,689
Unrecognised past service costs	-	-
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present Value of DBO at beginning of the year	1,307,701	1,089,404
Current Service Cost	188,268	176,405
Interest Cost	102,262	85,082
Actuarial (Gains) / Losses	21,690	(43,190)
Benefits Paid	-	-
<b>Present Value of DBO at end of the year</b>	<b>1,619,921</b>	<b>1,307,701</b>
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	3,619,390	3,351,287
Expected Return on Plan Assets	289,750	268,103
Actuarial (Gains) / Losses	73,356	-
Benefits Paid	-	-
Plan Assets at End of the Year	3,982,496	3,619,390
Actual Return on Plan Assets	363,106	268,103
<b>Actuarial assumptions</b>		
Interest Rate	7.81%	7.81%
Discount Rate	7.81%	7.81%
Expected Return on Plan Assets	8.00%	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	2015
<b>Changes in Defined Obligations</b>		-
Obligations at period beginning - Current	31,241	21,272
Obligations at period beginning - Non Current	154,942	101,087
Service Cost	46,137	106,435
Interest on Defined benefit obligation	10,932	5,275
Benefits settled	(92,785)	(109,643)
Actuarial gain/(loss)	70,406	61,757
<b>Obligations at period end</b>	<b>220,872</b>	<b>186,183</b>
Current Liability (within 12 months)	58,802	31,241
Non Current Liability	162,070	154,942
<b>Changes in Plan Assets</b>		
Plans assets at period beginning, at fair value		
Expected return on plan assets		
Actuarial gain/(loss)		
Contributions	92,785	109,643
Benefits settled	(92,785)	(109,643)
Plans assets at period end, at fair value	-	
<b>Funded Status</b>		
Closing PBO	220,872	186,183
Closing Fair value of plan assets	-	-
Closing Funded status	(220,872)	(186,183)
Net Asset/(Liability) recognized in the Balance Sheet	(220,872)	(186,183)
<b>Expenses recognized in the P&amp;L account</b>		
Service cost	46,137	106,435
Interest cost	10,932	5,227
Expected return on plan assets	-	-
Actuarial (Gain)/Loss	70,402	61,757
<b>Net gratuity / leave cost</b>	<b>127,474</b>	<b>173,467</b>
Experience Adjustment on Plan Liabilities	70,402	61,757
Experience Adjustment on Plan Assets	-	-
<b>Assumptions</b>		
Interest rate	7.81%	7.81%
Discount factor	7.82%	7.81%
Estimated rate of return on plan assets	0.00%	0.00%
Salary increase	6.00%	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.

