



REF: SISL/BSE/2021-22

08 September 2021

**BSE Limited**  
**Department of Corporate Services**  
**Phiroze Jeejeebhoy Towers**  
**Dalal Street**  
**Mumbai 400 001**

Dear Sir/Madam,

**Sub: Annual Report 2020-21.**

**Ref: Sika Interplant Systems Ltd, Scrip No.523606, ISIN: INE438E01016**

This is to inform you that the 35<sup>th</sup> Annual General Meeting (AGM) of the Company will be held through two-way Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") on Thursday the 30<sup>th</sup> September 2021 at 11.30 am.

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, we are submitting herewith the Annual Report for the financial year 2020-21.

The same has also been uploaded on the Company's Website at [www.sikaglobal.com](http://www.sikaglobal.com)

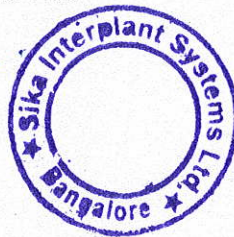
Kindly take the same on record.

Thanking you,

Yours faithfully,

For **Sika Interplant Systems Ltd**

Company Secretary &  
Compliance Officer





**35<sup>TH</sup> ANNUAL REPORT  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

**SIKA INTERPLANT SYSTEMS LIMITED**



## NOTICE

**NOTICE** is hereby given that the Thirty-fifth ANNUAL GENERAL MEETING of Sika Interplant Systems Limited (“the Company”) will be held through two-way Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) on Thursday, the 30<sup>th</sup> September, 2021 at 11.30 a.m. 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 2021 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2021.

### SPECIAL BUSINESS:

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

**“RESOLVED THAT**, pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V to the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and provisions of the Listing Obligation and Disclosure Requirements Regulation, 2015 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby approves the payment of remuneration to Mr. Rajeev Sikka, Chairman of the Company, for the period of six months effective from 1st April 2021 to 30th September 2021, as per the details set out in the Explanatory Statement annexed hereto.

**RESOLVED FURTHER THAT**, the Company hereby approves the re-appointment and terms of remuneration of Mr. Rajeev Sikka (DIN 00902887) as Executive Chairman of the Company for the period from 1<sup>st</sup> October 2021 to 31<sup>st</sup> March 2024, upon the terms and conditions as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Rajeev Sikka.”

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

**“RESOLVED THAT**, pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V to the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and provisions of the Listing Obligation and Disclosure Requirements Regulation, 2015 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby approves the appointment of Mr. Kunal Sikka (DIN: 05240807) as Managing Director and Chief Executive Officer of the Company for the period of three years from 1st April 2021 to 31st March 2024, upon the terms and conditions set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Kunal Sikka.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 152 of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable provisions time being in force, Mrs. Anuradha Sikka (DIN: 00902914), who the Board of Directors recommend for appointment as a Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 (the “Act”) from a member proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company with effect from 30<sup>th</sup> September 2021.”

**“RESOLVED FURTHER THAT**, the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect of all above resolutions.”

### NOTES:

1. In view of the outbreak of COVID-19 pandemic, social distancing measures are a pre-requisite and in terms of Ministry of Corporate Affairs (“MCA”) Circular No. 20/2020 dated 5th May, 2020 read with Circular 14/2020 dated 8th April, 2020, Circular 17/2020 dated 13th April, 2020, Circular 02/2021 dated 13th January, 2021 (“MCA Circulars”) and Securities Exchange Board of India (SEBI) Circulars dated 12th May, 2020 and 15th January, 2021, the Annual General Meeting (AGM) is being conducted through Video Conference (“VC”) / Other Audio Visual Means (“OAVM”). The deemed venue for the 35<sup>th</sup> AGM shall be the Registered Office of the Company.
2. The Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the R&T/Depositories. For those shareholders who would like to register their e-mail addresses, the procedure is as follows:
  - a. Shareholders holding shares in dematerialized mode are requested to register/update their e-mail addresses and mobile numbers with their respective depositories through their depository participants.
  - b. Shareholders holding shares in physical mode are requested to provide their e-mail addresses and mobile numbers together with supporting details/documents like folio no., name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar card) by email to comp.sec@sikaglobal.com
3. The Notice has also been uploaded on the website of the company at [www.sikaglobal.com](http://www.sikaglobal.com) and may also be accessed from the relevant section of the stock exchange website i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and is also available on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).
4. Members holding shares either in physical form or in dematerialized form as on cut-off date 24th September 2021 shall only be entitled to cast their vote on all the resolutions set forth in the Notice of AGM using remote e-voting.

5. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars and the SEBI circular, the facility for appointment of proxies by the members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map of the AGM venue are not annexed to this Notice.
6. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. A statement pursuant to Section 102 of the Act relating to Special Business to be transacted at the meeting is annexed hereto. The relevant details, pursuant to Regulation 36(3) of the SEBI LODR, in respect of the Director seeking reappointment is also annexed.
8. Members can join the AGM in VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the notes to this Notice. The Members will be able to view the proceedings on the Central Depository Services (India) Limited ('CDSL') e-Voting website at [www.evotingindia.com](http://www.evotingindia.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first-come first-served basis as per the MCA Circulars.
9. As per the provisions of Clause 3.A.III. of the General Circular No. 20/2020 dated 5th May 2020, the matters of Special Business listed in the accompanying Notice, are considered to be unavoidable by the Board and hence form part of this Notice.
10. The Register of Members and the Transfer Books of the Company will remain closed from Monday, 20<sup>th</sup> September 2021 to Thursday, 30<sup>th</sup> September 2021 both days inclusive.
11. Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents (R & T), Integrated Registry Management Services Private Limited for shares held in physical form and to their respective Depository Participants (DP) for shares held in electronic form.
12. 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 18<sup>th</sup> September 2021.
13. Pursuant to Sections 124 and 125 and other applicable provisions, if any, of the Companies Act, 2013, all unclaimed/ unpaid dividend, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2021.
14. Mrs.Krishna Sikka retires at the ensuing AGM.
15. E-voting:-
  - a. In compliance with the provisions of Section 108 of the Act and read with the Companies (Management and Administration) Rules, 2014 as amended, and Regulation 44 of the SEBI Listing Regulation, the Company is pleased to provide the e-voting (the "Remote e-voting") to, the Members holding shares in physical or dematerialized form, as on the cut-off date of 24<sup>th</sup> September 2021 to exercise their right to vote by electronic means on all the businesses specified in the Notice.
  - b. The Company has engaged the services of CDSL" as the Agency to provide remote e-voting facility.
  - c. Members attending the meeting who have not already cast their vote by remote e-voting are eligible to exercise their right to vote via the remote e-voting system during 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.
  - d. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - e. Mrs. Gauri Balankhe, Practicing Company Secretary (Membership FCS No.7786 and COP No.8588), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  - f. 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.
  - g. The Scrutinizer, after scrutinizing the votes cast through remote e-voting, 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.
  - h. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 30<sup>th</sup> September 2021.
  - i. The voting period commences on Monday, the 27<sup>th</sup> September 2021 at 9.00 am (IST) and ends on Thursday, 30th September 2021 at the conclusion of AGM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 24<sup>th</sup> September 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The instructions for shareholders to use the remote e-voting facility are as under:

i	The Member should log on to the e-voting website: <a href="http://www.evotingindia.com">www.evotingindia.com</a>
ii	Click on "Shareholders".
iii	Now Enter your User ID 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 <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.						
vi	<p>If you are a first time user follow the steps given below:</p> <table border="1"> <tr> <td colspan="2">For Members holding shares in Demat Form and Physical Form</td> </tr> <tr> <td>PAN</td> <td>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/DP are requested to use the sequence number sent by RTA or contact RTA.</li> </ul> </td> </tr> <tr> <td>Dividend Bank Details or Date of Birth (DOB)</td> <td>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. If both the details are not recorded with the depository or company please enter the member id / folio number in the instruction (iii)</td> </tr> </table>	For Members holding shares in Demat Form and Physical Form		PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/DP are requested to use the sequence number sent by RTA or contact RTA.</li> </ul>	Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or DOB (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log in. If both the details are not recorded with the depository or company please enter the member id / folio number in the instruction (iii)
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vii	After entering these details appropriately, click on "SUBMIT" tab						
viii	Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.						
ix	For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.						
x	Click on the EVSN for 'SIKA INTERPLANT SYSTEMS LIMITED'.						
xi	On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.						
xii	Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.						
xiii	After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.						
xiv	Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.						
xv	You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.						
xvi	Note for Non-Individual Shareholders and Custodians						
	- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and register themselves as Corporates.						
	- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> .						
	- 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> and on approval of the accounts they would be able to cast their vote.						
	- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, be sent to scrutinizer through e-mail at <a href="mailto:gauri.acs@gmail.com">gauri.acs@gmail.com</a> 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 <a href="http://www.evotingindia.com">www.evotingindia.com</a> , under help section or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or call 022-23058738 and 022-23058542/43.						
	All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or call 022-23058542/43.						

15. Instructions for shareholders attending the AGM through VC/OAVM are as under:

- To attend the AGM through VC/OAVM, the Member should log on to: [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders/Members and login by using the remote e-voting credentials. The link for VC/OAVM will be available once logged in where the EVSN of Company will be displayed.
- Members are recommended to join the Meeting through Laptops / Desktops and use stable Wi-Fi or LAN internet connections to avoid disruptions and/or audio/video loss due to technical issues.
- Members will be required to enable camera access.
- Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance to [comp.sec@sikaglobal.com](mailto:comp.sec@sikaglobal.com) from 10<sup>th</sup> September 2021, 9.00 am (IST) to 16<sup>th</sup> September 2021, 5.00 pm (IST) mentioning their name, demat account number/folio number, email id and mobile number. Members who do not wish to speak during the AGM but have queries may send their queries in advance. These queries will be replied by the company suitably by email or during the meeting.
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- g. The procedure for e-Voting during the AGM is same as the instructions mentioned above for Remote e-voting.
- h. Only those members, who are present in the AGM through VC/OAVM facility and have not already cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- i. If any votes are cast by members through the e-voting available during the AGM but the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to members attending the meeting.

By Order of the Board

Bangalore  
12<sup>th</sup> August 2021

Sriee Aneetha .M  
Company Secretary

### EXPLANATORY STATEMENT

As required under Section 102 of the Companies Act, 2013 (the "Act"), the following explanatory statement sets out all material facts relating to business mentioned under Item Nos. 3, 4 and 5 of the accompanying Notice:

#### Item No. 3

Mr. Rajeev Sikka was re-appointed as Chairman and Managing Director of the Company for a period of three years from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2021. Effective from 01st April, 2021, Mr. Rajeev Sikka has been serving the company in the capacity as Chairman. At the meeting of the Board of Directors of the Company (the "Board") held on 31<sup>st</sup> March 2021, the below remuneration package for the six months from 1<sup>st</sup> April 2021 as well as the appointment of Mr. Rajeev Sikka as Executive Chairman from 1<sup>st</sup> October 2021 till 31<sup>st</sup> March 2024 was approved on terms and conditions as set out below based on the recommendations of the Nomination and Remuneration Committee, subject to approval of the Members.

#### Salary

Salary up to a maximum of ₹ 7 Lakhs per month, with authority to the Board to fix the salary within the said maximum amount from time to time. The annual increments shall be effective 1<sup>st</sup> April each year.

#### Perquisites

In addition to the Salary, Mr. Rajeev Sikka shall be entitled to perquisites such as:

- (1) House Rent Allowance of ₹ 50,000 per month
- (2) Medical expenses and Medical Insurance will be paid/reimbursed by the Company for self, wife, dependent children and dependent parents at actuals, subject to a ceiling of one month's Salary
- (3) Personal Accident Insurance
- (4) Leave Travel Allowance: Reimbursement of expenses incurred on actual basis, subject to a ceiling of one month's Salary, for self, his wife, dependent children and dependent parents
- (5) Club fees, subject to a maximum of two clubs, which will not include admission and life membership fees
- (6) Company maintained car with driver
- (7) Telecommunication facilities at his residence
- (8) Contribution to Provident Fund, Superannuation Fund, and Gratuity as per the rules of the Company
- (9) Leave and encashment of unavailed leave as per the rules of the Company
- (10) A Special Allowance not exceeding ₹ 6 Lakhs per annum will be paid and such other perquisites and allowances in accordance with the rules of the Company and as may be agreed by the Board and Mr. Rajeev Sikka.

#### Performance Incentive

Mr. Rajeev Sikka will also be entitled for such remuneration by way of Performance Incentive, in addition to Salary and Perquisites, as may be recommended by the Nomination and Remuneration Committee and decided by the Board from time to time.

#### Minimum Remuneration

Notwithstanding anything to the contrary contained herein, where in any financial year during the tenure of Mr. Rajeev Sikka, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Salary, Perquisites, Allowances and Performance Incentive as per the provisions of Schedule V of the Act, or any modification(s) thereto.

The draft Letter of Appointment between the Company and Mr. Rajeev Sikka shall be available for inspection at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company till the date of the Annual General Meeting.

Mr. Rajeev Sikka has been serving as a Director of the Company since incorporation, and consequently he has been instrumental in its evolution and development over the years. It would accordingly be in the best interests of the Company to retain the services of Mr. Rajeev Sikka as Executive Chairman of the Company.

The Board is of the view that the re-appointment of Mr. Rajeev Sikka as Executive Chairman will be beneficial to the Company in terms of its operations and to capitalize on future growth opportunities and the remuneration payable to him is commensurate with his abilities and experience, and accordingly commend the resolution at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

Other than Mr. Rajeev Sikka, Mrs. Krishna Sikka (Director) and Mr. Kunal Sikka (Managing Director and CEO), none of the Directors or Key Managerial Personnel ("KMP") of the Company or their respective relatives is concerned or interested in the Resolution at Item No. 3 of the accompanying Notice.

**Item No.4**

Mr. Kunal Sikka was appointed as Whole Time Director of the Company for a period of one year from 1<sup>st</sup> October 2020 to 30<sup>th</sup> September 2021. At the meeting of the Board of Directors of the Company (the "Board") held on 31<sup>st</sup> March 2021, the appointment of Mr. Kunal Sikka as Managing Director and CEO from 1<sup>st</sup> April 2021 till 31<sup>st</sup> March 2024 was approved on terms and conditions as set out below based on the recommendations of the Nomination and Remuneration Committee, subject to approval of the Members.

**Salary**

Salary up to a maximum of ₹ 7 lakhs per month, with authority to the Board to fix the salary within the said maximum amount from time to time. The annual increments shall be effective 1<sup>st</sup> April each year.

**Perquisites**

In addition to the Salary, Mr. Kunal Sikka shall be entitled to perquisites such as:

- (1) House Rent Allowance of ₹ 50,000 per month
- (2) Medical expenses and Medical Insurance will be paid/reimbursed by the Company for self, wife, dependent children and dependent parents at actuals, subject to a ceiling of one month's Salary
- (3) Personal Accident Insurance
- (4) Leave Travel Allowance: Reimbursement of expenses incurred on actual basis, subject to a ceiling of one month's Salary, for self, his wife, dependent children and dependent parents
- (5) Club fees, subject to a maximum of two clubs, which will not include admission and life membership fees
- (6) Company maintained car with driver
- (7) Telecommunication facilities at his residence
- (8) Contribution to Provident Fund, Superannuation Fund, and Gratuity as per the rules of the Company
- (9) Leave and encashment of unavailed leave as per the rules of the Company
- (10) A Special Allowance not exceeding ₹ 6 Lakhs per annum will be paid and such other perquisites and allowances in accordance with the rules of the Company and as may be agreed by the Board and Mr. Kunal Sikka.

**Performance Incentive**

Mr. Kunal Sikka will also be entitled for such remuneration by way of Performance Incentive, in addition to Salary and Perquisites, as may be recommended by the Nomination and Remuneration Committee and decided by the Board from time to time.

**Minimum Remuneration**

Notwithstanding anything to the contrary contained herein, where in any financial year during the tenure of Mr. Kunal Sikka, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Salary, Perquisites, Allowances and Performance Incentive as per the provisions of Schedule V of the Act, or any modification(s) thereto.

The draft Letter of Appointment between the Company and Mr. Kunal Sikka shall be available for inspection at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company till the date of the Annual General Meeting.

The Board is of the view that the appointment of Mr. Kunal Sikka as Managing Director & CEO will be beneficial to the Company in terms of its operations and to capitalize on future growth opportunities and the remuneration payable to him is commensurate with his abilities and experience, and accordingly commend the Resolution at Item No.4 of the accompanying Notice for approval by the Members of the Company.

Other than Mr. Kunal Sikka, Mrs. Krishna Sikka (Director) and Mr. Rajeev Sikka (Chairman), none of the Directors or KMP of the Company or their respective relatives is concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

**Item No.5**

The Board of Directors (the "Board"), on the recommendation of the Nomination and Remuneration Committee, recommend the appointment of Mrs. Anuradha Sikka (DIN: 00902914) as a Director of the Company with effect from 30<sup>th</sup> September 2021.

The Company has received from Mrs. Anuradha Sikka (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014, (ii) intimation under section 164(2) in Form DIR-8 in terms of that she is not disqualified, (iii) disclosure of interest in any other company in Form MBP-1, and (iv) a declaration to the effect that she meets the criteria of Directorship. In the opinion of the Board, Mrs. Sikka, the Director proposed to be appointed, fulfils the conditions specified in the Act.

The Board is of the view that the appointment of Mrs. Anuradha Sikka as a Director will be beneficial to the company In terms of her experience in Management, Corporate Relations & Communication, and Administration, and accordingly commend the Resolution at Item No.5 of the accompanying Notice for approval by the Members of the Company.

Other than Mrs. Anuradha Sikka, Mrs. Krishna Sikka (Director), Mr. Rajeev Sikka (Chairman), and Mr. Kunal Sikka (Managing Director and CEO), none of the Directors or KMP of the Company or their respective relatives is concerned or interested in the Resolution at Item No. 5 of the accompanying Notice.



Pursuant to Section 197 of the Companies Act, 2013 (the "Act") read with Schedule V to the Act, the statement of information required, as relevant to the Company, is set out as under:

- I. General information:
  - 1) Nature of industry: As stated in the Management Discussion & Analysis ("MD&A") that forms a part of the Directors' Report annexed hereto.
  - 2) Financial performance: As summarised in the Directors' Report annexed hereto.
  - 3) Foreign investments or collaborations, if any: Nil.
  
- II. (a) Information about the appointee – Mr. Rajeev Sikka:
  - 1) Background details: Mr. Rajeev Sikka is a Graduate with Joint Honours in Engineering and Management Sciences from the University of Strathclyde, Glasgow, UK and has been the Managing Director of the Company from 1986 up to 2020-21 and its Chairman from 2005.
  - 2) Past remuneration: As stated in the Directors' Report annexed hereto.
  - 3) Recognition or awards: Under Mr. Rajeev Sikka's leadership, the Company has received awards from the Defence Research & Development Organisation (Ministry of Defence, Government of India), the Naval Physical & Oceanographic Laboratory (Ministry of Defence, Government of India), the Society of Indian Aerospace Technologies and Industries and SAP Media Worldwide Ltd; has continuously held design approval from the Center for Military Airworthiness and Certification (Ministry of Defence, Government of India) from 1999 (until 2020 when such approvals were discontinued); obtained approval as a recognised R&D Centre from the Council of Scientific and Industrial Research, Department of Science & Technology, Government of India and approval from the Directorate General of Aeronautical Quality Assurance (Ministry of Defence, Government of India); and been recognised by the Financial Times/Statista in the 2018 and 2021 editions of its 'High-Growth Companies Asia-Pacific' and as one of Economic Times/Statista's India's Growth Champions 2021.
  - 4) Job profile and his suitability: Your Company has grown organically into an established engineering industry that is focused on advanced technology projects and services for the Aerospace, Defence and Automotive sectors, and Mr. Rajeev Sikka has played a pivotal role in the Company's successes. Thus, as stated in the Explanatory Statement, the Board strongly recommends his re-appointment as Executive Chairman.
  - 5) Remuneration proposed: As stated in the Explanatory Statement.
  - 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: The remuneration package proposed for Mr. Rajeev Sikka is commensurate with respect to the industry, size of the company, profile of the position and his abilities and experience.
  - 7) Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any: Mr. Rajeev Sikka belongs to Promoter group and is related to Mr. Kunal Sikka.
  
