

SIKKO INDUSTRIES LIMITED

ANNUAL ACCOUNTS

2017-2018

G. K. Choksi & Co.

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To,
The Members,
SIKKO INDUSTRIES LIMITED
Ahmedabad.

Report on the Financial Statements

We have audited the accompanying financial statements of **SIKKO INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Basis for Qualified Opinion

Adhering to significant accounting policy, the company is accounting for Gratuity & Leave encashment on payment basis. This is not in accordance with Accounting Standard – 1 "Disclosure of Accounting Policies" and Accounting Standard - 15 (Revised) "Employee Benefits" prescribed by The Institute of Chartered Accountants of India and contrary to provision contained in Section 128(iii) of The Companies Act, 2013. The extent of non-compliance in terms of value is not ascertainable.

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Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the matter described in the basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2018 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure – A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, *except for the matter described in the basis for Qualified Opinion paragraph*, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (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 our 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 - Refer notes 28 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivatives 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.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

Rohit Choksi
ROHIT K. CHOKSI

Partner

Mem. No. 31103

Place : Ahmedabad
Date : 30th May, 2018



Annexure - A to the Independent Auditors' Report of even date on financial statements of Sikko Industries Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals having regard to size of company and nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to information and explanation given to us, the Management of the Company has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on such physical verification during the year.
- (iii) The Company has not granted any secured / unsecured loan to any parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of Clause 3(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.
- (v) According to information and explanations given to us, the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014 during the year under review. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.
- (vi) The provisions of Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of Companies Act, 2013 are not applicable. Accordingly the clause 3(vi) of the order is not applicable.
- (vii) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and Company had no arrears of such outstanding statutory dues as at 31st March, 2018 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the company has no disputed outstanding statutory dues as at 31st March, 2018.
- (viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans and borrowings to banks. The company has not borrowed any funds from the financial institutions and government and the company does not have any dues to debentures holders.
- (ix) The Company has raised moneys by way of initial public offer. The Company has raised moneys by way of term loans during the year and such term loans have been applied by the Company for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no fraud by company or any fraud on the company by its officers and employees have been noticed or reported during the year.
- (xi) According to the information and explanations give to us, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

Rohit Choksi

ROHIT K. CHOKSI
Partner
Mem. No. 31103

Place : Ahmedabad
Date : 30th May, 2018



Annexure-B to the Independent Auditors' Report of even date on the Financial Statements of SIKKO INDUSTRIES LIMITED

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

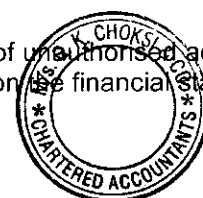
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of 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 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

RoHit Choksi
ROHIT K. CHOKSI
Partner
Mem. No. 31103

Place : Ahmedabad
Date : 30th May, 2018



SIKKO INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2018

[Amount in ₹]

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
I EQUITY AND LIABILITIES			
1. Shareholders Funds			
Share Capital	2	5 60 00 000	4 00 00 000
Reserves & Surplus	3	<u>6 54 43 943</u>	<u>2 31 15 704</u>
		12 14 43 943	6 31 15 704
2. Non - Current Liabilities			
Long Term Borrowings	4	48 69 676	7 58 194
Deferred Tax Liability (Net)	5	<u>42 28 653</u>	<u>0</u>
		90 98 329	7 58 194
3. Current Liabilities			
Short Term Borrowings	6	3 68 96 772	6 86 91 161
Trade Payables			
Dues to Micro, Small & Medium		0	0
Due to Others	7	7 46 42 174	6 18 49 445
Other Current Liabilities	8	1 77 33 240	1 00 49 898
Short Term Provisions	9	<u>69 49 783</u>	<u>38 99 187</u>
		13 62 21 969	14 44 89 691
Total :		<u><u>26 67 64 241</u></u>	<u><u>20 83 63 589</u></u>
II ASSETS			
1. Non Current Assets			
Fixed Assets			
Tangible Assets	10	3 98 43 922	3 04 13 482
Intangible Assets	11	<u>10 69 262</u>	<u>2 57 709</u>
		4 09 13 184	3 06 71 191
Deferred Tax Assets (Net)	12	0	15 43 161
Long Term Loans and Advances	13	8 43 086	8 43 086
2. Current Assets			
Inventories	14	8 88 08 777	5 56 25 700
Trade Receivable	15	9 46 95 421	5 35 84 585
Cash and Bank Balances	16	13 94 655	2 59 98 585
Short Term Loans and Advances	17	3 99 75 952	3 76 93 203
Other Current Asset	18	<u>1 33 166</u>	<u>24 04 078</u>
		22 50 07 971	17 53 06 151
Total :		<u><u>26 67 64 241</u></u>	<u><u>20 83 63 589</u></u>
Significant Accounting Policies	1	-	-

The accompanying notes are an integral part of the financial statements.