## 3.1 Fixed Assets

Description	Sq. Ft.	Gross Block (At cost)				Accumulated Depreciation				Net Block			
		As at 01.04.2015		As at 31.03.2016		As at 01.04.2015		As at 31.03.2016		As at 31.03.2016	As at 31.03.2015		
		Additions	Deletions	Additions	Deletions	Additions	Deletions	Additions	Deletions				
<b>a) Tangible Assets</b>													
Freehold Land at Bommasandra	30	254,381,946	-	254,381,946	-	254,381,946	-	-	-	-	254,381,946	254,381,946	
Freehold Land at Thimmanahalli		758,344		758,344		758,344					758,344	758,344	
Lease Hold land at Mysore*	30	5,882,629	-	5,882,629	-	5,882,629	-	-	-	-	5,882,629	5,882,629	
Building	30	62,392,044	11,444,912	73,836,956	-	73,836,956	2,981,600	1,286,860	4,268,460	-	69,568,496	59,410,444	
Roads	10	-	2,065,220	2,065,220	-	2,065,220	-	-	-	-	2,065,220	-	
Plant and Machinery	15	6,246,980	267,988	6,514,968	-	6,514,968	1,380,839	460,364	1,841,203	-	4,673,765	4,866,141	
Office Equipment	5	3,877,561	847,294	4,724,855	-	4,724,855	2,955,663	413,590	3,369,253	-	1,355,602	921,898	
Furniture and Fixtures	10	7,313,176	30,099	7,343,275	-	7,343,275	3,156,343	928,007	4,084,350	-	3,258,925	4,156,833	
Vehicles	8	13,834,227	-	13,834,227	-	13,834,227	6,299,998	1,403,055	7,703,053	-	6,131,174	7,534,229	
Computer and Accessories	3	4,490,514	383,520	4,861,778	12,256	4,861,778	4,126,486	219,790	4,346,276	-	515,502	364,028	
<b>Subtotal (a)</b>		<b>359,177,421</b>	<b>15,039,033</b>	<b>374,204,198</b>	<b>12,256</b>	<b>374,204,198</b>	<b>20,900,929</b>	<b>4,711,666</b>	<b>25,612,595</b>	<b>-</b>	<b>348,591,603</b>	<b>338,276,491</b>	
<b>Previous year Figures</b>		<b>351,353,935</b>	<b>9,142,764</b>	<b>359,177,421</b>	<b>1,319,278</b>	<b>359,177,421</b>	<b>15,369,641</b>	<b>4,915,535</b>	<b>1,131,989</b>	<b>20,900,929</b>	<b>338,276,491</b>	<b>335,984,294</b>	
<b>b) Intangible Assets</b>													
Software	6	1,431,787	-	1,431,787	-	1,431,787	464,977	257,917	722,894	-	708,893	966,810	
<b>Subtotal (b)</b>		<b>1,431,787</b>	<b>-</b>	<b>1,431,787</b>	<b>-</b>	<b>1,431,787</b>	<b>464,977</b>	<b>257,917</b>	<b>722,894</b>	<b>-</b>	<b>708,893</b>	<b>966,810</b>	
<b>Previous year Figures</b>		<b>879,703</b>	<b>552,084</b>	<b>1,431,787</b>		<b>1,431,787</b>	<b>227,382</b>	<b>237,595</b>	<b>464,977</b>		<b>966,810</b>	<b>652,321</b>	
<b>Total (a+b)</b>		<b>360,609,208</b>	<b>15,039,033</b>	<b>375,635,985</b>	<b>12,256</b>	<b>375,635,985</b>	<b>21,365,906</b>	<b>4,969,583</b>	<b>26,335,489</b>	<b>-</b>	<b>349,300,496</b>	<b>339,243,301</b>	
<b>Previous Year</b>		<b>352,233,638</b>	<b>9,694,848</b>	<b>360,609,208</b>	<b>1,319,278</b>	<b>360,609,208</b>	<b>15,597,023</b>	<b>5,153,130</b>	<b>1,131,989</b>	<b>21,365,906</b>	<b>339,243,301</b>	<b>336,636,615</b>	

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2016, 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) \* Kamataka 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:

- a) The financial statements of the parent company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of incomes, expenses, assets and liabilities, after eliminating the intragroup balances, intra group transactions and unrealized profits or losses in accordance with Accounting Standard 21 on "Consolidated Financial Statements". The share of Minority Interest in the subsidiaries has been disclosed separately in the "Consolidated Financial Statements".
- b) 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.
- c) The excess of cost to the parent company of its investment in the respective subsidiary company is recognized in the financial statements as goodwill.
- d) The Consolidated financial statements include the results of the following entities:

Sl. No.	Name of the Company	Relation	Ownership Interest
1	Sikka N Sikka Engineers Pvt Ltd	Subsidiary	99.99%
2	Sika Tourism Pvt Ltd	Subsidiary	100%
3	Emsac Engineering Pvt Ltd	Subsidiary	51%
4	Aerotek Sika Aviosystems Pvt Ltd	Subsidiary	50.86%

**II. Significant Accounting Policies:**

- a) 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 31<sup>st</sup> 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 the Companies Act, 1956.
- b) With effect from April 1<sup>st</sup> 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 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 th 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 earning 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 share holders, share split and reverse share split.

**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**

**30<sup>th</sup> ANNUAL GENERAL MEETING ON WEDNESDAY, 7<sup>th</sup> September 2016 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 30<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 7<sup>th</sup> September 2016 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 2016 together with the Reports of the Board of Directors and the Auditors thereon
- 2. Declaration of dividend for the financial year 2015-16
- 3. Appointment of Director Mr. Kunal Sikka (DIN:0524807) retiring by rotation
- 4. Appointment of Statutory Auditors



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

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.

*If undelivered, please return to:*

**SIKA INTERPLANT SYSTEMS LTD**

**Regd. Office :** 3 Gangadharchetty Road | Bangalore 560 042 | INDIA

Tel: +91 (80) 49299144 | Fax: +91 (80) 2559 9501

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