- (b) Information about the appointee – Mr. Kunal Sikka:
  - 1) Background details: Mr. Kunal Sikka is a BBA with a specialization in Finance and Management from the University of Wisconsin-Madison, USA. Prior to joining the Company in 2011, he worked with Goldman Sachs for nearly 6 years in their New York, London and Singapore offices, with experience across capital markets, financing, foreign exchange and real estate investing. He has been a Whole Time Director of the Company since 2014 and CFO from 2011-21 up to 2020-21.
  - 2) Past remuneration: As stated in the Directors' Report annexed hereto.
  - 3) Recognition or awards: Under Mr. Kunal Sikka's leadership, the Company has received awards from the Naval Physical & Oceanographic Laboratory (Ministry of Defence, Government of India) and SAP Media Worldwide Ltd; has maintained its design approval from the Center for Military Airworthiness and Certification (Ministry of Defence, Government of India) until 2020 when such approvals were discontinued; obtained approval as a recognised R&D Centre from the Council of Scientific and Industrial Research, Department of Science & Technology, Government of India and approval from the Directorate General of Aeronautical Quality Assurance (Ministry of Defence, Government of India); and been recognised by the Financial Times/Statista in the 2018 and 2021 editions of its 'High-Growth Companies Asia-Pacific' and as one of Economic Times/Statista's India's Growth Champions 2021.
  - 4) Job profile and his suitability: As stated in the Explanatory Statement, the Board strongly recommends his appointment as Managing Director and CEO considering the involvement of Mr. Kunal Sikka in the Company's overall management and business development.
  - 5) Remuneration proposed: As stated in the Explanatory Statement.
  - 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: The remuneration package proposed for Mr. Kunal Sikka is commensurate with respect to the industry, size of the company, profile of the position and his abilities and experience.
  - 7) Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any: Mr. Kunal Sikka belongs to Promoter Group and related to Mr. Rajeev Sikka.
  
- III. Other information:
  - 1) Reasons of Loss or inadequate profits: As stated in the MD&A that forms a part of the Directors' Report annexed hereto.
  - 2) Steps taken or proposed to be taken for improvement: As stated in the MD&A that forms a part of the Directors' Report annexed hereto.
  - 3) Expected increase in productivity and profits in measurable terms: Profitability of the company is expected to be higher in the financial year following the financial year under review.

**ANNEXURE TO NOTICE**

Pursuant to Regulation 36(3) of SEBI (LODR) Regulations 2015, following are details of Directors seeking appointment / re-appointment at the Annual General Meeting.

## Item No.3

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

## Item No.4

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

## Item No.5

<b>Particulars</b>	<b>Mrs. Anuradha Sikka</b>
DIN	00902914
Date of Birth	25-01-1955
Date of Appointment	Effective from the date of passing the resolution
Qualifications	Diploma
Expertise in specific functional areas	Experience in Management, Administration, Corporate Relations / Communication
Disclosure of relationships between Directors inter-se	Mrs. Anuradha Sikka is wife of Mr. Rajeev Sikka (Chairman), mother of Mr. Kunal Sikka (Managing Director & CEO) and daughter-in-law of Mrs. Krishna Sikka (Director)
Directorships held in other public listed companies (excluding foreign companies and Section 8 companies)	Nil
Memberships / Chairmanships of committees of other public listed companies	Nil
Number of shares held in the Company	Nil

## DIRECTORS' REPORT

To the Members,

The Directors are pleased to present the Thirty- Fifth Annual Report of the Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March 2021.

### FINANCIAL HIGHLIGHTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	FY 2021	FY 2020	FY 2021	FY 2020
Total Income	8,224.89	6,430.69	8,225.22	6,425.53
Profit (Loss) before Tax and Depreciation	1,656.14	999.95	1,658.55	999.35
Provision for Taxes	389.30	208.66	389.30	214.37
Depreciation	73.48	73.56	84.84	84.84
Profit (Loss) for the Year After Tax and Depreciation (including other Comprehensive Income)	1,203.80	673.24	1,194.85	655.66
Earnings per Share (in ₹)	28.14	16.93	27.93	16.51

### COMPANY'S PERFORMANCE

During the year under review, your Company achieved Total Income of ₹ 8,224.89 Lakhs on a Standalone basis as compared to ₹ 6,430.69 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 1,203.80 Lakhs for the current Financial Year as against Net Profit of ₹ 673.24 Lakhs in the previous Financial Year.

On a Consolidated basis, your Company achieved Total Income of ₹ 8,225.22 Lakhs during the year under review as compared to ₹ 6,425.53 Lakhs during the previous Financial Year. After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Tax, the Company has Net Profit of ₹ 1,194.85 Lakhs for the current Financial Year as against Net Profit of ₹ 655.66 Lakhs in the previous Financial Year.

### DIVIDEND

The Directors of your Company recommend a dividend of ₹4.00 per equity share of ₹10.00 subject to the approval of the members, payable to those shareholders whose names appear in the Register of Members as on the book closure date.

### TRANSFER TO GENERAL RESERVE

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

### SUBSIDIARY COMPANIES

The Company has 4 subsidiaries as on March 31, 2021. 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 Annexure –I -Form AOC-1 is appended to the Board's report.

### DIRECTORS & KEY MANAGERIAL PERSONNEL

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013 (the "Act") that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

As per the provisions of the Act, Mrs. Krishna Sikka retires by rotation. Mrs. Krishna Sikka has intimated her decision to retire at the upcoming Annual General Meeting (AGM). The Board places on record its sincere appreciation of the valuable contributions and guidance provided by Mrs. Krishna Sikka during her tenure as Director of the Company.

The Board, on the basis of the recommendations made by the Nomination & Remuneration Committee, has:

1. Recommended the re-appointment of Mr. Rajeev Sikka as Executive Chairman for a period of three years from 01<sup>st</sup> April 2021 to 31<sup>st</sup> March 2024 as detailed in the Notice.
2. Recommended the appointment of Mr. Kunal Sikka as Managing Director & CEO for a period of three years from 01<sup>st</sup> April 2021 to 31<sup>st</sup> March 2024 as detailed in the Notice.
3. Recommended the appointment of Mrs. Anuradha Sikka as a Director of the Company with effect from 30<sup>th</sup> September 2021
4. Approved the appointment of Mr. Sambaiah as Vice-President and CFO of the Company.

The disclosures pertaining to the above as required by Schedule V of the Act are provided in the Explanatory Statement accompanying the AGM Notice.

Five 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.

## DIRECTORS RESPONSIBILITY STATEMENT

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

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

## BOARD EVALUATION

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

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

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

## AUDIT COMMITTEE

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

## AUDITORS

### a. Statutory Auditors

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

### b. Secretarial Auditors

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

### c. Statutory Auditor's Report & Secretarial Auditor's Report

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy of the Company is aligned with the Act and is available on the website of the Company.

During the financial year, the Company has spent Rs.11.52 Lakhs towards the various CSR activities. The Annual Report on CSR activities is appended as Annexure-III to the Board's report. To optimise the functioning of the Board and its constituent Committees, the Board has taken over the functions of the CSR Committee effective FY 2021-22, as per permitted by the Act, as a result of which the CSR Committee ceases to exist.

## INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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

## RISK MANAGEMENT

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

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

During the year, the Company provided loans to M/s. Aerotek Sika Aviosystems Private Limited as approved at the 32<sup>nd</sup> AGM and to its wholly owned subsidiary M/s. Sika Tourism Private Limited for meeting statutory dues which is at arm length basis.

#### RELATED PARTY TRANSACTIONS

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

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

#### EXTRACT OF ANNUAL RETURN

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

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

The Company has zero tolerance for sexual harassment at 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 2020-21, the Company had received zero complaints on sexual harassment, and accordingly no complaints remain pending as of 31<sup>st</sup> March 2021.

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

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

#### PARTICULARS OF EMPLOYEES

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in the Corporate Governance report that forms a part of the Report.

#### PUBLIC DEPOSITS

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

#### DISCLOSURE REQUIREMENTS

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

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

##### Conservation of Energy:

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

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

##### Technology Absorption, Adaptation and Innovation

- a) Technology absorption and adaptation continues to be at core of the Company's objectives and associated strategy. The Company continues to use the latest technologies for improving productivity and the quality of its products and services. During the year the Company has made continued efforts in developing new designs to meet requirements of customers.
- b) The research and development efforts of the Company are customer need based and hence it is a continuous process. Because of its in-house R&D efforts the Company was able to deliver the best solutions to the customers in a cost-effective manner, including for participation in import substitution programs for aerospace and defence projects capitalising on new business opportunities and improvement of existing designs.
- c) The Company has not imported any technology during the last three years.
- d) The expenditure incurred on Research and Development during the year was Rs.99.68 Lakhs.

##### Foreign Exchange Earning and Outgo

During the year under review, the Company earned ₹211.30 Lakhs in foreign exchange and spent ₹4,275.15 Lakhs.

#### MATERIAL CHANGES AND COMMITMENTS

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

#### SIGNIFICANT AND MATERIAL ORDERS

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

**ACKNOWLEDGEMENTS**

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

On behalf of the Board of Directors  
Rajeev Sikka  
Chairman

Bangalore,  
12<sup>th</sup> August 2021

**Annexure -1 AOC-1**

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

**Part A - Subsidiaries**

(₹ in lakhs)

1	Name of the subsidiary/ Associate	Sikka N Sikka Engineers Private Ltd.	EMSAC Engineering Private Ltd.	Aerotek Sika Aviosystems Private Ltd	Sika Tourism Private Ltd.
2	Share Capital	6.00	5.00	150.00	1.00
3	Reserves & Surplus	109.23	(0.67)	(38.24)	(3.84)
4	Total Assets	115.65	4.55	369.20	0.12
5	Total Liabilities	0.42	(0.22)	168.29	2.96
6	Investments	37.03	-	-	-
7	Turnover	1.28	0.25	-	-
8	Profit before taxation	0.90	(0.06)	(9.50)	(0.30)
9	Provision for taxation	-	-	-	-
10	Profit after taxation	0.90	(0.06)	(9.50)	(0.30)
11	Proposed Dividend	-	-	-	-
12	% of Shareholding	100.00	100.00	30.86	100.00

**Notes:**

- a) Reporting periods and reporting currencies of the above subsidiaries are 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 2021.

For and on behalf of the Board

Rajeev Sikka  
Chairman

R.N.Chawhan  
Director

Kunal Sikka  
Managing Director & CEO

Sambaiah  
Vice President & CFO

Sriee Aneetha.M  
Company Secretary

**Annexure – 2 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
Sikka N Sikka Engineers Private Limited - WOS	Consultancy services	Mutual consent as per terms of contract	Engineering Consultancy services	25-05-2017	NA
Anuradha Sikka	Office of Profit	Mutual consent as per terms of contract	Consultancy on Corporate Relations / Communication	09-02-2019	NA

On behalf of the Board of Directors  
Rajeev Sikka  
Chairman

Bangalore,  
12<sup>th</sup> August 2021

## ANNEXURE III – ANNUAL REPORT ON CSR ACTIVITIES

## 1. Brief outline of the Company's CSR policy:

- The objective of the policy is to actively contribute to the social, environmental, and economic development of the society in which we operate.
- The CSR Committee has decided to spend amounts under CSR for:
  - a) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
  - b) Providing healthcare, including preventive healthcare and initiatives associated with mental health.
  - c) Supporting environment sustainability through various interventions.

## 2. Composition of the CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr.S.Santhanam	Chairman – Non-Executive Independent Director	1	1
2	Dr.C.G.Krishnadas Nair	Member – Non-Executive Independent Director	1	1
3	Mr.R.N.Chawhan	Member – Non-Executive Independent Director	1	1
4	Mr.Kunal Sikka	Member – WTD & CFO	1	1

3. Web-link where the Composition of the CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: [www.sikaglobal.com](http://www.sikaglobal.com)

4. Details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable

6. Average net profit of the company as per section 135(5): Rs.575.74 Lakhs

- a) Two percent of average net profit of the company as per section 135(5): 11.52 Lakhs
- b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
- c) Amount required to be set off for the financial year, if any: Not Applicable
- d) Total CSR obligation for the financial year: Rs.11.52 Lakhs

- a) CSR amount spent or unspent for the financial year: Rs.11.52 Lakhs
- b) Details of CSR amount spent against ongoing projects for the financial year: Nil
- c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes / No)	(5) Location of the Project		(6) Amount spent for the project (in Rs.)	(7) Mode of implementation – Direct (Yes/No)	(8) Mode of implementation – through implementing agency	
				State	District			Name	CSR registration number
1.	Maanasi Project	I	Yes	Karnataka	Bangalore	10.00 Lakhs	No	Rotary Club of Bangalore Midtown Charitable Trust	-
2.	Academic Block, Government School	II	Yes	Karnataka	Bangalore	1.01 Lakh	No	BART (Bangalore August Round Table) Foundation	-
3.	Senior Citizens Park Restoration	IV	Yes	Karnataka	Bangalore	0.51 Lakh	No	Defence Colony Residents Association (DECORA)	-

- d) Amount spent in Administrative Overheads: Nil
- e) Amount spent on Impact Assessment, if applicable: Nil
- f) Total amount spent for the Financial Year: Rs.11.52 Lakhs
- g) Excess amount for set off, if any: Nil

9. a) Details of Unspent CSR amount for the preceding three financial years: Nil  
b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not applicable

On behalf of the Board of Directors

Kunal Sikka      S.Santhanam  
Managing Director      Chairman,  
& CEO                      CSR Committee

Bangalore, 12<sup>th</sup> August 2021

**Annexure Form No. MR-3 - SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED 31.03.2021

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

To,  
The Members, Sika Interplant Systems Limited, Bengaluru

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sika Interplant Systems Limited (CIN: L29190KA1985PLC007363) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and based on the representations received from the management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2021 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

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

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

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

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- g. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

requiring compliance thereof by the Company during the audit period.

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



Based on the representation made by the management, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

For N K Hebbar & Associates,  
Company Secretaries

Place: Bengaluru  
Date: 28-06-2021  
UDIN:A026717C000540879

Nityanand Hebbar  
Proprietor  
ACS No. 26717 CP No. 9618

**Secretarial compliance report of Sika Interplant Systems Limited for the year ended March 31, 2021  
[Pursuant to Regulation 24A of the SEBI(LODR) Regulations, 2015]**

I have examined:

- all the documents and records made available to me and explanation provided by Sika Interplant Systems Limited (CIN:L29190KA1985PLC007363) ("the listed entity"),
- the filings/ submissions made by the listed entity to the stock exchange (BSE Limited),
- website of the listed entity,
- any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the financial year ended March 31, 2021 ("Review Period") in respect of compliance with the provisions of:

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (there were no events requiring compliance during the Review Period);
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (there were no events requiring compliance during the Review Period);
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (there were no events requiring compliance during the Review Period);
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (there were no events requiring compliance during the Review Period);
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (there were no events requiring compliance during the Review Period);
- 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;
- The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (there were no events requiring compliance during the Review Period);

- and based on the above examination, I hereby report that, during the Review Period:
- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.
- The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.
- There was no action taken against the listed entity/its promoters/directors /material subsidiaries either by SEBI or by stock exchange (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts /Regulations and circulars/guidelines issued thereunder.
- The reporting of actions by the listed entity to comply with the observations made in previous report does not arise during the Review Period.

For N K Hebbar & Associates,  
Company Secretaries

Place: Bengaluru  
Date: 28-06-2021  
UDIN: A026717C000540824

Nityanand Hebbar  
Proprietor  
ACS No. 26717, CP No. 9618

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 & Space (AD&S) 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 AD&S 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 AD&S products in India.

Your Company is one of the select private enterprises to have held design approval from the Centre for Military Airworthiness and Certification (CEMILAC) continuously from 1999 through 2020 when the issue of such approvals was discontinued. 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 the opportunity from offsets in the coming years is expect to continue to be considerable, with avenues likely to be available both in manufacturing and services.

The Company has a professional and experienced team comprised of a variety of backgrounds to ensure that we focus on ensuring that products delivered are of the highest quality, matched by strong after-sales support. In line with this, during the last Financial Year your Company successfully maintained its AS9100 certification, which is a widely adopted and standardised quality management system for the aerospace industry globally. Additionally, the company also holds approval from the Directorate General of Aeronautical Quality Assurance (DGAQA).

In the past year, your Company has received recognition on multiple fronts. Sika was named as 'MSME of the Year' at the 7th Aerospace & Defence Awards held on the side lines of the biennial Aero India 2021 air show. The company was chosen to receive the prestigious award in recognition of its contributions to the indigenous design, manufacture, integration, supply, and lifecycle support for a range of high-precision aerospace and defence (A&D) systems.

In addition, your Company has been recognised by The Economic Times as one of India's 'Growth Champions' for 2021, and is the only A&D Company to feature in this list. Separately, Sika has also been recognised by The Financial Times, the globally renowned business news publication, in the 2021 edition of its 'High-Growth Companies Asia-Pacific.'

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 AD&S 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.

### INDIAN ECONOMY

The year 2020-21 has been an unprecedented one. The Covid-19 pandemic is the severest global health crisis of the past century, endangering the whole of humanity and resulting in a substantial weakening of most economies.

The Indian economy witnessed its first ever technical recession in the year 2020-21. Gross Domestic Product (GDP) growth remained in the negative territory for two consecutive quarters. Lockdowns and travel restrictions imposed significant supply-side constraints on the economy, drastically reducing output and employment. The result is that India's GDP contracted around 7.3% during FY 2020-21, largely on account of the sharp depreciation of the first two quarters.

With an aim to speed up the economic normalisation, the Government accelerated the public investment in the key infrastructure sector. The wheels of India's capex cycle were set in motion with a strong revival in investment-led growth supported by the 'Atmanirbhar Bharat Mission' and a massive boost to infrastructure and capital expenditure provided for in the Union Budget 2021.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The global Aerospace & Defence industry was expected to grow steadily in 2020-21; however, Covid-19 pandemic induced global trade restrictions and the consequent impact on the economies worldwide, resulted in a downgrade in the actual witnessed growth. As a result, the Indian A&D industry was also adversely affected by the disruptions in the global demand cycle and supply chain.

India's geopolitical scenario and compulsions, real or perceived, are continuing to drive the development of its A&D industry. The stand-offs seen in recent years on the Indo-China border have renewed the urgency to build capability and capacity for India's defence industry. The geopolitical situation in South Asia and the Indian Ocean region, as well as the wider theatre of Southeast Asia and South China Sea, has important implications for the defence sector.

The last decade has seen India emerge as one of the most attractive A&D markets in the world given the Ministry of Defence's (MoD) continued emphasis on modernisation of the armed forces, which is expected to result in capital expenditure of about USD 250 billion over the next 10 years. There is a broad acknowledgement that while the man behind the machine remains motivated, some machines being manned need an upgrade.

With the world's third largest armed forces, the Government of India's (GoI) increase in the defence budget for 2021-22 to nearly USD 67 billion also makes India the world's third largest defence spender, behind the US and China. Crucially, the outlay for weapons and modernisation has been increased by 18% for 2021-22s. Moreover, the present budget continued to provide for exemption from customs duty on select imports for the armed forces, which will enable the allocated budget to be stretched further.

Important to note, defence pensions have grown exponentially, from less than 10% of the defence services expenditure up to the late-1980s to over 24% in 2021-22. Defence already accounts for over 15% of central government spending and is the government's largest expenditure after debt servicing, and so it cannot afford to spend both on modernising the military and paying for pensions. Multi-pronged moves will be required to address this issue, and towards this the latest budget saw the allocation defence pensions declined 13.5% from a year ago.

Although resources allocations for national defence may appear deficient, a larger picture of cumulative resources devoted toward meeting all spectrum security challenges paint a different story. Resources for national defence (MoD), internal security (Ministry of Home Affairs), resources for military and security dimensions for atomic energy and space together account for a quarter of central government expenditure. Allocations for Jammu & Kashmir and Ladakh have added new dimensions as a reasonable amount of these will be spent for security purposes. Important to note here is that even such a reasonable allocation has happened under trying economic circumstances.

As India continues to be one of the top defence spending countries in the world, a dire need to reduce import dependency and enhance domestic production has been made a priority by the GoI. Moreover, India has one of the highest numbers of active military personnel in the world. Equipping such a large force with the latest technology is one of the key challenges that the military planners face today.

The GoI, over the past few years, has demonstrated its commitment towards the development of indigenous defence manufacturing capabilities by launching and promoting the 'Make in India' in defence sector. It has been highly encouraging to see the strides being made towards this goal through a series of policy amendments and reforms that on one side lower entry barriers and ease the process of teaming between foreign OEMs and Indian entities, and promote Indigenous Designed, Developed and Manufactured (IDDM) products and marching towards level playing field across segments of Indian Industry.

## OPPORTUNITIES AND THREATS

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

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

The defence sector has had a rather busy build-up given a set of policy roll outs over the last year. Defence Acquisition Procedure (DAP) 2020, released and made effective since October 2020, could well be described as a comprehensive overhaul of existing procurement policy framework. DAP 2020 has overhauled a number of procedural aspects with a view to improving the procurement cycle time while continuing to provide for significantly increasing the share of local purchases through prioritisation of clauses like "Buy IDDM," "Buy Indian," "Buy & Make (Indian)," and "Strategic Partnerships" (SP) ahead of global procurement options.