As per our report of even date

FOR G. K. CHOKSI & CO.

[Firm Registration No. 101895W]

Chartered Accountants

Rohit Choksi
ROHIT K. CHOKSI

Partner

Mem. No. 31102



FOR AND ON BEHALF OF THE BOARD

Ghanshyambhai Kumbhani

GHANSHYAMBHAI KUMBHANI

Chairman and Whole Time Director

DIN : 00587855

Mukesh Shah
MUKESH SHAH

Chief Financial Officer

Place : Ahmedabad

Date : 30th May, 2018

Jayantibhai Kumbhani

JAYANTIBHAI KUMBHANI

Managing Director

DIN : 00587807

Maitry Doshi
MAITRY DOSHI

Company Secretary

Place : Ahmedabad

Date : 30th May, 2018

SIKKO INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

[Amount in ₹]

Particulars	Notes	2017-2018	2016-2017
I INCOME			
Revenue From Operations	19	25 69 85 062	17 59 39 092
Less: Excise Duty		<u>3 30 941</u>	<u>22 18 479</u>
		25 66 54 121	17 37 20 613
Other Income	20	<u>61 95 017</u>	<u>3 10 505</u>
Total Revenue:		26 28 49 138	17 40 31 118
II EXPENSES			
Purchase of Stock in trade		10 00 94 653	5 94 73 747
Cost of Materials Consumed	21	10 06 96 602	5 69 30 776
Changes in Inventories	22	(2 62 81 960)	33 22 686
Employee Benefit Expenses	23	2 31 46 809	1 39 73 854
Finance Costs	24	18 61 022	42 95 221
Depreciation and Amortization Expenses		70 63 454	71 37 393
Manufacturing and Other Expenses	25	<u>3 12 07 661</u>	<u>2 00 87 449</u>
Total Expenses:		23 77 88 241	16 52 21 126
III PROFIT BEFORE TAX		2 50 60 897	88 09 992
IV TAX EXPENSES			
Current Tax		75 00 000	42 00 000
Deferred Tax		<u>57 71 814</u>	<u>6 05 442</u>
		1 32 71 814	48 05 442
V PROFIT FOR THE YEAR		1 17 89 083	40 04 550
VI EARNING PER SHARE			
Basic and Diluted	26	2.13	1.00

The accompanying notes are an integral part of the financial statements.

As per our report of even date

FOR G. K. CHOKSI & CO.
[Firm Registration No. 101895W]
Chartered Accountants

Rohit Choksi
ROHIT K. CHOKSI
Partner
Mem. No. 31103



FOR AND ON BEHALF OF THE BOARD

Ghanshyambhai Kumbhani
GHANSHYAMBHAI KUMBHANI
Chairman and Whole Time Director
DIN : 00587855

Mukesh Shah
MUKESH SHAH
Chief Financial Officer

Jayantibhai Kumbhani
JAYANTIBHAI KUMBHANI
Managing Director
DIN : 00587807

Maitry Doshi
MAITRY DOSHI
Company Secretary

Place : Ahmedabad
Date : 30th May, 2018

Place : Ahmedabad
Date : 30th May, 2018

SIKKO INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

[Amount in ₹]