DAP 2020 ushered in new procurement categories including 'Lease' as a potentially viable alternative in catering to short-term limited needs of the Indian military. SP model has had a modest beginning thus far; one can hope, the improvisation carried out to extant guidelines will help spur indigenisation of defence manufacturing capabilities under this procurement category.

The Prime Minister's call to build an *Atmanirbhar Bharat* has given the country an opportunity to move forward and turn the COVID-19 crisis into an opportunity. The subsequent embargo, announced in two phases this far, on import of 200+ equipment/platforms has underlined the 'Atmanirbhar' goal of the government as the cornerstone of defence procurement policy.

In addition to this, implementation of important policies such as restriction on global tenders for government procurement up to INR 200 Cr, separate budget for domestic capital procurement, liberalisation of foreign direct investment procedures, and rationalisation of General Staff Qualitative Requirements and testing requirements will add further fillip to the participation of the Indian industry including MSMEs.

It is estimated that during the next decade India will buy close to USD 250 billion worth of fighter aircraft, radars, missiles and warships. Though it is difficult to reach a clear estimate on the value of offsets which will be involved with this huge Defence Import, nevertheless the offsets figures could well be above USD 30 billion. The implementation of this value of offsets is both a challenge and an opportunity for the Indian Defence industry.

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

For example, on the fiscal front, with respect to the allocation for capital expenditure in the budget, a significant proportion of that is devoted to existing obligations and committed liabilities, leaving little room for new procurements. Similarly, three surprising aspects of the revamped offset policy as in the draft DAP 2020 are the exemption of procurements under the intergovernmental agreements (IGAs) from the application of the offset provisions and omission of offset banking, even as the list of eligible offsets avenues appears truncated, all of which are likely to have a negative impact on future opportunities through offsets.

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 (2021-22) is optimistic even considering the impact of the Covid-19 pandemic on the global and Indian economy. 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 MoD in the execution of AD&S 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.

Specifically, in the backdrop of Covid-19, any material rejig of the government's spending priorities as a result of the pandemic could have a knock-on effect on the activities of the Company and consequently on its revenues. In addition, we will have to watch for how long the full reversal of the losses in both economic growth and revenue collections for the GoI take to recover, as this could have an impact on both the overall procurement timelines and priorities including for the MoD.

On the civil aviation side, as airlines continue to struggle through the Covid crisis it is inevitable that the aircraft manufacturing sector also remains impacted. With the travel industry worldwide still in the doldrums, several airlines have cancelled orders for new aircraft. Further, with several aircraft lying idle on the ground, this has impacted the MRO industry as well. The negative effects of this situation are being felt by the primary global airframers as well as their extensive supply chains. The timing and speed of the recovery will determine the actual long-term impact of the current crisis, but in the meanwhile the uncertainty creates risks of potential knock-on effects for 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, pandemics, 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 of 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, engineering projects/systems, and services. (Core-Business).

Over the years, the management has evaluated proposals for engaging in other businesses, not necessarily being an extension of the Core Business. With the intention of exploring tourism, etc. (i.e., a Non-Core Business) as a business vertical, the Company has previously received project sanction from the Karnataka government for a tourism project, including in terms of taking land on lease, such land being situated in a prime tourism area in Mysore. Further, the Company also owns undeveloped/partially developed land in Hoskote and Bommasandra, the latter partly being used for its Core Business. To enable focused growth of its Core Business, the Company has been evaluating segregation of its Non-Core Business.

## HUMAN RESOURCES

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

## COMPANY PERFORMANCE

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

## DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

1. Debtors turnover ratio of the Company improved to 22.73 times (FY 2019-20: 10.79 times) on account of a continued focus on recovering trade receivables combined with certain customers prioritising payments to MSMEs.
2. Inventory turnover ratio of the Company improved to 34.22 times (FY 2019-20: 20.80 times) primarily due to a relatively higher execution of short-dated projects.
3. Current ratio of the Company increased to 2.87 times (FY 2019-20: 0.74 times) due to a combination of reduction in other current liabilities together with an increase in current assets due to a high level of retained earnings.

4. Operating profit margin of the company increased to 19.31% (FY 2019-20: 15.20%) on account of a significant reduction in travel/business development expenses resulting from pandemic restrictions on the same coupled with an overall improvement in performance of the company that resulted in higher profitability.
5. Net Profit margin of the company increased to 15.10% (FY 2019-20: 10.70%) on account of overall improvement in performance of the company that resulted in higher profitability.
6. Return on Net Worth of the Company increased to 18.74% (FY 2019-20: 12.80%) on account of material increase in profitability and overall improvement in performance of the company that resulted in higher return on net worth.

#### 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 endeavors to provide its stakeholders with timely information relating to the affairs of the Company together with complete transparency. The Company complies with various statutory requirements/provisions and is committed to good corporate governance

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

#### 2. BOARD OF DIRECTORS

As on 31<sup>st</sup> March 2021, 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 2021 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 in other companies		
				Director	Committee Member	Committee Chairman
Dr C G Krishnadas Nair (DIN:00059686)	Independent Non-Executive	5	No	1*	2	1
Mrs Krishna Sikka ** (DIN:01226312)	Non-Executive	5	Yes	-	-	-
Mr R N Chawhan (DIN:00568833)	Independent Non-Executive	5	Yes	-	-	-
Mr S Santhanam (DIN:02685291)	Independent Non-Executive	5	Yes	-	-	-
Mr Rajeev Sikka, Chairman & MD *** (DIN:00902887)	Executive	5	Yes	-	-	-
Mr Kunal Sikka, WTD & CFO **** (DIN:05240807)	Executive	5	Yes	-	-	-

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

\*\* Mrs Krishna Sikka has intimated her decision to retire at the upcoming Annual General Meeting (AGM).

\*\*\* Mr Rajeev Sikka was appointed as Executive Chairman at the Board Meeting held on 31<sup>st</sup> March 2021, subject to the approval of the Members at the upcoming AGM.

\*\*\*\* Mr.Kunal Sikka was appointed as Managing Director and CEO at the Board Meeting held on 31<sup>st</sup> March 2021, subject to the approval of the Members at the upcoming AGM.

None of the Directors on the Board hold directorships in more than eight public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director.

Mrs Krishna Sikka, Mr Rajeev Sikka and Mr Kunal Sikka are the Directors on the Board who are related to each other.

Five Board meetings were held during the year 2020-21. The Board meetings were held: 29<sup>th</sup> June 2020; 15<sup>th</sup> September 2020; 11<sup>th</sup> November 2020, 12<sup>th</sup> February 2021 and 31<sup>st</sup> March 2021. 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 2021, Non-Executive Directors Dr.C.G.Krishnadas Nair holds 80,000 shares, Mr.R.N.Chawhan's Relative holds 51 shares and Mrs Krishna Sikka holds 52 shares respectively of the Company. None of the other Non-Executive Directors hold shares in the Company.

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

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

The Board has identified the following skills/ expertise/ competencies as required for the effective functioning of the Company which are currently available with the Board:

Name of the Director	Area of skills / expertise / competence						
	Strategy	Finance	Leadership	Technical	HR	Governance	Business Development
Mr Rajeev Sikka	√	√	√	√	√	√	√
Dr C G Krishnadas Nair	√	√	√	√	√	√	√
Mr R N Chawhan	√	√	√	-	√	√	-
Mr S Santhanam	√	√	√	-	√	√	-
Mrs Krishna Sikka	√	-	√	-	√	√	-
Mr Kunal Sikka	√	√	√	√	√	√	√

### 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 5 meetings. The composition of the Audit Committee and the details of meetings attended by its members are as follows:

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

### 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 benchmarks, financial performance of the Company, performance of the respective Director, etc..

During the year Nomination and Remuneration Committee had 2 meetings. The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are as follows:

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

#### Performance Evaluation criteria for Independent Directors:

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

### Remuneration Policy:

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

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

The Company pays remuneration by way of salary, benefits, perquisites, allowances, contribution to provident / superannuation fund (fixed component) and performance incentive (variable component) to its Executive Directors. Annual increments are decided by the Nomination and Remuneration Committee with the salary scale approved by the members. Details of Remuneration paid to Directors in the financial year 2020-2021 are provided below;

Sl. No	Particulars of Remuneration	Rajeev Sikka	Kunal Sikka
		Chairman & MD	WTD & CFO
1	Gross Salary: a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	42,00,000	34,99,992
	b) Value of Perquisites u/s.17(2) of Income Tax Act, 1961	2,18,184	43,142
	c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	10,40,288	10,40,288
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	Others	-	-
	Total	54,58,472	45,83,422

The Executive Directors are entitled for such remuneration by way of Performance Incentive, in addition to Salary and Perquisites, as may be recommended by the Nomination and Remuneration Committee and decided by the Board from time to time, as per Sections 196 and 197 of the Act. The criteria for this incentive is based on the profitability of the Company.

The contracts with Executive Directors may be terminated by either party giving the other party six months' notice or the Company paying six months' remuneration in lieu thereof. Severance fees, as applicable, would be as mutually agreed between the Company and the concerned Executive Director.

The Company does not have a stock option plan. Accordingly, none our Directors hold stock options as on March 31, 2021.

During the year 2020-21, the Company paid sitting fees to each of its Non-Executive Directors for attending meetings of the Board and Committees of the Board. In addition, the Company paid a Performance Incentive of Rs. 2,60,072/- to each Independent Director. The Company has not had any pecuniary relationship and transaction with any of the Non-Executive Directors during the year under review.

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 during the financial year

Name of the Director	Ratio
Dr C G Krishnadas Nair	1
Mr R N Chawhan	1
Mr S Santhanam	1
Mrs Krishna Sikka	-
Mr Rajeev Sikka	16
Mr Kunal Sikka	13

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

Name	% change
Dr C G Krishnadas Nair	NM
Mr R N Chawhan	NM
Mr S Santhanam	NM
Mrs. Krishna Sikka	-
Mr Rajeev Sikka, Chairman & Managing Director	9
Mr Kunal Sikka, Whole Time Director & CFO	9
Mrs Sreee Aneetha M, Company Secretary	5

- c. The percentage increase in the median remuneration of employees in the financial year: 11%
- d. The number of permanent employees on the rolls of Company: 73
- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the FY 2020-21 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:  
The change in the Managerial Remuneration is based on the recommendations of the Nomination and Remuneration Committee considering the performance of the Company in FY 2019-20.
- f. 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

## 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

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

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

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

There were no shareholders' complaints outstanding as on April 1, 2020 and as on March 31, 2021. 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 2021.

## 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
2019-20	Thursday, 24 <sup>th</sup> September 2020	10.00 am	Video Conference / Other Audio Visual Means	2
2018-19	Saturday, 21 <sup>st</sup> September 2019	10.00 am	Hotel Ajantha,	4
2017-18	Thursday, 27 <sup>th</sup> September 2018	10.00 am	No.22, M.G.Road, Bangalore 560001	1

- b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2020-21.
- c) No Postal Ballot was conducted during the financial year 2020-21.
- d) As on the date of the Report, 3 special resolutions are proposed to be placed before the AGM.

## 8. MEANS OF COMMUNICATION

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

## 9. GENERAL SHAREHOLDER INFORMATION

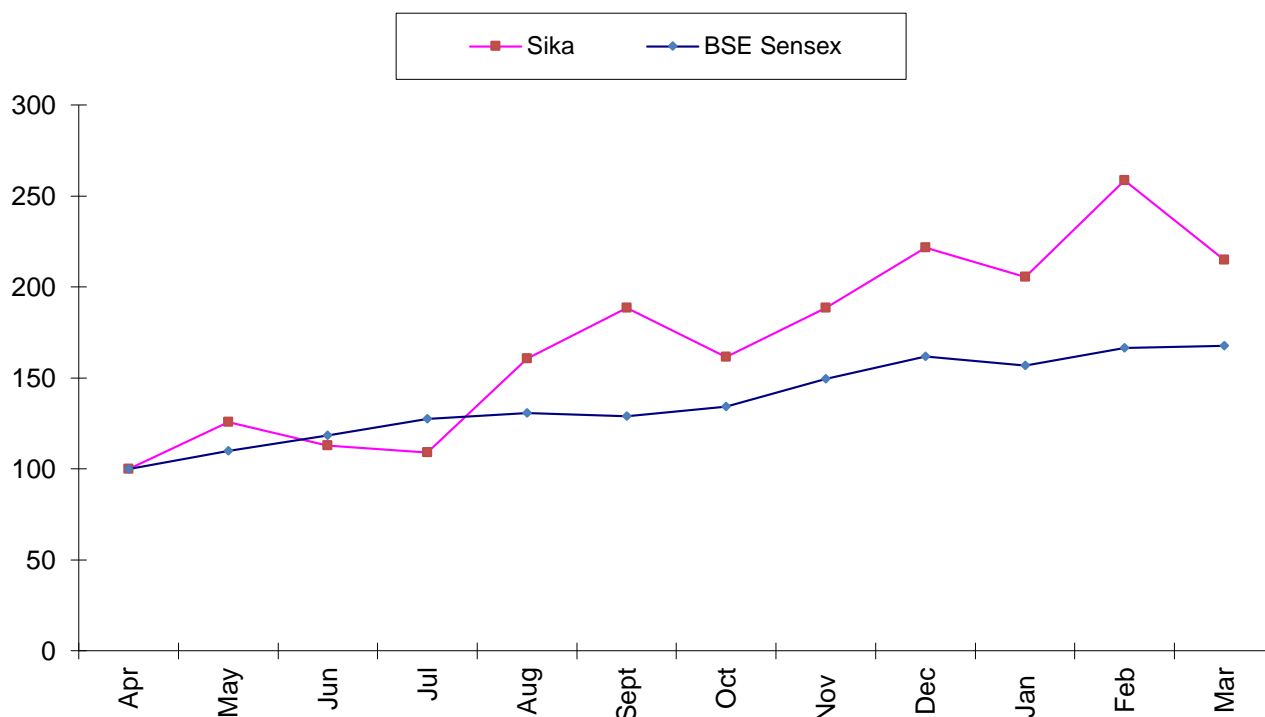
- a. Annual General Meeting: The AGM is scheduled to be held on Thursday, 30<sup>th</sup> September 2021, 11:30 am through two-way Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM").
- b. Financial Year: 01<sup>st</sup> April to 31<sup>st</sup> March
- c. Book Closure: 20<sup>th</sup> September 2021 to 30<sup>th</sup> September 2021 (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 Data – high, low during each month in 2020-21:



Month	High (₹)	Low (₹)
April'20	135.00	158.95
May'20	151.25	169.70
June'20	176.00	152.45
July'20	147.70	147.40
August'20	156.65	217.10
September'20	205.60	254.55
October'20	250.00	218.30
November'20	225.00	254.35
December'20	246.05	299.25
January'21	305.00	277.55
February'21	297.00	349.35
March'21	352.40	290.35

i. Performance of the share price of the Company in comparison to BSE Sensex in 2020-21:

Base 100 = April 1, 2020



j. Registrars & Transfer Agents

Integrated Registry Management Services Private Limited  
No.30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleswaram,  
Bangalore 560 003. Ph.no.080-23460815, Fax-080-23460819  
Email: giri@integratedindia.in, Website: [www.integratedindia.in](http://www.integratedindia.in)

k. Share Transfer System:

98.22% of the equity shares of the Company are in electronic form. Transfers of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with the RTA. Transfer of shares in physical form is normally processed within ten to fifteen days from the date of receipt, if the documents are complete in all respects. All requests for dematerialization of shares are processed, if found in order and confirmation is given to the respective depositories within 15 days.

l. Distribution of Shareholding as on 31<sup>st</sup> March 2021:

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 5,000	3,150	99.15	7,04,153	16.61
5,001 - 10,000	12	0.38	96,802	2.28
10,001 - 20,000	7	0.22	1,00,509	2.37
20,001 - 30,000	1	0.03	20,188	0.48
30,001 - 40,000	1	0.03	31,228	0.74
40,001 - 50,000	2	0.06	86,326	2.03
50,001 - 1,00,000	2	0.07	1,44,508	3.41
1,00,001 and above	2	0.06	30,56,461	72.08
<b>Total</b>	<b>3,177</b>	<b>100</b>	<b>42,40,175</b>	<b>100</b>

Shareholding Pattern of the Company as on 31<sup>st</sup> March 2021:

Category	No. of Shareholders	No. of Shares Held	Percentage
Promoters	6	30,41,217	71.72
Bodies Corporate	18	30,046	0.71
Individuals	3,130	11,18,813	26.39
Foreign Portfolio Investor	1	1,741	0.04
Clearing Member	21	3,258	0.08
IEPF	1	45,100	1.06
<b>Total</b>	<b>3,177</b>	<b>42,40,175</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 2021, 98.22% of the Company's equity shares were held in dematerialized form with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd. (CDSL). Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE438E01016.

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

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

During the year under review, the Company has credited Rs. 56,015/- being the unpaid Dividend for the financial year 2012-13 lying in the unclaimed dividend account to the IEPF. The Details of unclaimed dividends have been updated in the Company's website, members who have not yet encashed their dividend warrant(s) pertaining to the financial year 2013-14 and onwards are requested to make their claims without any delay to the RTA.

Financial Year	Date of Declaration	Amount Rs.	Due Date for transfer to IEPF
2013-2014	25-09-2014	71,275	24-09-2021
2014-2015	25-09-2015	54,942	24-09-2022
2015-2016	07-09-2016	68,014	06-09-2023
2016-2017	27-09-2017	74,754	28-09-2024
2017-2018	27-09-2018	77,452	28-09-2025
2018-2019	21-09-2019	48,413	22-09-2026
2019-2020	24-09-2020	56,415	23-09-2027

## 10. OTHER DISCLOSURES:

### a) Related Party Transactions

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

### b) Disclosure of Accounting Treatment

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

**c) Vigil Mechanism**

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

**d) Details of Non-Compliance**

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

**e) Reconciliation of Share Capital Audit**

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

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

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

- The auditors' report on statutory financial statements of the Company are unqualified.
- The Internal Auditors of the Company make presentations to the Audit Committee on their reports.
- Since the Financial Results are published in newspapers having wide circulation and simultaneously also uploaded on the website of the Company and Stock Exchanges, only the Annual Reports for the financial year 2020-21 are sent through electronic mode 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, 2021. A certificate by the Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management is contained in this annual report.

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

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

**i) Disclosure on Website**

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

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

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

**k) Prevention of Insider trading**

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

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

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

**m) Certificate from Practicing Company Secretary**

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

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

During FY 2020-21, the Board has accepted all recommendations received from all Committees of the Board.

**o) Fees paid to Statutory Auditor**

A total fee of Rs.3.65 Lakhs was paid by the Company and its subsidiaries, on a consolidated basis, for all services by the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

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

During FY 2020-21, the Company had received zero complaints on sexual harassment, and accordingly no complaints were required to be disposed during the year, and no complaints remain pending as of 31<sup>st</sup> March 2021.

**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 2021 as stipulated in Regulations 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the SEBI (LORD) Regulations, 2015.
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the SEBI Listing Regulations as applicable.

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

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

**DEVENDRA NAYAK**  
Partner  
Membership No. 027449

Bangalore, 12<sup>th</sup> August 2021

**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, 2021.

Bangalore, 12<sup>th</sup> August, 2021

Kunal Sikka  
Managing Director & CEO

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF M/s. SIKA INTERPLANT SYSTEMS LIMITED

## Report on the Audit of the Standalone Financial Statements

## Opinion

We have audited the standalone financial statements of **M/s. SIKA INTERPLANT SYSTEMS LIMITED** ("the Company"), which comprise the standalone balance sheet as at 31st March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and Profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

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

## Key Audit Matters

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

## ➤ Revenue Recognition

The key audit matter	How the matter was addressed in our audit
<p>Revenue from sale of goods is recognized when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.</p> <p>Revenue from sale of services is recognized upon completion of service.</p> <p>Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.</p> <p>There is a risk of revenue being overstated due to fraud, including through manipulation of rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p>	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.</li> <li>• We tested the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Company's IT systems which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system.</li> <li>• We tested the design, implementation and operating effectiveness of Internal Financial Controls.</li> <li>• We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects.</li> <li>• We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards.</li> <li>• We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects, to assess whether the revenue was recognized in the correct period.</li> </ul>

➤ **Provisions for taxation, litigation and other significant provisions**

The key audit matter	How the matter was addressed in our audit
<p>Accrual for tax and other contingencies requires the Management to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax and other eventualities arising in the regular course of business.</p> <p>The key judgement lies in the estimation of provisions where they may differ from the future obligations. By nature, provision is difficult to estimate and includes many variables. Additionally, depending on timing, there is a risk that costs could be provided inappropriately that are not yet committed.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of controls around the recognition of provisions.</li> <li>• We used other subject matter experts to assess the value of material provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities.</li> <li>• We examined the assumptions and critical judgements made by management which impacted their estimate of the provisions required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company's advisors and assessing whether there was an indication of management bias.</li> <li>• We discussed the status in respect of significant provisions with the Company's Management and legal advisors.</li> <li>• We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.</li> </ul>

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

The key audit matter	How the matter was addressed in our audit
<p>The Company is periodically subject to challenges/scrutiny on the matters relating to direct tax. Further, potential exposures may also arise from general legal proceedings in course of business.</p> <p>Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities.</li> <li>• We discussed the status and potential exposures in respect of significant litigation and claims with the Company's management including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors.</li> <li>• We assessed the event occurring after the reporting period and the adequacy of disclosures made.</li> </ul> <p>Refer Note 32 to the Financial Statements</p>

➤ **Impact of COVID-19 on the Company's financial statements.**

The key audit matter	How the matter was addressed in our audit
<p>Coronavirus ("COVID-19"), was declared a global pandemic by World Health Organisation.</p> <p>In line with the directions on lockdown issued by the State Government of Karnataka during the year, has resulted in restriction in movement of goods during the period and impacting normal business operations for the Company including revenues, receivables, purchases including services and inventories at the year-end and hence considered key audit matter.</p>	<p>We have performed the following procedures to assess and evaluate the impact on financial statements because of business decisions, government actions or economic environment developments:</p> <ul style="list-style-type: none"> <li>• Performed cut-off procedures for a larger sample of invoices during the lockdown period for both domestic as well as export sales.</li> <li>• Enquired with the Company on the manner of financial support (if any) provided to the dealers, vendors and service providers; and their recognition in the financial statements.</li> <li>• Enquired with the Company on any information on the liquidity position of any dealers; and ascertained the need for any additional provisioning for impairment/credit loss in the financial statements.</li> <li>• We assessed the disclosures on COVID-19 made in the financial statements. Our ability to perform regular audit procedures has been impacted which has required us in certain cases to perform alternative audit procedures and exercise significant judgment in respect Year-end inventory observation of inventory counts could not be performed. However, inventory counts were observed subsequent to year-end; and rolled back to year-end.</li> </ul> <p>Refer Note 49 to the Financial Statements</p>

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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.

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

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

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

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

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with the Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31<sup>st</sup> 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup> 2021, from being appointed as a director in terms of section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";



- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
3. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act

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

**Devendra Nayak**  
Partner  
Membership No. 27449

UDIN: **21027449AAAAAZ4236**

Place: Bengaluru  
Date: 28<sup>th</sup> June, 2021

### Annexure A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2021, 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 to companies covered in the register maintained under section 189 of Companies Act, 2013. And the amount involved are as below:

<i>Number of parties</i>	<i>Maximum Amount Involved during the year</i>	<i>Amount as at 31.03.2021</i>
2	Rs. 33,80,000/-	Rs. 1,04,00,968/-

- 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 principle and interest.
- c) We are also unable to ascertain the overdue amount for the period exceeding 90Days as there has been no stipulation with respect to the repayment of such loans or the payment of Interest

#### iv) Loans/Investments/Guarantees

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

#### v) Deposits

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

#### vi) Cost records

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

#### vii) Statutory Dues

- a) According to the records of the Company, Company is regular in depositing with appropriate authorities Undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Services tax, 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 Goods and Services 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**

The company has neither borrowed any term loan nor raised money by way of public offer. Hence paragraph 3(ix) of the order is not applicable.

**x) Frauds noticed / Detected**

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

**xi) Managerial Remuneration**

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

**xii) Nidhi Company**

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

**xiii) Related Party Transactions**

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

**xiv) Preferential allotment**

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

**xv) Non-cash transactions**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him and hence no comment is required on the same.

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

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

**For B N Subramanya & Co.,**  
Chartered Accountants  
Firm Reg.No. 04142S

**Devendra Nayak**  
Partner  
Membership No.27449

UDIN: 21027449AAAAAZ4236

Place: Bengaluru  
Date: 28<sup>th</sup> June,2020

**Annexure B to Auditors' report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **M/s. SIKA INTERPLANT SYSTEMS LIMITED** ("the Company") as of March 31st, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2021, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

**For B N Subramanya & Co.,**

Chartered Accountants  
Firm Reg.No.004142S

**Devendra Nayak**

Partner  
Membership No.27449

UDIN: 21027449AAAAAZ4236

Place: Bengaluru  
Date: 29<sup>th</sup> June,2020

**SIKA INTERPLANT SYSTEMS LIMITED**  
CIN - L29190KA1985PLC007363  
**NO.3, GANGADHAR CHETTY ROAD, BANGALORE - 560042**  
**BALANCE SHEET AS AT 31st MARCH 2021**

(In Rs.)

Particulars	Note No.	31-Mar-2021	31-Mar-2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	2(a)	35,41,57,858	35,80,51,115
(b) Capital work-in-progress	2(c)	28,57,795	28,57,795
(c) Investment Property			
(d) Goodwill			
(c) Other Intangible assets	2(b)	2,38,539	1,02,123
(f) Intangible assets under development			
(g) Biological Assets other than bearer plants			
(d) Financial Assets			
i. Investments	3	3,31,01,548	20,44,76,065
ii. Trade receivables			-
ii. Loans	4	1,04,00,968	66,16,319
iv. Others			-
(i) Deferred tax assets (net)			-
(e) Other non-current assets	5	55,34,521	54,80,541
<b>Current assets</b>			
(a) Inventories	6	43,39,035	4,22,57,119
(b) Financial Assets			
i. Investments			
i. Trade receivables	7	5,45,17,350	1,56,38,842
ii. Cash and Cash equivalents	8(a)	76,43,943	1,68,56,954
iii. Bank balances other than (ii) above	8(b)	28,67,02,149	2,66,49,035
v. Loans			-
iv. Others	9	3,51,76,880	53,68,583
(c) Current Tax Assets (Net)		-	-
(d) Other current assets	10	19,77,556	25,66,169
<b>Total Assets</b>		<b>79,66,48,142</b>	<b>68,69,20,660</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	4,24,01,750	4,24,01,750
(b) Other Equity	12	59,98,61,370	48,41,45,496
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	13	6,45,291	20,65,872
ii. Trade payables			
iii. Other financial Liabilities			
(b) Provisions	14	1,24,40,025	43,99,932
(c) Deferred tax Liabilities (Net)	15	38,30,125	48,58,424
(d) Other non-current liabilities	16	16,70,000	16,70,000
<b>Current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	17	12,23,859	11,22,678
ii. Trade payables	18		
(A) total outstanding dues of micro enterprises and small enterprises;		13,69,085	12,261
and			
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		5,91,92,307	2,39,82,725
iii. Other financial Liabilities		-	-
(b) Other current Liabilities	19	6,80,61,157	10,70,59,098
(c) Provisions	20	21,21,515	1,35,11,560
(d) Current Tax Liabilities (Net)	21	38,31,659	16,90,863
<b>Total Equity and Liabilities</b>		<b>79,66,48,142</b>	<b>68,69,20,660</b>
<b>Notes to accounts</b>	2-49		

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 B.N. Subramanya &amp; Co.

Chartered Accountants

FRN: 004142S

Devendra Nayak

Partner

Membership No. 027449

Place: Bangalore

Date: 28th June, 2021

R.N.Chawhan

Director

DIN:00568833

For and on behalf of the Board of Directors

Rajeev Sikka

Chairman

DIN: 00902887

Sambaiah.P

Chief Financial Officer

Kunal Sikka

Managing Director &  
CEO

DIN: 05240807

Sriee Aneetha M

Company Secretary

SIKA INTERPLANT SYSTEMS LIMITED  
CIN -L29190KA1985PLC007363  
NO.3, GANGADHAR CHETTY ROAD, BANGALORE – 560042  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2021

(In Rs.)

Particulars	Note No.	31-Mar-2021	31-Mar-2020
<b>REVENUE</b>			
Revenue from Operations	22	79,72,40,960	62,76,80,364
Other income	23	2,52,47,853	1,53,88,917
<b>Total Revenue</b>		<b>82,24,88,813</b>	<b>64,30,69,281</b>
<b>EXPENSES</b>			
Cost of material, consumables and products	24	52,79,37,992	47,19,23,902
Changes in inventory of work-in-progress	25	3,16,72,813	(2,91,55,416)
Employee benefits expense	26	5,18,58,743	4,86,52,316
Finance costs	27	44,26,127	27,82,624
Depreciation and amortisation expense	28	73,48,274	73,56,138
Other Expenses	29	4,09,78,970	4,88,70,879
<b>Total Expenses</b>		<b>66,42,22,919</b>	<b>55,04,30,443</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; tax</b>		<b>15,82,65,894</b>	<b>9,26,38,838</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; tax</b>		<b>15,82,65,894</b>	<b>9,26,38,838</b>
Extraordinary items		-	-
<b>Profit/(Loss) before tax</b>		<b>15,82,65,894</b>	<b>9,26,38,838</b>
Less: Tax expenses			
Current tax		4,20,00,000	2,34,00,000
Tax expense for earlier years		(16,90,863)	(17,27,816)
Deferred tax		(13,79,396)	(8,05,414)
<b>Profit/(Loss) after tax before other Comprehensive Income</b>		<b>11,93,36,153</b>	<b>7,17,72,067</b>
<b>Other Comprehensive Income, Net off Income Tax</b>			
A. (i) Items that will not be reclassified to Profit & Loss			
- Actuarial (Loss)/Gain-Gratuity		13,95,009	(59,43,726)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3,51,096)	14,95,917
B. Items that will be reclassified to Profit & Loss			
<b>Total Comprehensive Income, Net of Income Tax</b>		<b>10,43,913</b>	<b>(44,47,809)</b>
<b>Profit/(Loss) for the period</b>		<b>12,03,80,066</b>	<b>6,73,24,258</b>
<b>Earnings per equity share</b>			
Basic and Diluted		<b>28.14</b>	<b>16.93</b>
Weighted no of shares		<b>42,40,175</b>	<b>42,40,175</b>
Diluted			
Weighted no of shares			
Significant accounting policies	1		

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

For B.N. Subramanya & Co.  
Chartered Accountants  
FRN: 0041425

For and on behalf of the Board of Directors

**Devendra Nayak**  
Partner  
Membership No. 027449

**Rajeev Sikka**  
Chairman  
DIN: 00902887

**Kunal Sikka**  
Managing Director & CEO  
DIN: 05240807

Place: Bangalore  
Date: 28th June, 2021

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

**Sambaiah.P**  
Chief Financial Officer

**Sriee Aneetha M**  
Company Secretary

SIKA INTERPLANT SYSTEMS LIMITED  
CIN - L29190KA1985PLC007363  
NO.3, GANGADHAR CHETTY ROAD, BANGALORE - 560042

CASH FLOW STATEMENT FOR THE YEAR ENDED

Particulars		31-Mar-2021		31-Mar-2020	
A	<b>Cash flows from operating activities</b>				
	Net Profit Before Taxation	15,82,65,894		9,26,38,838	
	<b>Adjustments for:</b>				
	Depreciation	73,48,274		73,56,138	
	Financial expenses (Considered under Financial Activities)	44,26,127		24,58,889	
	Interest Income (Considered under Investment Activities)	(89,18,065)		(17,82,397)	
	Profit on sale of Asset (Considered in Investment Activities)	(4,62,579)		-	
	(Gain)/Loss on sale of Investments	(30,07,288)		21,68,500	
	Revaluation of Investments	(22,00,420)		(75,10,224)	
	<b>Operating Profit Before Working Capital Changes</b>		<b>15,54,51,943</b>		<b>9,53,29,744</b>
(Increase)/ Decrease in Current Assets, Loans & Advances	(3,02,34,088)		4,87,24,789		
Increase/(Decrease) in Current Liabilities	(21,44,502)		(50,58,285)		
Working Capital changes		(3,23,78,590)		4,36,66,504	
<b>Cash Generated from operations</b>		<b>12,30,73,353</b>		<b>13,89,96,248</b>	
Income Tax		(4,03,09,137)		(2,17,09,137)	
<b>Net cash from operating activities</b>		<b>8,27,64,216</b>		<b>11,72,87,111</b>	
B	<b>Cash flows from Investment activities</b>				
	Additions to Fixed Assets	(42,09,501)		(69,57,826)	
	Sale of Fixed Asset	10,80,647		-	
	Change in investments	17,65,82,225		(9,98,26,638)	
	Investment in Fixed Deposits	(26,00,53,114)		-	
	Investment in Fixed Deposits at NBFCS	-		-	
	Change in Long term Loans & Advances	(37,84,649)		(39,56,700)	
	Interest Income	89,18,065		17,82,397	
<b>Net cash from Investing activities</b>		<b>(8,14,66,327)</b>		<b>(10,89,58,767)</b>	
C	<b>Cash flows from financing activities</b>				
	Repayment of Loans, Deposits & Overdraft	(14,20,581)		(9,26,252)	
	Acceptance of Term Loans	-		-	
	Acceptance of Security Deposit	-		-	
	Finance Cost	(44,26,127)		(24,58,889)	
	Dividend Paid	(46,64,193)		(33,92,140)	
	Tax on Dividend	-		(6,97,261)	
	<b>Net cash from Financing activities</b>		<b>(1,05,10,901)</b>		<b>(74,74,543)</b>
<b>Net Increase / Decrease in cash and cash equivalents</b>		<b>(92,13,011)</b>		<b>8,53,802</b>	
Cash and cash equivalents at beginning of period		1,68,56,954		1,60,03,152	
<b>Cash and cash equivalents at end of period</b>		<b>76,43,943</b>		<b>1,68,56,954</b>	

**Notes to the cash flow statement:**

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

Particulars	31-Mar-2021	31-Mar-2020
Cash in Bank	13,464	50,736
<b>Balance in banks</b>		
Current Accounts	3,67,768	1,55,148
EEFC Accounts	8,16,879	10,33,924
Demand Deposit Accounts	34,04,812	32,37,489
<b>Bank Overdraft</b>		
Canara Bank OCC 033	30,41,020	1,23,79,657
<b>Total</b>	<b>76,43,943</b>	<b>1,68,56,954</b>

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 B.N. Subramanya & Co.  
Chartered Accountants  
FRN: 004142S

For and on behalf of the Board of Directors

**Devendra Nayak**  
Partner  
Membership No. 027449

**Rajeev Sikka**  
Chairman  
DIN: 00902887

**Kunal Sikka**  
Managing Director & CEO  
DIN: 05240807

Place: Bangalore  
Date: 28th June, 2021

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

**Sambaiah.P**  
Chief Financial Officer

**Sriee Aneetha M**  
Company Secretary



NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH , 2021

## NOTE :3 -Non - Current Investments

Particulars	31-Mar-21	31-Mar-20
<b>Investments (At cost)</b>		
<b>Investments in equity instruments in Subsidiaries</b>		
<b>Unquoted, Fully paid up</b>		
Investment in EMSAC Pvt Ltd. [Current Year- 5,00,000/- Equity Shares of Re. 1/- Each (Previous Year- 2,55,000 equity shares of Re.1/-Each)]	2,67,500	2,67,500
Investment in Sika Tourism Pvt Ltd., [Current Year- 1,00,000 Equity Shares of Re. 1/- Each (Previous Year- 1,00,000 equity shares of Re.1/-Each)]	1,00,000	1,00,000
Sikka N Sikka Engineers Pvt. Ltd [Current Year- 6,000 Equity Shares of Rs. 100/- Each (Previous Year- 6,000 equity shares of Rs 100/-Each)]	1,26,98,000	1,26,98,000
Investment in Aerotek Sika Aviosystems Pvt Ltd., [Current Year- 46,290 Equity Shares of Rs. 100/- Each (Previous Year- 46,290 Equity Shares of Rs. 100/- Each)]	46,75,290	46,75,290
<b>Investments in Mutual Fund</b>		
HDFC Short Term Plan (Previous year - 4,73,109.92 units of Rs.16.6461 each)	-	78,75,435
Birla Dynamic Bond Fund (Current Year - 13805.290 units of Rs.34.4897 ) (Previous Year - 13805.290 units of Rs.31.8628 )	4,76,140	4,39,875
Franklin India Liquid Fund - Super Institutional Plan (Previous year - 10467.41 units of Rs. 2970.44 each)	-	3,10,92,801
Kotak Liquid Regular Plan-Growth (Previous year - 1332.669 units of Rs.24502.10 each)	-	3,26,53,193
ICICI Prudential Ultra Short Term Fund Gr (Current year - 690179.476 units of Rs. 21.5663 each ) (Previous year - 2071941.99 units of Rs. 20.3661 each )	1,48,84,618	5,42,67,608
Invesco India Treasury Advantage Fund -Gr (Previous year - 9150.32 units of Rs. 2789.9973 each )	-	2,55,29,368
Kotak Corporate Bond Fund - Gr (Previous year - 7606.38 units of Rs. 2691.00 each )	-	2,04,68,783
Aditya Birla Life Saving Fund-Gr (Previous year - 7809.404 units of Rs. 397.5209 each)	-	31,04,394
kotak credit risk fund (Previous year - 514966.15 units of Rs. 21.95 each )	-	1,13,03,816
<b>Total</b>	<b>3,31,01,548</b>	<b>20,44,76,065</b>

## Note:

a) Aggregate amount of quoted investments	1,53,60,758	18,67,35,275
b) Aggregate amount of unquoted investments	1,77,40,790	1,77,40,790
<b>Total</b>	<b>3,31,01,548</b>	<b>20,44,76,065</b>

**Note 4 - Non Current Loans and advances**

Particulars	31-Mar-21	31-Mar-20
(Unsecured, considered good) Loans to related parties	1,04,00,968	66,16,319
<b>Total</b>	<b>1,04,00,968</b>	<b>66,16,319</b>

**Note 5 - Other Non Current Assets**

Security Deposits	48,83,521	48,23,521
Rental Deposits	6,51,000	6,57,020
<b>Total</b>	<b>55,34,521</b>	<b>54,80,541</b>

**NOTE 6-Inventories**

Raw material (Valued at landed cost which includes freight)	12,39,656	74,84,927
Work-in-Progress-Goods (Valued at cost)	10,18,100	3,00,56,100
Work-in-Progress-Services (Valued at cost)	20,81,279	47,16,092
<b>Total</b>	<b>43,39,035</b>	<b>4,22,57,119</b>

**NOTE 7-Trade Receivables**

(Unsecured, considered good)		
Trade Receivables - Related parties	-	-
Trade Receivables - Others	5,45,17,350	1,56,38,842
<b>Total</b>	<b>5,45,17,350</b>	<b>1,56,38,842</b>

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

<b>Cash on hand</b>	13,464	50,736
<b>Balances with Banks</b>		
Current Accounts	3,67,768	1,55,148
EEFC Accounts	8,16,879	10,33,924
Demand Deposit Accounts	34,04,812	32,37,489
Canara Bank OCC 033 (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommasandra)	30,41,020	1,23,79,657
<b>Total</b>	<b>76,43,943</b>	<b>1,68,56,954</b>

**NOTE :8(b)-Bank balances other than cash and cash equivalents**

<b>Balances with Banks</b>		
held as margin money	1,18,19,463	1,18,19,463
balance in unclaimed dividend account	4,51,264	4,38,248
Demand Deposit Accounts	27,44,31,422	1,43,91,324
<b>Total</b>	<b>28,67,02,149</b>	<b>2,66,49,035</b>

**Note 9 - Financial Assets - Others**

(Unsecured, considered good)		
Balances with Government Authorities	33,02,960	31,45,289
Advances to Creditors	13,02,543	19,94,290
Advance given to Employees	3,92,694	2,29,004
Deposits with NBFCs	3,01,78,683	-
<b>Total</b>	<b>3,51,76,880</b>	<b>53,68,583</b>

**NOTE 10-Other current assets**

(Unsecured, considered good)		
Income Tax refund receivable	7,58,264	7,58,264
Other receivables	1,83,340	2,25,101
Prepaid Expenses	10,35,953	15,82,805
<b>Total</b>	<b>19,77,556</b>	<b>25,66,169</b>

**NOTE:11-Share Capital**

Particulars	31-Mar-21	31-Mar-20
Authorized Share Capital (50,00,000 Equity Shares of Rs.10/- each) (Previous Year 50,00,000 Equity Shares of Rs. 10/- each)	5,00,00,000	5,00,00,000
<b>Equity Shares with Voting Rights</b> Issued, Subscribed & Paid Up Share Capital (42,40,175 Equity Shares of Rs.10/- each fully paid up) (previous year 42,40,175 shares of Rs. 10/- each ) (Of the above shares 26,00,000 shares are issued for consideration other than cash)	4,24,01,750	4,24,01,750
<b>Total</b>	<b>4,24,01,750</b>	<b>4,24,01,750</b>