Particulars	2017-2018	2016-2017
A Cash from Operating Activities		
Net Profit Before Tax from Continuing Operation	2 50 60 897	88 09 992
Depreciation	70 63 454	71 37 393
Interest and Finance Charges	18 61 022	42 95 221
Interest Received	(28 570)	(9 305)
Dividend Income	0	0
Excess Depreciation Written Back	(51 46 031)	0
	<u>37 49 875</u>	<u>1 14 23 309</u>
Adjustment for Movements in Working Capital:		
Increase/(decrease) in Trade Payable	1 27 92 729	(2 74 03 490)
Increase/(decrease) in Other Current Liability	76 83 342	30 77 635
Decrease/(increase) in Trade Receivable	(4 11 10 836)	1 78 97 643
Decrease/(increase) in Inventories	(3 31 83 077)	61 54 733
Decrease/(increase) in Long Term Loans and Advances	0	50 000
Decrease/(increase) in Short Term Loans and Advances	(22 82 749)	(90 68 019)
Decrease/(increase) in Other Current Assets	22 70 912	(20 08 920)
	<u>(5 38 29 679)</u>	<u>(1 13 00 418)</u>
Cash Generated from Operations	<u>(2 50 18 907)</u>	<u>89 32 883</u>
Direct Taxes paid	(44 49 404)	19 32 390
Net Cash Flow from Operations	[A] (2 94 68 311)	1 08 65 273
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(1 21 59 416)	(23 96 438)
Maturity of / (Investment in) Fixed Deposits	(3 62 000)	0
Interest Received	28 570	9 305
Net cash (used in) / generated from Investing Activities	[B] (1 24 92 846)	(23 87 133)
C Cash flow from Financing Activities		
Short Term Borrowing Taken During the year	(3 17 94 389)	2 25 49 643
Long Term Borrowing (Paid) / Taken During the year	41 11 482	(16 91 752)
Proceed from issue of shares including premium	4 65 39 156	0
Interest paid	(18 61 022)	(42 95 221)
Net cash (used in) / generated from Financing Activities	[C] 1 69 95 227	1 65 62 670
Net Increase/(Decrease) in cash and cash equivalents	[A+B+C] (2 49 65 930)	2 50 40 810
Cash and cash equivalent Opening Balance	2 59 94 585	9 53 775
Cash and cash equivalent Closing Balance	10 28 655	2 59 94 585
Net Increase/(Decrease) in cash and cash equivalents	<u>(2 49 65 930)</u>	<u>2 50 40 810</u>

1 The Cash Flow Statement is prepared by using indirect method in accordance with the format prescribed by Accounting Standard 3 as prescribed by The Institute of Chartered Accountants of India.

2 Figures in brackets indicate cash outflows.

3 Figures of the previous year have been regrouped wherever necessary, to confirm to current years presentation.

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

FOR **G. K. CHOKSI & CO.**

[Firm Registration No. 101895W]

Chartered Accountants

Rohit Choksi
ROHIT K. CHOKSI

Partner

Mem. No. 31103



FOR AND ON BEHALF OF THE BOARD

Ghanshyam

GHANSHYAMBHAI KUMBHANI
Chairman and Whole Time Director
DIN : 00587855

Mukesh
MUKESH SHAH

Chief Financial Officer

Jayantibhai

JAYANTIBHAI KUMBHANI
Managing Director
DIN : 00587807

Maitry Doshi
MAITRY DOSHI

Company Secretary

Place : Ahmedabad

Date : 30th May, 2018

Place : Ahmedabad

Date : 30th May, 2018

SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation of financial statements

- (i) The financial statements of the company have been prepared and presented in accordance with the generally accepted accounting principle under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- (ii) The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

(b) Use of estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Differences between the actual result and estimates are recognised in the period in which the results are known/determined.

(c) Fixed Assets

(i) Tangible Assets

Fixed Assets are stated at their original cost net of cenvat including incidental expenses related to acquisition and installation, less accumulated depreciation. Cost comprises of the purchase price and any other attributable cost of bringing the assets to its working condition for its intended use.

(ii) Intangible Assets

Intangible assets are stated at acquisition cost net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

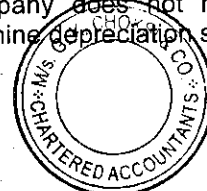
- (iii) At the balance sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

After recognition of impairment loss, the depreciation charge for the assets is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on Written Down Value basis over its remaining useful life.

(d) Depreciation

- (i) Depreciation on Tangible Fixed Assets is provided on Written Down Value method over the useful lives of assets specified in Part C of Schedule II to the Companies Act 2013 read with the relevant notifications issued by the Department of Company affairs.
- (ii) Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.
- (iii) Intangible assets being Software are amortized over a period of its useful life on a straight line basis ,commencing from date the assets is available to the company for its use i.e. three years estimated by the Management.