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

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

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

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

Ultraweld Engineers Private Limited		
No of shares	29,72,315	29,72,315
% Held	70.10	70.10
<b>Total</b>	<b>29,72,315</b>	<b>29,72,315</b>

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

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

(f) Details of Shares held by Promoter Holding Company

Ultraweld Engineers Private Limited		
No of shares	29,72,315	29,72,315
% Held	70.10	70.10
<b>Total</b>	<b>29,72,315</b>	<b>29,72,315</b>

**NOTE :13-Non Current Borrowings**

<b>Secured</b>		
<b>A. From other parties</b>		
Long term Maturities of NBFC Loans (Secured by way of charge on Motor Vehicles purchased out of above)	6,45,291	20,65,872
<b>Total</b>	<b>6,45,291</b>	<b>20,65,872</b>

**NOTE:14- Long-Term Provisions**

<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	1,20,34,773	32,60,849
Gratuity	4,05,252	11,39,083
<b>Total</b>	<b>1,24,40,025</b>	<b>43,99,932</b>

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

The Accumulated impact of deferred tax arising on account of timing differences and expected to be reversed during the forthcoming years is recognised as an adjustment to balance of profit and loss as prescribed in Ind AS 12. The composition of accumulated deferred tax liability is as follows.		
<b>Deferred tax Liability</b>		
Related to Fixed Assets- Depreciation	77,41,282	69,91,942
On Account of gain on Investment	46,005	23,30,947
<b>Deferred Tax asset</b>		
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	28,12,341	29,68,548
On Account of Actuarial Loss	11,44,821	14,95,917
<b>Deferred Tax Liability (Net)</b>	<b>38,30,125</b>	<b>48,58,424</b>

**NOTE :16-Other Non current liabilities**

Particulars	31-Mar-21	31-Mar-20
Security Deposits	16,70,000	16,70,000
<b>Total</b>	<b>16,70,000</b>	<b>16,70,000</b>

**NOTE :17-Current Borrowings**

<b>Loans Repayable on Demand</b> Canara Bank OCC 033 (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommsandra)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE :17-Current Borrowings**

Current Maturities of Long term debt <b>Secured</b> Term Loans from Bank Term Loans from NBFC	- 12,23,859	- 11,22,678
<b>Total</b>	<b>12,23,859</b>	<b>11,22,678</b>

**NOTE :18-Trade Payables**

<b>Dues to</b> Micro and Small Enterprises Trade Payables- Others	13,69,085 5,91,92,307	12,261 2,39,82,725
<b>Total</b>	<b>6,05,61,392</b>	<b>2,39,94,986</b>

**NOTE :19-Other Current Liabilities**

<b>Other payables</b> Statutory Remittances Payables to related parties Unclaimed Dividend Salary Payables to Employees Advances from Customer for Supplies/Services Other Payables Advance Rent	63,46,109 7,42,535 4,51,264 26,35,423 5,56,84,997 7,07,579 14,93,250	12,24,210 2,22,791 4,38,227 21,86,809 10,09,63,232 6,01,688 14,22,141
<b>Total</b>	<b>6,80,61,157</b>	<b>10,70,59,098</b>

**NOTE :20-Current Provisions**

<b>Provision for employee benefits</b> Leave Encashment Provision for Bonus Gratuity Provision	5,56,116 10,97,657 4,67,742	56,69,256 11,61,895 66,80,409
<b>Total</b>	<b>21,21,515</b>	<b>1,35,11,560</b>

**NOTE :21-Current Tax Liabilities(Net)**

Income tax payable	38,31,659	16,90,863
<b>Total</b>	<b>38,31,659</b>	<b>16,90,863</b>

**NOTE :22-Revenue From Operations**

Particulars	31-Mar-2021	31-Mar-2020
Sale of Engineering Products	29,47,72,284	41,96,65,556
Sale of Engineering Systems	49,95,76,914	20,17,43,211
Sale of Services	28,91,762	62,71,597
<b>Total</b>	<b>79,72,40,960</b>	<b>62,76,80,364</b>

**NOTE:23-Other Income**

Interest Income	89,18,065	17,82,397
Rental Income	58,36,313	55,58,393
Gain on sale of Investment	30,07,288	5,18,503
Other income	28,977	19,400
MEIS Subsidy received	1,74,534	-
Revaluation of Investments at Fair Value	22,00,420	75,10,224
Profit on Sale of asset	4,62,579	-
Foreign Exchange Gain(Net)	46,19,677	-
<b>Total</b>	<b>2,52,47,853</b>	<b>1,53,88,917</b>

**NOTE:24-Cost of material, consumables and products**

Opening Stock	74,84,927	33,46,683
Purchases	52,16,92,721	47,60,62,146
Closing Stock	12,39,656	74,84,927
<b>Total</b>	<b>52,79,37,992</b>	<b>47,19,23,902</b>

**NOTE:25-Changes in inventory of work-in-progress**

<b>Goods</b>		
Inventory at the end of the year	10,18,100	3,00,56,100
Inventory at the beginning of the year	3,00,56,100	49,17,220
<b>Services</b>		
Inventory at the end of the year	20,81,279	47,16,092
Inventory at the beginning of the year	47,16,092	6,99,556
<b>Net (Increase)/Decrease</b>	<b>3,16,72,813</b>	<b>(2,91,55,416)</b>

**NOTE:26-Employee Benefits Expense**

Salaries & Wages	4,66,64,336	4,22,61,542
Bonus & Ex-Gratia	22,79,304	33,78,955
Contribution to provident & Other Funds	20,77,265	19,56,028
Staff Welfare Expenses	8,37,839	10,55,791
<b>Total</b>	<b>5,18,58,743</b>	<b>4,86,52,316</b>

**NOTE:27-Finance Costs**

Bank Guarantee Commission	11,46,741	16,62,918
Interest Expense	31,53,438	7,95,971
Processing Charges	1,25,948	3,23,735
<b>Total</b>	<b>44,26,127</b>	<b>27,82,624</b>

**NOTE:28-Depreciation And Amortisation Expense**

Tangible Asset	73,19,440	72,37,955
Intangible Asset	28,834	1,18,183
<b>Total</b>	<b>73,48,274</b>	<b>73,56,138</b>

**NOTE:29-Other Expenses**

Particulars	31-Mar-2021	31-Mar-2020
<b>Manufacturing &amp; Operating Expenses</b>		
Electricity and Water Charges	9,41,552	10,98,439
Repairs & Maintenance - Factory, Building,etc	42,57,436	18,90,796
Retainership Fee	25,49,078	12,87,321
Contract Labour	3,58,845	17,58,597
<b>Establishment Expenses</b>		
Advertisement Expenses	87,850	1,20,047
AGM Expenses	65,000	58,868
Bank Charges	5,10,873	6,77,700
Business promotion Expenses	13,31,906	19,66,699
Communication Expenses	2,82,320	3,96,524
CSR Expenses	11,52,000	7,10,000
Discounts, Bad debts and Write offs	1,674	46,742
Donations	56,650	10,000
Electricity and Water Charges	3,75,546	2,42,077
Foreign Exchange Loss (Net)	-	57,05,096
Insurance	10,25,724	10,58,858
LD Charges	70,67,162	11,59,442
Legal & Professional Charges	79,96,648	60,68,523
Listing fees	3,00,000	3,00,000
Loss on sale of Investment	4,95,250	26,87,003
Membership & Subscription Charges	5,59,650	4,38,565
Office Expenses	5,75,195	5,11,338
Payment to Auditors	3,25,000	3,25,000
Postage & Courier Charges	97,716	1,00,398
Printing and Stationary	3,00,611	3,38,817
Rates & Taxes	10,92,807	6,39,137
Rent	14,64,220	8,94,900
Repair & Maintenance	24,37,166	36,72,294
Seminar & Exhibition Charges	11,98,139	2,74,244
Service Contract Charges	7,82,125	7,61,468
Sitting Fee	1,90,000	1,60,000
Travelling & Conveyance	25,67,136	1,27,88,143
Vehicle Maintenance	5,33,691	7,23,843
<b>Total</b>	<b>4,09,78,970</b>	<b>4,88,70,879</b>

**Note 30 - Corporate social responsibility**

a. CSR amount required to be spent as per section 135 of the Companies Act 2013 read with Schedule VII thereof by the company during the year is Rs 11,52,000/-.

b. Expenditure related to CSR is Rs 11,52,000/-.

Details of Amount spent towards CSR given below

Particulars	31-Mar-2021	31-Mar-2020
Contribution /Acquisition of any asset		-
On purpose other than mentioned above	11,52,000	7,10,000

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

Particulars	31-Mar-2021	31-Mar-2020
As Auditor	2,50,000	2,50,000
For Tax Auditor	75,000	70,000
<b>Total</b>	<b>3,25,000</b>	<b>3,20,000</b>

**Note 32 - Contingent Liability and Commitments**

Particulars	31-Mar-2021	31-Mar-2020
Bank Guarantee	7,74,43,142	12,05,18,775
<b>Total</b>	<b>7,74,43,142</b>	<b>12,05,18,775</b>

SIKA INTERPLANT SYSTEMS LIMITED  
CIN - L29190KA1985PLC007363

NOTE-2: FIXED ASSETS

Description	Life Span of Assets in Years	GROSS BLOCK (AT COST)		DEPRECIATION		NET BLOCK	
		As at		As at		As at	
		01-04-2020	31-03-2021	01-04-2020	31-03-2021	31-03-2021	01-04-2020
<b>a) Tangible Assets</b>							
Freehold Land at Bommasandra		25,43,81,946	-	-	-	25,43,81,946	25,43,81,946
Freehold Land at Thimmanahalli		7,58,344	-	-	-	7,58,344	7,58,344
Lease Hold land at Mysore*		58,82,629	-	-	-	58,82,629	58,82,629
Building	30	7,45,85,461	7,45,85,461	1,09,60,725	1,26,38,603	6,19,46,858	6,36,25,236
Roads	10	20,65,220	-	8,26,088	10,32,704	12,39,132	12,39,132
Plant and Machinery	15	1,90,71,961	-	65,86,572	78,08,515	1,24,85,389	1,24,85,389
Office Equipment	5	73,70,671	6,52,666	80,23,337	7,28,134	17,13,802	17,89,270
Furniture and Fixtures	10	94,52,926	2,57,153	97,10,079	5,26,979	25,56,532	28,26,358
Vehicles	8	2,64,67,744	26,40,294	2,35,68,433	1,19,28,950	1,38,29,324	1,45,38,794
Computers	3	49,54,535	4,94,138	54,48,673	1,92,669	7,26,413	4,24,944
Servers and Networking	6	5,32,357	-	5,32,357	33,025	66,048	99,073
<b>Subtotal (a)</b>		<b>40,55,23,793</b>	<b>40,44,251</b>	<b>40,40,28,439</b>	<b>4,74,72,678</b>	<b>4,98,70,581</b>	<b>35,41,57,858</b>
Previous year Figures		35,87,13,760	-	35,87,13,760	2,05,82,399	2,05,82,399	35,80,51,115
<b>b) Intangible Assets</b>							
Software	6	15,69,362	1,65,250	17,34,612	14,67,239	28,834	2,38,539
<b>Subtotal (b)</b>		<b>15,69,362</b>	<b>1,65,250</b>	<b>17,34,612</b>	<b>14,67,239</b>	<b>28,834</b>	<b>2,38,539</b>
Previous year Figures		14,31,787	-	15,69,362	4,64,977	7,22,894	9,66,810
<b>c) Capital Work in Progress - Tourism Project</b>							
Subtotal (c)		28,57,795	-	28,57,795	-	-	28,57,795
Previous year Figures		28,57,795	-	28,57,795	-	-	28,57,795
<b>Total (a+b+c)</b>		<b>40,99,50,950</b>	<b>42,09,501</b>	<b>40,86,20,846</b>	<b>4,89,39,917</b>	<b>5,13,66,654</b>	<b>35,72,54,192</b>
Previous Year		40,32,29,544	69,57,826	40,99,50,950	4,15,83,779	4,89,39,917	36,10,11,033

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2021, hence the Company has not recognized any impairment losses.

(ii) During the year, the Company has reviewed the useful life of all category/subcategory of the Fixed Assets, in the context of useful life prescribed under Schedule II of the Companies Act, 2013.

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

(iv)\* Karnataka Industrial Area Development Board (KIADB) allotted land aggregating to 8.33 acres to the Company for 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.

(v) The Management has reviewed the residual value and the useful life of the Property, Plant and Equipment. Accordingly, the Company has concluded that the impact of Covid-19 is not material based on these estimates and hence, no change in accounting estimate is required to be accounted as per Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.







**35th Annual Report 2020-2021**

**Sika Interplant Systems Limited**

Note-12 Statement of Changes in Equity for the year ended 31st March, 2020

A) Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
4,24,01,750	-	4,24,01,750

B) Other Equity

Balance at the beginning of the reporting period	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Comprehensive Income	Money received against share warrant	Total
			Capital Reserve	Securities Premium Reserve	General Reserve									
6,06,76,001	-	-	17,79,67,000	44,01,400	17,78,66,238	-	-	-	-	-	-	-	-	42,09,10,638
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	(33,92,140)	-	-	-	-	-	-	-	-	(33,92,140)
Dividends	-	-	-	-	(6,97,261)	-	-	-	-	-	-	-	-	(6,97,261)
Tax on Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	17,79,67,000	44,01,400	6,73,24,258	-	-	-	-	-	-	-	6,73,24,258
Balance at the end of the reporting period	-	-	-	6,06,76,001	17,79,67,000	24,11,01,095	-	-	-	-	-	-	-	48,41,45,496

**Note 33 - Disclosures in respect of Micro and Small Enterprises:**

The amount due as at 31st March, 2021 to suppliers under The Micro, Small and Medium Enterprises Development Act, requiring disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is Rs. 13,69,085/-. The disclosures pursuant to the said Act are as under –

Particulars	Amount(Rs.)
Principal amount due to suppliers under MSMED Act, 20062	13,69,085
Interest accrued, due to suppliers under MSMED Act on the above amount and unpaid	
Payment made to suppliers (other than interest) beyond the appointed day during the year	
Interest paid to suppliers under MSMED Act (other than Section 16)	
Interest paid to suppliers under MSMED Act (Section 16)	
Interest due and payable towards suppliers under MSMED Act for payments already made	
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	

Note: The information has been given in respect of such vendors to the extent they could be identified as “Micro and Small” enterprises on the basis of information available with the Company.

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

**Note 34 - Capital Reserve and Securities Premium** have arisen pursuant to a scheme of merger approved by the Honourable High Court of Karnataka.

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

Particulars	31-Mar-2021	31-Mar-2020
1. Engineering Systems		
a. Handling Systems	20,84,24,111	8,83,50,607
b. Others	29,11,52,803	11,33,92,604
2. Engineering Products		
a. Servo Products	3,48,76,012	10,35,48,469
b. Others	25,98,96,272	31,60,17,087
3. Sale of Engineering Services		
a. Design and Drawings	28,91,762	59,38,411
b. Others	2,20,640	4,33,186
<b>Total</b>	<b>79,74,61,600</b>	<b>62,76,80,364</b>

**Note 36 - Expenditure in Foreign Currency**

Particulars	31-Mar-2021	31-Mar-2020
Purchase of Raw Materials & components (CIF value)	42,75,15,139	43,15,48,373
Purchase of Stock in Trade (CIF value)	-	-
Travelling Expenses	-	37,05,961
<b>Total</b>	<b>42,75,15,139</b>	<b>43,52,54,334</b>

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

Particulars	31-Mar-2021	31-Mar-2020
Export of Services	28,91,762	59,38,411
Export of Goods	1,82,38,155	5,07,91,638
<b>Total</b>	<b>2,11,29,917</b>	<b>5,67,30,049</b>

**Note 38 - Related Party Disclosure**

i) List of Related Parties where control exists:

NAME	NATURE OF RELATIONSHIP
M/s Ultraweld Engineers Pvt Ltd	Promoter Holding Company
Mr. Rajeev Sikka	Key Management Personnel
Mr. Kunal Sikka	Key Management Personnel

ii) Names of the related parties with whom transactions were carried out during the year and description of relationship:

NAME	RELATIONSHIP
Mr. Rajeev Sikka	Key Management Personnel
Mr. Kunal Sikka	Key Management Personnel
Mrs. Anuradha Sikka	Relative of Key Management Personnel
M/s Aerotek Sika Aviosystems Pvt Ltd	Subsidiary Company
M/s Sika Tourism Pvt Ltd	Subsidiary Company
M/s Sikka N Sikka Engineers Pvt Ltd	Subsidiary Company

iii) Transaction with related parties:

Name	Nature of Transaction (Net)	Amount of Transactions for the FY 2020-21	Amount of Transactions for the FY 2019-20
Mr. Rajeev Sikka	Salary	55,08,072	50,24,979
Mr. Kunal Sikka	Salary	46,00,611	41,96,520
Mrs. Anuradha Sikka	Salary	12,00,000	4,80,000
M/s Sikka N Sikka Engineers Pvt Ltd	Service received	1,20,000	1,20,000
M/s Aerotek Sika Aviosystems Pvt Ltd	Loan paid	33,40,000	37,50,000
M/s Sika Tourism Pvt Ltd	Loan paid	40,000	45,000
M/s Aerotek Sika Aviosystems Pvt Ltd	Interest received	4,37,458	1,61,700

iv) Closing balances as on the year end:

Name	Nature of Transaction (Net)	Balance as on 31.03.2021 Receivable/(Payable)	Balance as on 31.03.2020 Receivable/(Payable)
Mr. Rajeev Sikka	Salary	45,000	70,000
Mr. Kunal Sikka	Salary	92,466	92,486
Mrs. Anuradha Sikka	Salary	5,85,000	40,000
M/s Aerotek Sika Aviosystems Pvt Ltd	loan paid	1,01,14,788	63,70,139
M/s Sika Tourism Pvt Ltd	loan paid	2,86,180	2,46,180

**Note-39** The disclosure as per Indian Accounting Standard 19 "Employee Benefits" are given below

**a) Defined Contribution Plans**

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

Particulars	2020-21	2019-20
Employer's Contribution to Provident Fund	10,30,078	9,96,379
Employer's Contribution to Pension Scheme	8,01,205	7,09,745
<b>Total</b>	<b>18,31,283</b>	<b>17,06,124</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	
	2020-21	2019-20
<b>Components of Employer Expenses</b>		
Current Service cost	8,08,201	6,59,225
Past service cost - Plan Amendment	-	-
Interest on Obligations	8,69,432	3,58,133
Expected Return on Plan Assets	(5,48,715)	(2,80,675)
Net actuarial loss/ (gain) recognized during the year	(13,95,009)	59,43,726
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>(2,66,090)</b>	<b>66,80,409</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	1,24,05,822	1,21,42,912
Fair value of plan assets	1,15,32,828	43,23,419
Funded status[Surplus/(deficit)]	(8,72,994)	(78,19,493)
Unrecognised past service costs	-	-
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present Value of DBO at beginning of the year	1,21,42,912	53,51,501
Current Service Cost	8,08,201	6,59,225
Interest Cost	8,69,432	3,58,133
Prior Service Costs	-	-
Actuarial(Gains)/Losses	(14,14,724)	59,43,726
Benefits Paid	-	(1,69,673)
Present Value of DBO at end of the year	1,24,05,822	1,21,42,912
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	43,23,419	42,12,417
Expected Return on Plan Assets	5,48,715	2,80,675
Employer Contribution	66,80,409	-
ActuarialGains/(Losses)	(19,716)	-
Benefits Paid	-	(1,69,673)
Plan Assets at End of the Year	1,15,32,828	43,23,419
Actual Return on Plan Assets	5,29,000	2,80,675
<b>Actuarial assumptions</b>		
Discount Rate	7.16%	6.80%
Expected Return on Plan Assets	7.16%	6.80%
Salary Escalation	11.00%	11.00%
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	
	2020-2021	2019-2020
<b>Changes in Defined Obligations</b>		
Obligations at period beginning - Current	34,57,992	9,61,072
Obligations at period beginning - Non Current	54,72,114	83,94,929
Service Cost	(16,94,307)	(10,45,006)
Interest on Defined benefit obligation	6,39,396	4,28,973
Benefits settled	-	(60,95,152)
Actuarial gain/(loss)	13,27,081	(41,95,275)
<b>Obligations at period end</b>		
Current Liability (within 12 months)	5,56,116	34,57,992
Non Current Liability	1,20,34,773	54,72,114
<b>Changes in Plan Assets</b>		
Plans assets at period beginning, at fair value		
Expected return on plan assets		
Actuarial gain/(loss)		
Contributions	-	60,95,152
Benefits settled	-	(60,95,152)
Plans assets at period end, at fair value		
<b>Funded Status</b>		
Closing PBO	1,25,90,889	89,30,105
Closing Fair value of plan assets	-	-
Closing Funded status	-	-
Net Asset/(Liability) recognized in the Balance Sheet	(1,25,90,889)	(89,30,105)
<b>Expenses recognized in the P&amp;L account and Other Comprehensive Income</b>		
Service cost	16,94,307	10,45,006
Interest cost	6,39,396	4,28,973
Benefits paid	-	60,95,152
Actuarial (Gain)/Loss	13,27,081	41,95,275
<b>Net gratuity / leave cost</b>		
Experience Adjustment on Plan Liabilities		
Experience Adjustment on Plan Assets		
<b>Assumptions</b>		
Discount factor	7.16%	6.80%
Estimated rate of return on plan assets	0.00%	0%
Salary increase	11.00%	11.00%
Attrition rate	5.00%	5.00%

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

Particulars	2020-21	2019-20
Salaries & Wages	93,62,397	85,32,777
Plant & Machinery	6,05,647	1,94,616
<b>Total</b>	<b>99,68,044</b>	<b>87,27,393</b>

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

**Note 42- Litigation**

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

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

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

**Note-44-Financial Instruments by category**

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2021 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Investments in Quoted Instruments	1,53,60,758	-	-
Trade Receivables	-	-	5,45,17,350
Cash and Cash Equivalents	-	-	76,43,943
Bank balances other than (iii) above	-	-	28,67,02,149
Loans	-	-	1,04,00,968
Others	-	-	3,51,76,880
Investments in Subsidiary	1,77,40,790	-	-
<b>Total</b>	<b>3,31,01,548</b>	<b>-</b>	<b>39,44,41,290</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	18,69,150
Trade Payables	-	-	6,05,61,392
Other Financial Liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,24,30,542</b>

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2020 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Investments in Quoted Instruments	18,67,35,275	-	-
Trade Receivables	-	-	1,56,38,842
Cash and Cash Equivalents	-	-	1,69,05,367
Bank balances other than (iii) above	-	-	2,66,00,622
Loans	-	-	66,16,319
Others	-	-	69,51,387
Investments in Subsidiary	1,77,40,790	-	-
<b>Total</b>	<b>20,44,76,065</b>	<b>-</b>	<b>7,27,12,537</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	31,88,550
Trade Payables	-	-	2,39,94,986
Other Financial Liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,71,83,536</b>

**Note-45-Fair Value Hierarchy**

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

**Level 2**-Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

The fair value hierarchy of assets and liabilities measured as fair value as of 31-Mar-2021 is as follows:

Particulars	As of March 31, 2021	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Quoted Instruments	1,53,60,758	1,53,60,758	-	-
Investments in Subsidiary	1,77,40,790	-	-	1,77,40,790

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

Debt mutual funds are being carried at their fair values in the financial statements based on the NAV reports of the relevant fund houses. Management does not expect any material volatility on account of COVID -19 pandemic situation considering the investments in debt funds of the respective mutual funds.

The fair value hierarchy of assets and liabilities measured as fair value as of 31-Mar-2020 is as follows:

Particulars	As of March 31, 2020	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Quoted Instruments	18,67,35,275	18,67,35,275	-	-
Investments in Subsidiary	1,77,40,790	-	-	1,77,40,790

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

**Note-46-Capital Management**

The Company's capital management objectives are:

-to ensure the Company's ability to continue as going concern and

-to provide an adequate return to shareholders through optimisation of debts and equity balance.

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

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

to ensure the company's ability to continue as going concern and

to provide an adequate return to shareholders through optimisation of debts and equity balance

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

The company's objective for capital management is to obtain an optimum overall financial structure.

**Note-46(i)-Debt to Equity Ratio**

Particulars	As at 31 March, 2021	As at 31 March, 2020
Debt (includes non-current, current borrowings and current maturities of long term debt)	18,69,150	31,88,550
Less : cash and cash equivalents	76,43,943	1,68,56,954
<b>Net debt</b>	<b>(57,74,793)</b>	<b>(1,36,68,404)</b>
Total equity	64,22,63,120	52,65,47,246
<b>Net debt to total equity ratio</b>	<b>-1%</b>	<b>-3%</b>

**Note-46(ii)-Dividend****Dividend on equity shares**

Final dividend for the year ended March 31, 2021 of Rs.1,69,60,700/- (i.e. Re.0.40/ share) (previous year-for year ended March 31, 2020 Rs.46,64,192/- (i.e. Re.1.10/ share))

Dividend distribution tax for the dividend declared on March 31, 2021 is Rs.NIL/- (previous year-for the year ended March 31, 2020 Rs.NIL/-)

Dividends not recognised at the end of the reporting period

The Board of Directors at its meeting held on 28th June, 2021 have recommended payment of final dividend of ₹0.4 per share of face value of ₹10 each for the year ended March 31, 2021. The same amounts to ₹1,69,60,700/-.

**Note-47-Financial Risk Management**

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

**(i) Credit risk**

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

**Investments**

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

**Trade receivables**

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

In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to Covid-19.

Particulars	As at 31 March, 2021	As at 31 March, 2019
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	5,42,09,834	1,55,59,089
180 - 365 days	3,07,526	79,753
beyond 365 days	-	-
<b>Total</b>	<b>5,45,17,360</b>	<b>1,56,38,842</b>

**(ii) Liquidity Risk**

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

The Company has unutilised working capital overdraft from banks of ₹ 400 lakhs as on March 31, 2021 and ₹ 400 lakhs as on March 31, 2020.



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

Particulars	Less than 1 year	1-3 years
Term Loan from Banks	-	-
Term Loan from NBFC	12,23,859	6,45,291

#### Note-48-Income Tax

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

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Current Tax*	4,20,00,000	2,34,00,000
Deferred Tax	(13,79,396)	(8,05,414)
<b>Total</b>	<b>4,06,20,604</b>	<b>2,25,94,586</b>

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

Particulars	Year ended 31 March,2021	Year ended 31 March, 2020
Profit before Income tax	15,82,65,894	9,26,38,838
Tax rate	25.17%	22%
<b>Computed expected tax expense</b>	<b>3,98,32,360</b>	<b>2,03,80,544</b>
Effect of non deductible expenses	30,74,953	36,42,549
Effect of non Taxable Income	(31,99,597.3)	(16,52,249)
Effect of expenses deductible as per Income Tax Act	(36,72,855)	(21,43,345)
Others	8,36,205	1,72,823
Interest	89,18,064	29,99,678
<b>Current Tax Expense</b>	<b>4,57,89,130</b>	<b>2,34,00,000</b>

#### Note-49 Impact of COVID-19 Pandemic

The spread of COVID-19 has severely impacted business around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock downs, disruption in transportation, supply chain , travel bans, quarantine, social distancing and other emergency measures.

As the situation is constantly evolving the company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic in the financial statement for the year ended march 31,2021

Management is of the view that there is significant uncertainty in the business environment which has resulted in delays in confirmation of customer orders and in executing the orders in hand and an increase in lead time in sourcing components. Based on current assessment, management is of the view that the situation is likely to continue for the next quarters.

The company have borrowings amounting to Rs.18,69,150/-, however the company is net debt free. So, In the view of the management, there is no major impact on the immediate liquidity position of the company as on the date on which financial statements are approved.

The company has made an assessment on carrying values of its assets comprising Property , Plant and Equipment, Intangible assets, Inventory and Financial assets and has concluded that no further adjustments are required to be made to the carrying values of such assets as at March 31,2021

The company has taken into accounts all possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements.

However , the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The company will closely monitor any material changes to future economic condition.

#### For B.N. Subramanya & Co.

Chartered Accountants  
FRN: 004142S

#### Devendra Nayak

Partner  
Membership No. 027449

Place: Bangalore  
Date: 28th June, 2021

R.N.Chawhan  
Director  
DIN:00568833

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

Rajeev Sikka  
Chairman & Managing  
Director  
DIN: 00902887

Sambaiah.P  
Chief Financial Officer  
DIN: 00568833

Kunal Sikka  
Whole Time Director &  
CFO  
DIN: 05240807

Sreee Aneetha M  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF M/s. SIKA INTERPLANT SYSTEMS LIMITED

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

##### Opinion

We have audited the accompanying consolidated financial statements of **M/s. SIKA INTERPLANT SYSTEMS LIMITED** ("the Company"), which comprise the consolidated balance sheet as at 31<sup>st</sup> March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

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

##### Emphasis of Matter

We draw your attention to Note 49 to the Consolidated financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lockdown and other restrictions and conditions related to the COVID -19 pandemic situation, for which definitive assessment of the impact in the subsequent period is highly dependent upon circumstance as they evolve. Further, our attendance at the physical inventory verification done by the management was impracticable under the current lockdown restrictions imposed by the government and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end. Our opinion is not modified in respect of this matter.

##### Key Audit Matters

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

##### ➤ Revenue Recognition

The key audit matter	How the matter was addressed in our audit
<p>Revenue from sale of goods is recognized when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.</p> <p>Revenue from sale of services is recognized upon completion of service.</p> <p>Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognized to the extent that it is highly probable a significant reversal will not occur.</p>	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.</li> <li>• We tested the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Company's IT systems which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system.</li> <li>• We tested the design, implementation and operating effectiveness of Internal Financial Controls.</li> <li>• We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects.</li> </ul>

<p>There is a risk of revenue being overstated due to fraud, including through manipulation of rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p>	<ul style="list-style-type: none"> <li>• We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards.</li> <li>• We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects, to assess whether the revenue was recognized in the correct period.</li> </ul>
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➤ **Provisions for taxation, litigation and other significant provisions**

The key audit matter	How the matter was addressed in our audit
<p>Accrual for tax and other contingencies requires the Management to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax and other eventualities arising in the regular course of business.</p> <p>The key judgement lies in the estimation of provisions where they may differ from the future obligations. By nature, provision is difficult to estimate and includes many variables. Additionally, depending on timing, there is a risk that costs could be provided inappropriately that are not yet committed.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of controls around the recognition of provisions.</li> <li>• We used other subject matter experts to assess the value of material provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities.</li> <li>• We examined the assumptions and critical judgements made by management which impacted their estimate of the provisions required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company's advisors and assessing whether there was an indication of management bias.</li> <li>• We discussed the status in respect of significant provisions with the Company's Management and legal advisors.</li> <li>• We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.</li> </ul>

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

The key audit matter	How the matter was addressed in our audit
<p>The Company is periodically subject to challenges/scrutiny on the matters relating to direct tax. Further, potential exposures may also arise from general legal proceedings in course of business.</p> <p>Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities.</li> <li>• We discussed the status and potential exposures in respect of significant litigation and claims with the Company's management including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors.</li> </ul>

	<ul style="list-style-type: none"> <li>We assessed the adequacy of disclosures made.</li> <li>We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.</li> </ul>
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➤ **Impact of COVID-19 on the Company's financial statements.**

The key audit matter	How the matter was addressed in our audit
<p>Coronavirus ('COVID-19'), was declared a global pandemic by World Health Organisation.</p> <p>In line with the directions on lockdown issued by the State Government of Karnataka during the year, has resulted in restriction in movement of goods during the period and impacting normal business operations for the Company including revenues, receivables, purchases including services and inventories at the year-end and hence considered key audit matter.</p>	<p>We have performed the following procedures to assess and evaluate the impact on financial statements because of business decisions, government actions or economic environment developments:</p> <ul style="list-style-type: none"> <li>Performed cut-off procedures for a larger sample of invoices during the lockdown period for both domestic as well as export sales.</li> <li>Enquired with the Company on the manner of financial support (if any) provided to the dealers, vendors and service providers; and their recognition in the financial statements.</li> <li>Enquired with the Company on any information on the liquidity position of any dealers; and ascertained the need for any additional provisioning for impairment/credit loss in the financial statements.</li> <li>We assessed the disclosures on COVID-19 made in the financial statements. Our ability to perform regular audit procedures has been impacted which has required us in certain cases to perform alternative audit procedures and exercise significant judgment in respect Year-end inventory observation of inventory counts could not be performed. However, inventory counts were observed subsequent to year-end; and rolled back to year-end.</li> </ul>

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

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

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

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

**Other Matters**

- a) We did not audit the financial statements / financial information of subsidiaries, whose financial statements reflect total assets of Rs. 2,28,47,387/- as at March 31, 2021, total Loss of Rs. (8,94,746)/- and net cash flows amounting to Rs. 7,37,091/- for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 4,66,759/- for the year ended 31<sup>st</sup> March, 2021, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the Directors of the Company as on March 31, 2021, 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, 2021 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the Auditors' Reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company and its subsidiary companies incorporated in India.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The group has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

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

**Devendra Nayak**  
Partner  
Membership No. 027449

UDIN: 21027449AAAABA5103

Place: Bangalore  
Date: 28<sup>th</sup> June, 2021

**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, 2021 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 authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2021, based on the internal control over financial reporting criteria established by the Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note.

**Other Matter**

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

**For B N Subramanya & Co.,**

Chartered Accountants

Firm Reg No. 004142S

**Devendra Nayak**

Partner

Membership No. 027449

UDIN: 21027449AAAABA5103

Place: Bangalore

Date: 28<sup>th</sup> June, 2021



SIKA INTERPLANT SYSTEMS LIMITED  
CIN - L29190KA1985PLC007363  
NO.3, GANGADHAR CHETTY ROAD, BANGALORE - 560042

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2021

(In Rs.)

Particulars	Note No.	31-Mar-2021	31-Mar-2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a)Property, Plant and Equipment	2(a)	36,27,42,000	36,77,70,824
(b)Capital work-in-progress	2(c)	28,57,795	28,57,795
(c)Investment Property		-	-
(d)Goodwill		34,72,616	34,72,616
(e)Other Intangible assets	2(b)	2,38,539	1,02,123
(f)Intangible assets under development			
(g)Biological Assets other than bearer plants			
(f)Financial Assets			
i. Investments	3	1,60,34,130	18,74,08,647
ii. Trade receivables			-
iii. Loans			-
(i)Deferred tax assets (net)			-
(e)Other non-current assets	4	10,92,916	10,50,277
<b>Current assets</b>			
(a)Inventories	5	3,13,14,581	6,65,87,509
(b)Financials Assets			
i. Investments			
i. Trade receivables	6	5,45,17,350	1,56,38,842
ii. Cash and Cash equivalents	7(a)	83,81,034	1,78,03,245
iii. Bank balances other than (ii) above	7(b)	28,67,02,149	2,66,00,622
v. Loans			-
iv. others	8	3,64,19,384	68,24,704
(c)Other current assets	9	22,29,665	25,77,669
<b>Total Assets</b>		<b>80,60,02,158</b>	<b>69,86,94,872</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a)Equity Share Capital	10	4,24,01,750	4,24,01,750
(b)Other Equity	11	59,99,19,292	48,46,31,398
<b>Total Equity attributable to equity share holders</b>		<b>64,23,21,041</b>	<b>52,70,33,149</b>
Non Controlling Interest		54,91,742	59,58,501
<b>Total Equity</b>		<b>64,78,12,784</b>	<b>53,29,91,650</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a)Financial Liabilities			
i. Borrowings	12	6,45,291	49,59,472
ii. Trade payables			
iii. Other financial Liabilities			
(b)Provisions	13	1,24,40,025	43,99,932
(c)Deffered tax Liabilities(Net)	14	38,30,125	48,58,424
(d)Other non-current liabilities	15	16,70,000	16,70,000
<b>Current Liabilities</b>			
(a)Financial Liabilities			
ii. Trade payables	16		
(A) total outstanding dues of micro enterprises and small enterprises; and		13,69,085	12,261
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		6,14,05,627	2,61,76,273
iii. Other financial Liabilities	17	12,23,859	11,22,678
(b)Other current Liabilities	18	6,96,52,189	10,72,91,295
(c)Provisions	19	21,21,515	1,35,11,560
(d)Current Tax Liabilities(Net)	20	38,31,659	17,01,324
<b>Total Equity and Liabilities</b>		<b>80,60,02,158</b>	<b>69,86,94,872</b>

Significant accounting policies  
Notes to Accounts

1

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

This is the Balance Sheet referred to in our report of even date.

**For B.N. Subramanya & Co.**

Chartered Accountants

FRN: 004142S

**Devendra Nayak**

Partner

Membership No. 027449

Place: Bangalore

Date: 28th June, 2021

**R.N.Chawhan**

Director

DIN:00568833

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

Chairman

DIN:00902887

**Kunal Sikka**

Managing Director

&amp; CEO

DIN:05240807

**Sambaiah.P**

Chief Financial Officer

**Sriee Aneetha M**

Company Secretary

SIKA INTERPLANT SYSTEMS LIMITED  
CIN - L29190KA1985PLC007363  
NO.3, GANGADHAR CHETTY ROAD, BANGALORE – 560042

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021 (In Rs.)

Particulars	Note No.	31-Mar-2021	31-Mar-2020
<b>REVENUE</b>			
Revenue from Operations	22	79,72,40,960	62,76,80,364
Other income	23	2,52,81,242	1,48,72,811
<b>Total Revenue</b>		<b>82,25,22,202</b>	<b>64,25,53,175</b>
<b>EXPENSES</b>			
Cost of material, consumables and products	24	52,79,39,067	47,12,89,546
Changes in inventory of work-in-progress	25	2,90,27,657	(3,23,31,696)
Employee benefits expense	26	5,36,27,965	5,06,54,427
Finance costs	27	48,63,585	28,38,556
Depreciation and amortisation expense	28	84,83,843	84,84,348
Other Expenses	29	4,12,08,937	5,01,66,884
<b>Total Expenses</b>		<b>66,51,51,054</b>	<b>55,11,02,065</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; tax</b>		<b>15,73,71,148</b>	<b>9,14,51,110</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; tax</b>		<b>15,73,71,148</b>	<b>9,14,51,110</b>
Extraordinary items		-	-
<b>Profit/(Loss) before tax</b>		<b>15,73,71,148</b>	<b>9,14,51,110</b>
Less: Tax expenses			
Current tax		4,20,00,000	2,34,10,462
Tax expense for earlier years		(16,90,863)	(11,67,441)
Deferred tax		(13,79,395)	(8,05,414)
<b>Profit/(Loss) after tax before other Comprehensive Income</b>		<b>11,84,41,407</b>	<b>7,00,13,502</b>
<b>Other Comprehensive Income, Net off Income Tax</b>			
A. (i) Items that will not be reclassified to Profit & Loss			
- Actuarial (Loss)/Gain-Gratuity		13,95,009	(59,43,726)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3,51,096)	14,95,917
B. Items that will be reclassified to Profit & Loss			
<b>Total Comprehensive Income, Net of Income Tax</b>		<b>10,43,913</b>	<b>(44,47,809)</b>
<b>Profit/(Loss) for the period</b>		<b>11,94,85,320</b>	<b>6,55,65,693</b>
<b>Share of loss of Non-Controlling Interest</b>		<b>(4,66,759)</b>	<b>(5,66,969)</b>
<b>Profit after minority interest</b>		<b>11,99,52,079</b>	<b>6,61,32,662</b>
<b>Earnings per equity share</b>			
Basic and Diluted		27.93	16.51
Weighted no of shares		42,40,175	42,40,175
Diluted			
Weighted no of shares			
Significant accounting policies	1		

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

For B.N. Subramanya & Co.  
Chartered Accountants  
FRN: 0041425

**Devendra Nayak**  
Partner  
Membership No. 027449

Place: Bangalore  
Date: 28th June, 2021

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

For and on behalf of the Board of Directors

**Rajeev Sikka**                      **Kunal Sikka**  
Chairman                              Managing Director & CEO  
DIN: 00902887                      DIN: 05240807

**Sambaiah.P**                      **Sriee Aneetha M**  
Chief Financial Officer              Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

Particulars		31-Mar-2021		31-Mar-2020	
<b>A</b>	<b>Cash flows from operating activities</b>				
	Net Profit Before Taxation	15,73,71,148		9,14,51,110	
	<b>Adjustments for:</b>				
	Depreciation	84,83,843		84,84,348	
	Financial expenses (Considered under Financial Activities)	48,63,585		26,38,556	
	Interest Income (Considered under Investment Activities)	(89,50,791)		(17,82,397)	
	Profit on sale of Asset (Considered in Investment Activities)	(4,62,579)		-	
	(Gain)/Loss on sale of Investments	(30,07,288)		21,68,500	
	Revaluation of Investments	(22,00,420)		(75,10,224)	
	<b>Operating Profit Before Working Capital Changes</b>		<b>15,60,97,498</b>		<b>9,54,49,893</b>
	(Increase)/ Decrease in Current Assets, Loans & Advances	(3,14,99,886)		4,50,02,722	
	Increase/(Decrease) in Current Liabilities	(21,71,366)		(57,14,855)	
	Working Capital changes		(3,36,71,252)		3,92,87,867
	<b>Cash Generated from operations</b>		<b>12,24,26,246</b>		<b>13,47,37,760</b>
	Income Tax		(4,03,09,137)		(2,17,09,137)
	<b>Net cash from operating activities</b>		<b>8,21,17,109</b>		<b>11,30,28,623</b>
<b>B</b>	<b>Cash flows from Investment activities</b>				
	Additions to Fixed Assets	(42,09,501)		(71,77,817)	
	Sale of Fixed Asset	10,80,647		-	
	Change in investments	17,65,82,226		(9,98,26,638)	
	Investment in Fixed Deposits	(26,01,01,526)		-	
	Investment in Fixed Deposits at NBFCs	-		-	
	Change in Long term Loans & Advances	-		10,22,780	
	Interest Income	89,50,791		17,82,397	
	<b>Net cash from Investing activities</b>		<b>(7,76,97,363)</b>		<b>(10,41,99,278)</b>
<b>C</b>	<b>Cash flows from financing activities</b>				
	Repayment of Loans, Deposits & Overdraft	(43,14,181)		(9,26,252)	
	Acceptance of Term Loans				
	Acceptance of Security Deposit				
	Finance Cost	(48,63,585)		(26,38,556)	
	Dividend Paid	(46,64,193)		(33,92,140)	
	Tax on Dividend	-		(6,97,264)	
	<b>Net cash from Financing activities</b>		<b>(1,38,41,959)</b>		<b>(76,54,213)</b>
	<b>Net Increase / Decrease in cash and cash equivalents</b>		<b>(94,22,212)</b>		<b>11,75,133</b>
	Cash and cash equivalents at beginning of period		<b>1,78,03,245</b>		<b>1,66,28,113</b>
	<b>Cash and cash equivalents at end of period</b>		<b>83,81,034</b>		<b>1,78,03,246</b>

## Notes to the cash flow statement:

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

2 Component of Cash and Cash Equivalents as per Ind AS is as under:

Particulars	31-Mar-21	31-Mar-20
Cash in Bank	20,163	55,083
<b>Balance in banks</b>		
Current Accounts	8,27,383	8,51,078
EEFC Accounts	8,16,879	12,04,938
Demand Deposit Accounts	36,75,588	33,12,489
<b>Bank Overdraft</b>		
Canara Bank OCC 033	30,41,020	1,23,79,657
<b>Total</b>	<b>83,81,034</b>	<b>1,78,03,245</b>

3 Cash and cash equivalents at the end of the year 2020-21 represent cash and bank balances and include unrealized loss of Rs. 52,999/-Previous year ( for the F.Y.2019-20 of Rs. 11,65,729/- 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.