In accordance with the provisions contained in Schedule II to the Companies Act, 2013 components of an asset, which have significant cost to total cost of assets and its own useful life, are required to be depreciated separately over its useful life. Pursuant to such requirement, the company has retained a technical expert to identify such components and based on certificate obtained from such technical expert, the company does not have any such components. Accordingly, the company is not required to determine depreciation separately.



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

(e) Inventories

- (i) Raw Materials and Finished Goods are valued at lower of cost or net realizable value. Cost of finished goods include materials, labour, manufacturing overhead and other cost incurred in bringing the inventories to their present location and this purpose, cost is determined on First-In-First-Out basis.
- (ii) Stock of packing materials are valued at cost or N.R.V.

(f) Revenue Recognition

- (i) Revenue in respect of domestic sale of products is recognised when the risks and rewards of ownership are passed on to the customers, which is upon dispatch of products. Sales are stated at contractual realizable values, net of excise duty, goods and service tax, sales tax and trade discount.
- (ii) Interest income
Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions.

In respect of monetary items denominated in foreign currencies, exchange differences arising out of settlement or on conversion at the closing rate are recognized in the Profit and Loss Account except Exchange differences arising on the settlement or on reinstatement of Long Term Foreign Currency Monetary Items, in so far as it relates to acquisition of a depreciable capital assets, are added to or deducted from the cost of relevant assets and is depreciated over balance life of assets and incase Long Term Foreign Currency Monetary Items relates to other than an acquisition of depreciable capital assets, the exchange differences so arise is accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the life of the monetary item but not beyond 31st March, 2020.

The premium or discount arising at the inception of forward exchange contracts entered into to hedge existing asset / liability, is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expenses for the period.

(h) Retirement Benefits

- (i) Defined Contribution Plan

Contribution to Defined Contribution Schemes such as Provident Fund and Employees State Insurance Corporation are charged to the Statement of Profit and loss as and when incurred.

- (ii) Defined Benefit Plan

Gratuity and Leave Encashment is charged to profit and loss account on the basis of payment.

(i) Excise/Custom Duty

Excise duty has been accounted based on both payments made in respect of goods cleared from factory premises and provision made for manufactured goods lying unsold at year-end in factory premises.



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

(j) Segment information

The accounting policies adopted for segment reporting are in the line with accounting policy of the company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities."

(k) Taxation

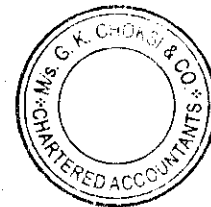
- (i) Current year tax is provided based on taxable income computed in accordance with the provisions of the Income-tax Act, 1961.
- (ii) Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(l) Earnings per Share

Earning per equity share (basic/diluted) is arrived at based on Net Profit after taxation available to equity shareholders to the basic/weighted average number of equity shares.

(m) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

2 Share Capital

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Authorised		
6000000 (Previous Year 6000000) Equity Shares of ₹ 10/- each	6 00 00 000	6 00 00 000
(b) Issued, Subscribed and Paid up		
5600000 (Previous Year 4000000) Equity Shares of ₹ 10/- each fully paid	5 60 00 000	4 00 00 000
	5 60 00 000	4 00 00 000

Note

(i) The company has vide resolution passed by Board of Directors in the meeting held on 10th February, 2017, allotted 20,00,000 equity shares as bonus shares in the ratio of 1:1 on 10th February, 2017.

During the period of five financial years immediately preceding the Balance Sheet date, the company has not:

- (ii) allotted any equity shares pursuant to any contract without payment being received in cash.
- (iii) brought back any equity shares

(c) Reconciliation of number of shares

Particulars	Number of Equity Shares	
	2017-2018	2016-2017
As at April 1	40 00 000	20 00 000
Add. : Shares issued for Cash	16 00 000	0
Add. : Bonus shares issued	0	20 00 000
	56 00 000	40 00 000
Less : Shares bought back / Redemption etc.	0	0
As at March 31	56 00 000	40 00 000

(d) Rights, Preferences and Restrictions

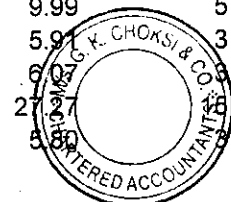
(i) All shares issued are fully paid up ordinary shares. The company has only one class of shares referred to as equity shares having a par value of ₹ 10/-.