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

For and on behalf of the Board of Directors

**Devendra Nayak**  
Partner  
Membership No.027499

**Rajeev Sikka**  
Chairman  
DIN: 00902887

**Kunal Sikka**  
Managing Director & CEO  
DIN:05240807

Place: Bangalore  
Date: 28th June, 2021

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

**Sambaiah.P**  
Chief Financial Officer

**Sriee Aneetha M**  
Company Secretary

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH , 2021NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH , 2021

## NOTE :3 -Non - Current Investments

Particulars	31-Mar-2021	31-Mar-2020
<b>Investments (At cost)</b>		
<b>Investments in Mutual Fund</b>		
HDFC Short Term Plan (Previous year - 4,73,109.92 units of Rs.16.6461 each)	-	78,75,435
Birla Dynamic Bond Fund (Current Year - 13805.290 units of Rs.34.4897 ) (Previous Year - 13805.290 units of Rs.31.8628 )	4,76,140	4,39,875
Franklin India Liquid Fund - Super Institutional Plan (Previous year - 10467.41 units of Rs. 2970.44 each)	-	3,10,92,801
Kotak Liquid Regular Plan-Growth (Previous year - 1332.669 units of Rs.24502.10 each)	-	3,26,53,193
ICICI Prudential Ultra Short Term Fund Gr (Current year - 690179.476 units of Rs. 21.5663 each ) (Previous year - 2071941.99 units of Rs. 20.3661 each )	1,48,84,618	5,49,40,480
Invesco India Treasury Advantage Fund -Gr (Previous year - 9150.32 units of Rs. 2789.9973 each )	-	2,55,29,368
Kotak Corporate Bond Fund - Gr (Previous year - 7606.38 units of Rs. 2691.00 each )	-	2,04,68,783
Aditya Birla Life Saving Fund-Gr (Previous year - 7809.404 units of Rs. 397.5209 each)	-	31,04,394
kotak credit risk fund (Previous year - 514966.15 units of Rs. 21.95 each )	-	1,13,03,816
ICICI Prudential Savings Fund- Gr (Current Year - 2412.54 units of Rs.278.19 each ; PY -248.70) (Market Value, CY-Rs.6,72,872/-, PY - Rs.6,51,796/-)	6,72,872	
Government Securities	500	500
<b>Total</b>	<b>1,60,34,130</b>	<b>18,74,08,647</b>

## Note:

a) Aggregate amount of quoted investments	1,60,33,630	18,74,08,147
a) Aggregate amount of unquoted investments	500	500
<b>Total</b>	<b>1,60,34,130</b>	<b>18,74,08,647</b>
c) Aggregate market value of listed and quoted investments		2,45,73,951
d) Aggregate Provision for diminution in value of investments		

## Note 4 - Other Non Current Assets

Particulars	31-Mar-2021	31-Mar-2020
Security Deposits	4,31,391	3,93,257
Rental Deposits	6,61,525	6,57,020
<b>Total</b>	<b>10,92,916</b>	<b>10,50,277</b>

## NOTE 5-Inventories

Raw material (Valued at landed cost which includes freight)	12,39,656	74,84,927
Work-in-Progress-Goods (Valued at cost)	2,79,93,646	5,43,86,490
Work-in-Progress-Services (Valued at cost)	20,81,279	47,16,092
<b>Total</b>	<b>3,13,14,581</b>	<b>6,65,87,509</b>

## NOTE 6-Trade Receivables

(Unsecured, considered good)		
Trade Receivables - Related parties	-	-
Trade Receivables - Others	5,45,17,350	1,56,38,842
<b>Total</b>	<b>5,45,17,350</b>	<b>1,56,38,842</b>

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

Particulars	31-Mar-2021	31-Mar-2020
<b>Cash on hand</b>	20,163	55,083
<b>Balances with Banks</b>		
Current Accounts	8,27,383	8,51,078
EEFC Accounts	8,16,879	12,04,938
Demand Deposit Accounts	36,75,588	33,12,489
Canara Bank OCC 033 (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommasandra)	30,41,020	1,23,79,657
<b>Total</b>	<b>83,81,034</b>	<b>1,78,03,245</b>

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

<b>Balances with Banks</b>		
held as margin money	1,18,19,463	1,18,19,463
balance in unclaimed dividend account	4,51,264	3,89,835
Demand Deposit Accounts	27,44,31,422	1,43,91,324
<b>Total</b>	<b>28,67,02,149</b>	<b>2,66,00,622</b>

**Note 8 - Financial Assets - Others**

(Unsecured, considered good)		
Balances with Government Authorities	45,27,873	45,96,410
Advances to Creditors	13,13,884	19,94,290
Advance given to Employees	3,98,944	2,34,004
Deposits with NBFCs	3,01,78,683	-
<b>Total</b>	<b>3,64,19,384</b>	<b>68,24,704</b>

**NOTE 9-Other current assets**

(Unsecured, considered good)		
Income Tax refund receivable	7,65,225	7,58,264
Other receivables	4,28,487	2,25,101
Prepaid Expenses	10,35,953	15,82,805
Preliminary Expenses	-	11,500
<b>Total</b>	<b>22,29,665</b>	<b>25,77,669</b>

**NOTE:10-Share Capital**

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

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

Particulars	31-Mar-2021	31-Mar-2020
Shares outstanding at the beginning	42,40,175	42,40,175
Shares Issued during the period	-	-
Capital Reduction during the Period	-	-
Shares outstanding at the end	42,40,175	42,40,175

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

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

Particulars	31-Mar-2021	31-Mar-2020
Ultraweld Engineers Private Limited		
No of shares	29,72,315	29,72,315
% Held	70.10	70.10
<b>Total</b>	<b>29,72,315</b>	<b>29,72,315</b>

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

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

(f) Details of Shares held by Promoter Holding Company

Particulars	31-Mar-2021	31-Mar-2020
Ultraweld Engineers Private Limited		
No of shares	29,72,315	29,72,315
% Held	70.10	70.10
<b>Total</b>	<b>29,72,315</b>	<b>29,72,315</b>

**NOTE :12- Non Current Borrowings**

Particulars	31-Mar-2021	31-Mar-2020
<b>Secured</b>		
<b>A. From other parties</b>		
Long term Maturities of NBFC Loans (Secured by way of charge on Motor Vehicles purchased out of above)	6,45,291	20,65,872
<b>C.From Related parties</b>	-	28,93,600
<b>Total</b>	<b>6,45,291</b>	<b>49,59,472</b>

**NOTE:13- Long-Term Provisions**

<b>Provision for employee benefits</b>		
Leave Encashment (Unfunded)	1,20,34,773	32,60,849
Gratuity	4,05,252	11,39,083
<b>Total</b>	<b>1,24,40,025</b>	<b>43,99,932</b>

**Note:14- Deferred Tax Liabilities (Net)**

The Accumulated impact of deferred tax arising on account of timing differences and expected to be reversed during the forthcoming years is recognised as an adjustment to balance of profit and loss as prescribed in Ind AS 12. The composition of accumulated deferred tax liability is as follows.		
<b>Deferred tax Liability</b>		
Related to Fixed Assets- Depreciation	77,41,282	69,91,942
On Account of gain on Investment	46,005	23,30,947
<b>Deferred Tax asset</b>		
Related to expenditure temporarily disallowed under the Income Tax Act, 1961	28,12,341	29,68,548
On Account of Actuarial Loss	11,44,821	14,95,917
<b>Deferred Tax Liability (Net)</b>	<b>38,30,125</b>	<b>48,58,424</b>

**NOTE :15-Other Non current liabilities**

Security Deposits	16,70,000	16,70,000
<b>Total</b>	<b>16,70,000</b>	<b>16,70,000</b>

**NOTE :1-Current Borrowings**

<b>Loans Repayable on Demand</b>		
Canara Bank OCC 033 (Working capital loans are secured by primary charge over book debts, stock and pari passu charge land at Bommasandra)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE :16-Trade Payables**

<b>Dues to</b>		
Micro and Small Enterprises	13,69,085	12,261
Trade Payables- Others	6,14,05,627	2,61,76,273
<b>Total</b>	<b>6,27,74,712</b>	<b>2,61,88,534</b>

**NOTE :17-Other Financial Liabilities**

Current Maturities of Long term debt		
<b>Secured</b>		
Term Loans from NBFC	12,23,859	11,22,678
<b>Total</b>	<b>12,23,859</b>	<b>11,22,678</b>

**NOTE :18-Other Current Liabilities**

<b>Other payables</b>		
Statutory Remittances	64,12,291	12,70,454
Payables to related parties	7,42,535	1,82,791
Unclaimed Dividend	4,51,264	4,38,227
Salary Payables to Employees	27,80,033	23,32,762
Advances from Customer for Supplies/Services	5,70,38,597	10,09,63,232
Other Payables	7,34,219	6,81,688
Advance Rent	14,93,250	14,22,141
<b>Total</b>	<b>6,96,52,189</b>	<b>10,72,91,295</b>

**NOTE :19-Current Provisions**

Particulars	31-Mar-2021	31-Mar-2020
<b>Provision for employee benefits</b>		
Leave Encashment	5,56,116	56,69,256
Provision for Bonus	10,97,657	11,61,895
Gratuity Provision	4,67,742	66,80,409
<b>Total</b>	<b>21,21,515</b>	<b>1,35,11,560</b>

**NOTE :20-Current Tax Liabilities(Net)**

Income tax payable	38,31,659	17,01,324
<b>Total</b>	<b>38,31,659</b>	<b>17,01,324</b>

**NOTE :22-Revenue From Operations**

Particulars	31-Mar-2021	31-Mar-2020
Sale of Engineering Products	29,47,72,284	41,96,65,556
Sale of Engineering Systems	49,95,76,914	20,17,43,211
Sale of Services	28,91,762	62,71,597
<b>Total</b>	<b>79,72,40,960</b>	<b>62,76,80,364</b>

**NOTE:23-Other Income**

Interest Income	89,50,791	17,82,397
Rental Income	58,36,313	55,58,393
Gain on sale of Investment	30,07,288	-
Other income	29,640	21,797
MEIS Subsidy received	1,74,534	-
Revaluation of Investments at Fair Value	22,00,420	75,10,224
Profit on Sale of asset	4,62,579	-
Foreign Exchange Gain(Net)	46,19,677	-
<b>Total</b>	<b>2,52,81,242</b>	<b>1,48,72,811</b>

**NOTE:24-Cost of material, consumables and products**

Opening Stock	74,84,927	33,46,683
Purchases	52,16,93,796	47,54,27,790
Closing Stock	12,39,656	74,84,927
<b>Total</b>	<b>52,79,39,067</b>	<b>47,12,89,546</b>

**NOTE:25-Changes in inventory of work-in-progress**

<b>Goods</b>		
Inventory at the end of the year	2,79,93,646	5,43,86,490
Inventory at the beginning of the year	5,43,86,490	2,60,71,330
<b>Services</b>		
Inventory at the end of the year	20,81,279	47,16,092
Inventory at the beginning of the year	47,16,092	6,99,556
<b>Net (Increase)/Decrease</b>	<b>2,90,27,657</b>	<b>(3,23,31,696)</b>

**NOTE:26-Employee Benefits Expense**

Salaries & Wages	4,84,33,483	4,22,61,542
Bonus & Ex-Gratia	22,79,304	33,78,955
Contribution to provident & Other Funds	20,77,265	19,56,028
Staff Welfare Expenses	8,37,914	30,57,902
<b>Total</b>	<b>5,36,27,965</b>	<b>5,06,54,427</b>

**NOTE:27-Finance Costs**

Bank Guarantee Commission	11,46,741	16,62,918
Interest Expense	35,90,896	9,75,638
Processing Charges	1,25,948	2,00,000
<b>Total</b>	<b>48,63,585</b>	<b>28,38,556</b>

**NOTE:28-Depreciation And Amortisation Expense**

Tangible Asset	84,55,009	83,66,165
Intangible Asset	28,834	1,18,183
<b>Total</b>	<b>84,83,843</b>	<b>84,84,348</b>

**NOTE:29-Other Expenses**

Particulars	31-Mar-2021	31-Mar-2020
<b>Manufacturing &amp; Operating Expenses</b>		
Electricity and Water Charges	9,41,552	10,98,439
Repairs & Maintenance - Factory, Building,etc	42,57,436	18,62,862
Retainership Fee	25,49,078	12,87,321
Contract Labour	3,58,845	17,58,597
<b>Establishment Expenses</b>		
Advertisement Expenses	87,850	1,20,047
AGM Expenses	65,000	58,868
Bank Charges	5,12,414	10,36,624
Business promotion Expenses	13,31,906	19,66,699
Communication Expenses	2,97,472	4,08,534
CSR Expenses	11,52,000	7,10,000
Discounts, Bad debts and Write offs	1,674	46,742
Donations	56,650	10,000
Electricity and Water Charges	3,75,546	2,42,077
Foreign Exchange Loss (Net)	-	57,05,096
Insurance	10,25,724	10,58,858
LD Charges	70,67,162	11,59,442
Legal & Professional Charges	79,84,548	60,45,276
Listing fees	3,00,000	3,00,000
Loss on sale of Investment	4,95,250	21,68,500
Membership & Subscription Charges	5,59,650	4,74,110
Office Expenses	5,76,189	6,90,223
Payment to Auditors	3,25,000	3,55,000
Postage & Courier Charges	98,136	1,01,528
Printing and Stationary	3,00,611	3,55,369
Rates & Taxes	11,06,654	13,50,999
Rent	14,64,220	8,94,900
Repair & Maintenance	24,38,100	38,16,518
Seminar & Exhibition Charges	11,98,139	2,74,244
Service Contract Charges	9,78,053	9,79,068
Sitting Fee	2,02,500	2,10,000
Travelling & Conveyance	25,67,887	1,28,66,897
Vehicle Maintenance	5,33,691	7,54,045
<b>Total</b>	<b>4,12,08,937</b>	<b>5,01,66,884</b>

**Note 30 - Corporate social responsibility**

a. CSR amount required to be spent as per section 135 of the Companies Act 2013 read with Schedule VII thereof by the company during the year is Rs 11,52,000/-.

b. Expenditure related to CSR is Rs 11,52,000/- .

Details of Amount spent towards CSR given below

Particulars	31-Mar-2021	31-Mar-2020
Contribution /Acquisition of any asset On purpose other than mentioned above	11,52,000	-
		7,10,000

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

Particulars	31-Mar-2021	31-Mar-2020
As Auditor	2,50,000	2,50,000
For Tax Auditor	75,000	70,000
<b>Total</b>	<b>3,25,000</b>	<b>3,20,000</b>

**Note 32 - Contingent Liability and Commitments**

Particulars	31-Mar-2021	31-Mar-2020
Bank Guarantee	7,74,43,142	12,05,18,775
<b>Total</b>	<b>7,74,43,142</b>	<b>12,05,18,775</b>

ii. In respect of Financial Year 2015-16, an amount of Rs. 1,28,90,400 being cost of construction of building was disallowed under the Income tax act and this has resulted in a demand of Rs.68,706. The Company has won the appeal at CIT and rectification order now pending with assessing officer.





Sika Interplant Systems Limited

35th Annual Report 2020-201

SIKA INTERPLANT SYSTEMS LIMITED  
CIN - L29190KA1989PL007363

NOTE-2-FIXED ASSETS-CONSOLIDATED

Description	Life Span of Assets in Years	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK		
		As at 01-04-2020		As at 31-03-2021		As at 01-04-2020		As at 31-03-2021		As at 31-03-2021	As at 01-04-2020	
		Additions	Deletions	Additions	Deletions	Additions	Deletions	Additions	Deletions			
<b>a) Tangible Assets</b>												
Freehold Land at Bommasandra		25,43,81,946	-	25,43,81,946	-	-	-	-	-	25,43,81,946	25,43,81,946	7,58,344
Freehold Land at Thimmanahalli		7,58,344	-	7,58,344	-	-	-	-	-	7,58,344	7,58,344	58,82,629
Lease Hold land at Mysore*		58,82,629	-	58,82,629	-	-	-	-	-	58,82,629	58,82,629	6,36,25,236
Building	30	7,45,85,461	-	7,45,85,461	-	-	-	-	-	7,45,85,461	7,45,85,461	12,39,132
Roads	10	20,65,220	-	20,65,220	-	-	-	-	-	20,65,220	20,65,220	1,88,74,879
Plant and Machinery	15	2,64,19,022	-	2,64,19,022	-	-	-	-	-	2,64,19,022	2,64,19,022	21,54,414
Office Equipment	5	79,79,243	-	79,79,243	-	-	-	-	-	79,79,243	79,79,243	56,16,103
Furniture and fixtures	10	1,29,40,107	-	1,29,40,107	-	-	-	-	-	1,29,40,107	1,29,40,107	1,45,38,794
Vehicles	8	2,64,67,744	-	2,64,67,744	-	-	-	-	-	2,64,67,744	2,64,67,744	6,002,76
Computers	3	54,80,531	-	54,80,531	-	-	-	-	-	54,80,531	54,80,531	99,073
Servers and Networking	6	5,32,357	-	5,32,357	-	-	-	-	-	5,32,357	5,32,357	66,047
<b>Subtotal (a)</b>		<b>41,74,92,603</b>	<b>40,44,251</b>	<b>41,59,97,249</b>	<b>49,21,537</b>	<b>84,55,008</b>	<b>5,32,55,249</b>	<b>36,37,43,000</b>	<b>36,37,43,000</b>	<b>36,37,43,000</b>	<b>36,37,43,000</b>	<b>3,57,70,826</b>
<b>Previous Year Figures</b>		<b>35,87,13,760</b>	-	<b>35,87,13,760</b>	-	<b>2,05,82,339</b>	-	<b>2,05,82,339</b>	<b>36,77,70,826</b>	<b>36,77,70,826</b>	<b>36,77,70,826</b>	<b>3,58,13,581</b>
<b>b) Intangible Assets</b>												
Software	6	15,69,362	-	17,34,612	-	-	-	-	-	17,34,612	17,34,612	2,38,539
<b>Subtotal (b)</b>		<b>15,69,362</b>	<b>1,65,250</b>	<b>17,34,612</b>	<b>14,67,239</b>	<b>28,834</b>	<b>14,96,073</b>	<b>14,96,073</b>	<b>14,96,073</b>	<b>14,96,073</b>	<b>14,96,073</b>	<b>1,02,123</b>
<b>Previous Year Figures</b>		<b>14,31,787</b>	-	<b>15,69,362</b>	<b>4,64,977</b>	<b>2,57,917</b>	<b>7,22,894</b>	<b>7,22,894</b>	<b>1,02,123</b>	<b>1,02,123</b>	<b>1,02,123</b>	<b>9,66,810</b>
<b>c) Capital Work in Progress - Tourism Project</b>												
Capital Work in Progress - Tourism Project		28,57,795	-	28,57,795	-	-	-	-	-	28,57,795	28,57,795	28,57,795
<b>Subtotal (c)</b>		<b>28,57,795</b>	-	<b>28,57,795</b>	-	-	-	-	-	<b>28,57,795</b>	<b>28,57,795</b>	<b>28,57,795</b>
<b>Previous Year Figures</b>		<b>28,57,795</b>	-	<b>28,57,795</b>	-	-	-	-	-	<b>28,57,795</b>	<b>28,57,795</b>	<b>16,11,711</b>
<b>Total (a+b+c)</b>		<b>42,19,19,760</b>	<b>42,09,501</b>	<b>42,05,89,656</b>	<b>5,11,89,016</b>	<b>84,83,842</b>	<b>5,47,51,322</b>	<b>36,58,38,334</b>	<b>36,58,38,334</b>	<b>36,58,38,334</b>	<b>36,58,38,334</b>	<b>3,70,73,074</b>
<b>Previous Year</b>		<b>40,32,29,544</b>	<b>69,57,826</b>	<b>40,99,150,950</b>	<b>4,15,83,779</b>	<b>73,56,138</b>	<b>4,89,39,917</b>	<b>36,10,11,033</b>	<b>36,10,11,033</b>	<b>36,10,11,033</b>	<b>36,10,11,033</b>	<b>36,14,09,343</b>

(i) The recoverable amount of all assets exceeds the carrying amount as at 31st March 2021, hence the Company has not recognized any impairment losses.

(ii) During the year, the Company has reviewed the useful life of all category/subcategory of the Fixed Assets, in the context of useful life prescribed under Schedule II of the Companies Act, 2013.

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

(iv)\* Karnataka Industrial Area Development Board (KIADB) allotted land aggregating to 8.33 acres to the Company for 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.

(v) The Management has reviewed the residual value and the useful life of the Property, Plant and Equipment. Accordingly, the Company has concluded that the impact of Covid-19 is not material based on these estimates and hence, no change in accounting estimate is required to be accounted as per Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.



Note-11 Statement of Changes in Equity for the year ended 31st March, 2021

A) Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
4,24,01,750	-	4,24,01,750

B) Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	-	-	44,01,400	24,15,86,989	-	-	-	-	-	-	-	48,46,31,406
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Tax on Dividend	-	-	-	-	-	(46,64,193)	-	-	-	-	-	-	-	(46,64,193)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	11,99,52,079	-	-	-	-	-	-	-	11,99,52,079
Balance at the end of the reporting period	-	-	-	-	44,01,400	35,68,74,875	-	-	-	-	-	-	-	80,70,145



Note-12 Statement of Changes in Equity for the year ended 31st March, 2020

A) Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
4,24,01,750	-	4,24,01,750

B) Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debit Income through Other Comprehensive Income	Equity Income through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of foreign operation	Other Items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	6,06,76,001	17,79,67,000	44,01,400	17,95,43,739	-	-	-	-	-	-	-	42,25,88,140
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Tax on Dividend	-	-	-	-	-	(33,92,140)	-	-	-	-	-	-	-	(33,92,140)
Transfer to retained earnings	-	-	-	-	-	(6,97,261)	-	-	-	-	-	-	-	(6,97,261)
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	6,06,76,001	17,79,67,000	44,01,400	24,27,76,596	-	-	-	-	-	-	-	48,58,22,997

**Note 33** - Disclosures in respect of Micro and Small Enterprises:

The amount due as at 31st March, 2021 to suppliers under The Micro, Small and Medium Enterprises Development Act, requiring disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is Rs. 13,69,085/-. The disclosures pursuant to the said Act are as under –

Particulars	Amount(Rs.)
Principal amount due to suppliers under MSMED Act, 20062	13,69,085
Interest accrued, due to suppliers under MSMED Act on the above amount and unpaid	
Payment made to suppliers (other than interest) beyond the appointed day during the year	
Interest paid to suppliers under MSMED Act (other than Section 16)	
Interest paid to suppliers under MSMED Act (Section 16)	
Interest due and payable towards suppliers under MSMED Act for payments already made	
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	

Note: The information has been given in respect of such vendors to the extent they could be identified as “Micro and Small” enterprises on the basis of information available with the Company.

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.

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

**Note 34** - Capital Reserve and Securities Premium have arisen pursuant to a scheme of merger approved by the Honourable High Court of Karnataka.

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

Particulars	31-Mar-2021	31-Mar-2020
1. Engineering Systems		
a. Handling Systems	20,84,24,111	8,83,50,607
b. Others	29,11,52,803	11,33,92,604
2. Engineering Products		
a. Servo Products	3,48,76,012	10,35,48,469
b. Others	25,98,96,272	31,60,17,087
3. Sale of Engineering Services		
a. Design and Drawings	28,91,762	59,38,411
b. Others	2,20,640	4,33,186
<b>Total</b>	<b>79,74,61,600</b>	<b>62,76,80,364</b>

**Note 36** - Expenditure in Foreign Currency

Particulars	31-Mar-2021	31-Mar-2020
Purchase of Raw Materials & components (CIF value)	42,75,15,139	43,15,48,373
Purchase of Stock in Trade (CIF value)	-	-
Travelling Expenses	-	37,05,961
<b>Total</b>	<b>42,75,15,139</b>	<b>43,52,54,334</b>

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

Particulars	31-Mar-2021	31-Mar-2020
Export of Services	28,91,762	59,38,411
Export of Goods	1,82,38,155	5,07,91,638
<b>Total</b>	<b>2,11,29,917</b>	<b>5,67,30,049</b>

**Note 38 - Related Party Disclosure**

i) List of Related Parties where control exists:

NAME	NATURE OF RELATIONSHIP
M/s Ultraweld Engineers Pvt Ltd	Promoter Holding Company
Mr. Rajeev Sikka	Key Management Personnel
Mr. Kunal Sikka	Key Management Personnel

ii) Names of the related parties with whom transactions were carried out during the year and description of relationship:

NAME	RELATIONSHIP
Mr. Rajeev Sikka	Key Management Personnel
Mr. Kunal Sikka	Key Management Personnel
Mrs. Anuradha Sikka	Relative of Key Management Personnel
M/s Aerotek Sika Aviosystems Pvt Ltd	Subsidiary Company
M/s Sika Tourism Pvt Ltd	Subsidiary Company
M/s Sikka N Sikka Engineers Pvt Ltd	Subsidiary Company

iii) Transaction with related parties:

Name	Nature of Transaction (Net)	Amount of Transactions for the FY 2020-21	Amount of Transactions for the FY 2019-20
Mr. Rajeev Sikka	Salary	55,08,072	50,24,979
Mr. Kunal Sikka	Salary	46,00,611	41,96,520
Mrs. Anuradha Sikka	Salary	12,00,000	4,80,000
M/s Sikka N Sikka Engineers Pvt Ltd	Service received	1,20,000	1,20,000
M/s Aerotek Sika Aviosystems Pvt Ltd	Loan paid	33,40,000	37,50,000
M/s Sika Tourism Pvt Ltd	Loan paid	40,000	45,000
M/s Aerotek Sika Aviosystems Pvt Ltd	Interest received	4,37,458	1,61,700

iv) Closing balances as on the year end:

Name	Nature of Transaction (Net)	Balance as on 31.03.2021 Receivable/(Payable)	Balance as on 31.03.2020 Receivable/(Payable)
Mr. Rajeev Sikka	Salary	45,000	70,000
Mr. Kunal Sikka	Salary	92,466	92,486
Mrs. Anuradha Sikka	Salary	5,85,000	40,000
M/s Aerotek Sika Aviosystems Pvt Ltd	loan paid	1,01,14,788	63,70,139
M/s Sika Tourism Pvt Ltd	loan paid	2,86,180	2,46,180

**Note-39** The disclosure as per Indian Accounting Standard 19 "Employee Benefits" are given below

**a) Defined Contribution Plans**

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

Particulars	31-Mar-2021	31-Mar-2020
Employer's Contribution to Provident Fund	10,30,078	9,96,379
Employer's Contribution to Pension Scheme	8,01,205	7,09,745
<b>Total</b>	<b>18,31,283</b>	<b>17,06,124</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	
	31-Mar-2021	31-Mar-2020
<b>Components of Employer Expenses</b>		
Current Service cost	8,08,201	6,59,225
Past service cost - Plan Amendment	-	-
Interest on Obligations	8,69,432	3,58,133
Expected Return on Plan Assets	(5,48,715)	(2,80,675)
Net actuarial loss/ (gain) recognized during the year	(13,95,009)	59,43,726
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>(2,66,090)</b>	<b>66,80,409</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	1,24,05,822	1,21,42,912
Fair value of plan assets	1,15,32,828	43,23,419
Funded status[Surplus/(deficit)]	(8,72,994)	(78,19,493)
Unrecognised past service costs	-	-
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present Value of DBO at beginning of the year	1,21,42,912	53,51,501
Current Service Cost	8,08,201	6,59,225
Interest Cost	8,69,432	3,58,133
Prior Service Costs	-	-
Actuarial(Gains)/Losses	(14,14,724)	59,43,726
Benefits Paid	-	(1,69,673)
Present Value of DBO at end of the year	1,24,05,822	1,21,42,912
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	43,23,419	42,12,417
Expected Return on Plan Assets	5,48,715	2,80,675
Employer Contribution	66,80,409	-
ActuarialGains/(Losses)	(19,716)	-
Benefits Paid	-	(1,69,673)
Plan Assets at End of the Year	1,15,32,828	43,23,419
Actual Return on Plan Assets	5,29,000	2,80,675
<b>Actuarial assumptions</b>		
Discount Rate	7.16%	6.80%
Expected Return on Plan Assets	7.16%	6.80%
Salary Escalation	11.00%	11.00%
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	
	31-Mar-2021	31-Mar-2020
<b>Changes in Defined Obligations</b>		
Obligations at period beginning - Current	34,57,992	9,61,072
Obligations at period beginning - Non Current	54,72,114	83,94,929
Service Cost	(16,94,307)	(10,45,006)
Interest on Defined benefit obligation	6,39,396	4,28,973
Benefits settled	-	(60,95,152)
Actuarial gain/(loss)	13,27,081	(41,95,275)
<b>Obligations at period end</b>		
Current Liability (within 12 months)	5,56,116	34,57,992
Non Current Liability	1,20,34,773	54,72,114
<b>Changes in Plan Assets</b>		
Plans assets at period beginning, at fair value		
Expected return on plan assets		
Actuarial gain/(loss)		
Contributions	-	60,95,152
Benefits settled	-	(60,95,152)
Plans assets at period end, at fair value		
<b>Funded Status</b>		
Closing PBO	1,25,90,889	89,30,105
Closing Fair value of plan assets	-	-
Closing Funded status	-	-
Net Asset/(Liability) recognized in the Balance Sheet	(1,25,90,889)	(89,30,105)
<b>Expenses recognized in the P&amp;L account and Other Comprehensive Income</b>		
Service cost	16,94,307	10,45,006
Interest cost	6,39,396	4,28,973
Benefits paid	-	60,95,152
Actuarial (Gain)/Loss	13,27,081	41,95,275
<b>Net gratuity / leave cost</b>		
Experience Adjustment on Plan Liabilities		
Experience Adjustment on Plan Assets		
<b>Assumptions</b>		
Discount factor	7.16%	6.80%
Estimated rate of return on plan assets	0.00%	0%
Salary increase	11.00%	11.00%
Attrition rate	5.00%	5.00%

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

Particulars	31-Mar-2021	31-Mar-2020
Salaries & Wages	93,62,397	85,32,777
Plant & Machinery	6,05,647	1,94,616
<b>Total</b>	<b>99,68,044</b>	<b>87,27,393</b>

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

**Note 42- Litigation**

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

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

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

**Note-44-Financial Instruments by category**

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2021 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Investments in Quoted Instruments	1,60,33,631	-	-
Trade Receivables	-	-	5,45,17,350
Cash and Cash Equivalents	-	-	83,81,034
Bank balances other than (iii) above	-	-	28,67,02,149
Loans	-	-	-
Others	-	-	3,64,19,384
Investments in Subsidiary	-	-	-
<b>Total</b>	<b>1,60,33,631</b>	<b>-</b>	<b>38,60,19,916</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	6,45,291
Trade Payables	-	-	6,27,74,712
Other Financial Liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,34,20,003</b>

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2020 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Investments in Quoted Instruments	18,74,08,147	-	-
Trade Receivables	-	-	1,56,38,842
Cash and Cash Equivalents	-	-	1,78,03,245
Bank balances other than (iii) above	-	-	2,66,00,622
Loans	-	-	66,16,319
Others	-	-	69,51,387
Investments in Subsidiary	-	-	-
<b>Total</b>	<b>18,74,08,147</b>	<b>-</b>	<b>7,36,10,416</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	31,88,550
Trade Payables	-	-	2,61,88,535
Other Financial Liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,93,77,085</b>

**Note-45-Fair Value Hierarchy**

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

**Level 2**-Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly(i.e. as prices) or indirectly(i.e. derived from prices)

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

The fair value hierarchy of assets and liabilities measured as fair value as of 31-Mar-2021 is as follows:

Particulars	As of March 31, 2021	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Quoted Instruments	1,60,33,631	1,60,33,631	-	-
		-	-	-

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

Debt mutual funds are being carried at their fair values in the financial statements based on the NAV reports of the relevant fund houses. Management does not expect any material volatility on account of COVID -19 pandemic situation considering the investments in debt funds of the respective mutual funds.

The fair value hierarchy of assets and liabilities measured as fair value as of 31-Mar-2020 is as follows:

Particulars	As of March 31, 2020	Fair Value measurement at the end of the year using		
		Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Investments in Quoted Instruments	18,74,08,147	18,74,08,147	-	-
		-	-	-

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



**Note-46-Capital Management**

The Company's capital management objectives are:

-to ensure the Company's ability to continue as going concern and

-to provide an adequate return to shareholders through optimisation of debts and equity balance.

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

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

to ensure the company's ability to continue as going concern and

to provide an adequate return to shareholders through optimisation of debts and equity balance

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

The company's objective for capital management is to obtain an optimum overall financial structure.

**Note-46(i)-Debt to Equity Ratio**

Particulars	31-Mar-2021	31-Mar-2020
Debt (includes non-current, current borrowings and current maturities of long term debt)	6,45,291	49,59,472
Less : cash and cash equivalents	83,81,034	1,78,03,245
<b>Net debt</b>	<b>(77,35,743)</b>	<b>(1,28,43,773)</b>
Total equity	64,23,21,041	52,70,33,149
<b>Net debt to total equity ratio</b>	<b>-1%</b>	<b>-2%</b>

**Note-46(ii)-Dividend****Dividend on equity shares**

Final dividend for the year ended March 31, 2021 of Rs.1,69,60,700/- (i.e. Re.4/- Equity share) (previous year-for year ended March 31, 2020 Rs.46,64,192/- (i.e. Re.1.10/- Equity share)

Dividend distribution tax for the dividend declared on March 31, 2021 is Rs.NIL/- (previous year-for the year ended March 31, 2020 Rs.NIL/-)

Dividends not recognized at the end of the reporting period

The Board of Directors at its meeting held on 28th June, 2021 have recommended payment of final dividend of ₹4.00 per Equity share of face value of ₹10 each for the year ended March 31, 2021. The same amounts to ₹1,69,60,700/-.

**Note-47-Financial Risk Management**

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

**(i) Credit risk**

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

**Investments**

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

**Trade receivables**

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

In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to Covid-19.

Particulars	As at 31 March, 2021	As at 31 March, 2020
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	5,42,09,834	1,55,59,089
180 - 365 days	3,07,526	79,753
beyond 365 days	-	-
<b>Total</b>	<b>5,45,17,360</b>	<b>1,56,38,842</b>

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	1,56,38,842	10,07,50,835
Addition	89,33,66,601	67,67,25,673
Write – offs	-	-
Recoveries	(85,44,88,093)	(76,18,37,666)
<b>Balance at the end of the year</b>	<b>5,45,17,350</b>	<b>1,56,38,842</b>

**(ii) Liquidity Risk**

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

The Company has unutilised working capital overdraft from banks of ₹ 400 lakhs as on March 31, 2021 and ₹ 400 lakhs as on March 31, 2020.

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

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

Particulars	Less than 1 year	1-3 years
Term Loan from Banks	-	-
Term Loan from NBFC	18,69,150	31,88,550

**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:

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

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

The financial statements of the subsidiary companies are drawn upto the same reporting period as of the holding companies  
i.e. year ended March 31, 2021.

Name of the entity	Net Assets		Share of profit and loss		Share of other Comprehensive Income		Share of Total Comprehensive	
	as % of Consolidated assets	Amount	as % of Profit and Loss	Amount	as % of consolidated other comprehensive Income	Amount	as % of consolidated total comprehensive Income	Amount
Sika Interplant Systems Limited	97.20%	51,22,79,071	101.80%	6,73,24,258	-	6,61,32,662	101.80%	13,34,56,920
<b>Subsidiaries</b>								
Sikka N Sikka Engineers Private Limited	1.59%	84,02,807	-0.79%	(5,25,113)	-	-	-0.79%	(5,25,113)
Sika Tourism Private Limited	-0.05%	(2,54,567)	-0.07%	(44,029)	-	-	-0.07%	(44,029)
EMSAC Engineering Private Limited	0.08%	4,38,778	-0.05%	(35,640)	-	-	-0.05%	(35,640)
Aerotek Sika Aviosystems Private Limited	2.30%	1,21,25,564	-1.74%	(11,53,783)	-	-	-1.74%	(11,53,783)
Non Controlling Interest	-1.13%	(59,58,501)	0.86%	5,66,969	-	-	0.86%	5,66,969

The Company has unutilised working capital overdraft from banks of ₹ 400 lakhs as on March 31, 2021 and ₹ 400 lakhs as on March 31, 2020.

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

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

Particulars	Less than 1 year	1-3 years
Term Loan from Banks	-	-
Term Loan from NBFC	18,69,150	31,88,550

#### Note-48-Income Tax

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

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Current Tax*	4,20,00,000	2,34,10,462
Deferred Tax	(13,79,395)	(8,05,414)
<b>Total</b>	<b>4,06,20,605</b>	<b>2,26,05,048</b>

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

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Profit before Income tax	15,73,71,148	9,14,51,110
Tax rate	25.17%	22%
<b>Computed expected tax expense</b>	<b>3,96,07,171</b>	<b>2,03,80,544</b>
Effect of non deductible expenses	31,99,597	36,42,549
Effect of non Taxable Income	-	(16,52,249)
Effect of expenses deductible as per Income Tax Act	(59,64,009)	(21,43,345)
Others	29,12,743	1,72,823
Interest	22,44,498	29,99,678
<b>Current Tax Expense</b>	<b>4,20,00,000</b>	<b>2,34,00,000</b>

#### Note-49 Impact of COVID-19 Pandemic

The spread of COVID-19 has severely impacted business around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock downs, disruption in transportation, supply chain, travel bans, quarantine, social distancing and other emergency measures.

As the situation is constantly evolving the company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic in the financial statement for the year ended March 31, 2021

Management is of the view that there is significant uncertainty in the business environment which has resulted in delays in confirmation of customer orders and in executing the orders in hand and an increase in lead time in sourcing components. Based on current assessment, management is of the view that the situation is likely to continue for the next quarters.

The company have borrowings amounting to Rs.18,69,150/-, however the company is net debt free. So, In the view of the management, there is no major impact on the immediate liquidity position of the company as on the date on which financial statements are approved.

The company has made an assessment on carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Inventory and Financial assets and has concluded that no further adjustments are required to be made to the carrying values of such assets as at March 31, 2021.

The company has taken into accounts all possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The company will closely monitor any material changes to future economic condition.

**For B.N. Subramanya & Co.**  
Chartered Accountants  
FRN: 0041425

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

**Devendra Nayak**  
Partner  
Membership No. 027449

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

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

Place: Bangalore  
Date: 28th June, 2021

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

**Sambaiah.P**  
Chief Financial Officer  
DIN: 00568833

**Sriee Aneetha M**  
Company Secretary