(ii) The holders of equity shares are entitled to receive dividends as declared from time to time. No dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 123 of the Companies

(iii) All shares rank equally with regard to Company's residual assets. The distribution will be in proportion to the number of equity shares held by shareholders.

(e) Details of Shareholding

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	%	No. of Shares	%
Shareholders holding more than 5 % Equity Shares				
Ganshyambhai M Kumbhani	3 60 740	6.44	3 60 740	9.02
Bhavnaben P. Kumbhani	3 85 150	6.88	3 85 150	9.63
Alpaben J Kumbhani	5 59 320	9.99	5 59 320	13.98
Mohanbhai N Kumbhani	3 30 740	5.91	3 30 740	8.27
Nandaben G Kumbhani	3 40 000	6.07	40 000	8.50
Jayantibhai M Kumbhani	15 27 042	27.27	15 27 042	38.18
Pravinbhai M. Kumbhani	3 25 000	5.80	3 25 000	8.12



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

3 Reserves & Surplus

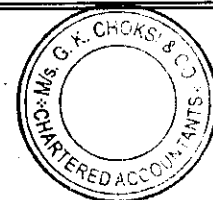
[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Surplus / (Deficit) in Statement of Profit & Loss		
Balance as per previous financial statements	2 31 15 704	3 68 87 565
Add : Profit / (Loss) for the year	1 17 89 083	40 04 550
Add: IT Refund	0	22 25 830
Less: Fixed Assets Written Off	0	(2 241)
Balance available for appropriation	3 49 04 787	4 31 15 704
Less : Appropriations	0	2 00 00 000
	<u>3 49 04 787</u>	<u>2 31 15 704</u>
(ii) Securities Premium Account		
Balance brought forward from previous year	0	0
Add : Premium on shares issued during the year	3 52 00 000	0
	<u>3 52 00 000</u>	<u>0</u>
Less: Share Issue Expense	46 60 844	0
	<u>3 05 39 156</u>	<u>0</u>
	<u>6 54 43 943</u>	<u>2 31 15 704</u>

4 Long Term Borrowings

[Amount in ₹]

Particulars	Current Maturities		Current Maturities	
	Non - Current	Non - Current	Non - Current	Non - Current
	As at 31st March, 2018		As at 31st March, 2017	
Term Loan - From Banks				
Secured				
BOI Tata Zest Car Loan A/C (Refer Note i Below)	2 32 810	1 94 265	0	0
BOI-(New Duster)-Car Loan A/C (Refer Note ii Below)	7 48 713	1 09 864	0	0
HDFC Bank Ltd-(Bmw Car Loan) (Refer Note iii Below)	61 317	6 96 877	7 58 194	6 29 866
SBI Car Loan-(Range Rover Car) (Refer Note iv Below)	38 26 836	8 05 382	0	0
H.D.F.C-(Grand I10) Car Loan	0	0	0	1 39 713
	<u>48 69 676</u>	<u>18 06 388</u>	<u>7 58 194</u>	<u>7 69 579</u>
Less : Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)	0	18 06 388	0	7 69 579
	<u>48 69 676</u>	<u>0</u>	<u>7 58 194</u>	<u>0</u>



... Continued..

SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

4 Long Term Borrowings ... Continued..

Note:

Terms of Repayment and Interest

- | | |
|-------------------------------------|---|
| (i) BOI Tata Zest Car Loan A/C | It is secured against hypothecation of vehicles.
It is repayable in 36 numbers of monthly installments of ₹ 18,827/- commencing from 30th May, 2017. The last installment falls due on 30th April, 2020 and rate of interest is 9.35%. |
| (ii) BOI-(New Duster)-Car Loan A/C | It is secured against hypothecation of vehicles.
It is repayable in 84 numbers of monthly installments of ₹ 15,454/- commencing from 30th May, 2017. The last installment falls due on 30th April, 2024 and rate of interest is 9.35%. |
| (iii) HDFC Bank Ltd-(BMW Car) | It is secured against hypothecation of vehicles.
It is repayable in 60 numbers of monthly installments of ₹ 61,835/- commencing from 5th May, 2014. The last installment falls due on 5th April, 2019 and rate of interest is 10.50%. |
| (iv) SBI Car Loan-(Range Rover Car) | It is secured against hypothecation of vehicles.
It is repayable in 60 numbers of monthly installments of ₹ 96,754/- commencing from 30th January,2018. The last installment falls due on 30th December, 2022 and rate of interest is 7.75%. |

5 Deferred Tax Liability (Net)

Particulars	[Amount in ₹]	
	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Liability		
Tax Impact of difference between book depreciation and tax depreciation (Net)	53 04 003	0
Tax Impact of difference in allowability of Share Issue Expense	(10 75 350)	0
	42 28 653	0

6 Short Term Borrowings

Particulars	[Amount in ₹]	
	As at 31st March, 2018	As at 31st March, 2017
Repayable on demand		
Secured		
From Bank (Refer Note Below)	97 96 772	4 79 36 161
Unsecured		
From Directors	2 71 00 000	90 00 000
From Others	0	1 17 55 000
	3 68 96 772	6 86 91 161



Note:

The above loan is secured against hypothecation of stock of raw materials, work in process, finished goods, consumer durables, stores & spares, packing material and hypothecation of all present and future book debts, Accounts Receivable etc. The loan is further secured by equitable mortgage of factory land and building (Pesticides Unit) situated at Plot No. 55/A & 55/B, Ambica Ind. Estate, Sanand Iyava, Dist. Ahmedabad owned by the company adm. land area 3655 Sq. Mtr. RV: Rs. 2.40 crores, DSV: Rs. 2010 Crores, Registered Value as per Jantri Rs. 1.21 crores. The loan is further secured by equitable mortgage of existing plant & machinery of pesticides unit and fertilizer unit. The rate of interest is 12.75% p. a.

SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

7 Trade Payables

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Dues to Micro, Small and Medium Enterprise [Refer Note 30]	0	0
Others For Goods and Services	7 46 42 174	6 18 49 445
	<u>7 46 42 174</u>	<u>6 18 49 445</u>

8 Other Current Liabilities

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current Maturities of Long Term Debt [Refer Note 4]	18 06 388	7 69 579
Dealer Deposits	1 39 59 504	81 73 504
Statutory Liabilities	19 67 348	4 44 625
Payable to Bank	0	6 62 190
	<u>1 77 33 240</u>	<u>1 00 49 898</u>

9 Short Term Provisions

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for Tax (Net of Advance Tax)	69 49 783	38 99 187
	<u>69 49 783</u>	<u>38 99 187</u>



SIKKO INDUSTRIES LIMITED

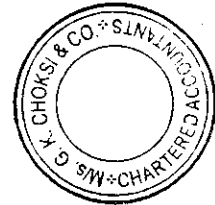
NOTES FORMING PARTS OF ACCOUNTS

10 Tangible Assets

Description of Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at	Additions	Deletions/ Adjustment	As at	Up to	For the	Deletions/ Adjustment	Up to	As at
	April 01, 2017			March 31, 2018	March 31, 2017	year	March 31, 2018	March 31, 2018	March 31, 2017
Land	50 000	0	0	50 000	0	0	0	0	50 000
Factory Land (*)	0	0	70 68 650	70 68 650	0	0	0	0	70 68 650
Factory Building (*)	83 36 312	0	(24 08 730)	59 27 582	50 33 430	2 42 207	(15 10 202)	37 65 435	21 62 147
Office Building	70 86 500	0	0	70 86 500	18 06 212	2 64 014	0	20 70 226	50 16 274
Plant & machinery (*)	4 73 43 667	19 16 238	(46 59 920)	4 45 99 985	3 02 79 491	35 89 689	(36 35 829)	3 02 33 351	1 43 66 634
Electric Installation	18 67 717	0	0	18 67 717	12 27 318	1 90 288	0	14 17 606	4 50 111
Laboratory Equipment	1 17 982	9 58 529	0	10 76 511	75 914	2 04 169	0	2 80 083	7 96 428
Office Equipments	15 43 607	1 48 262	0	16 91 869	12 06 682	1 81 717	0	13 88 399	3 03 470
Vehicle	69 85 978	74 19 482	0	1 44 05 460	47 20 713	16 61 268	0	63 81 981	80 23 479
Computer	3 68 610	3 16 907	0	6 85 517	2 90 300	1 47 998	0	4 38 298	2 47 219
Furniture & Fixtures	79 04 343	4 61 878	0	83 66 221	65 51 174	4 55 537	0	70 06 711	13 59 510
Total :	8 16 04 716	1 12 21 296	0	9 28 26 012	5 11 91 234	69 36 887	(51 46 031)	5 29 82 090	3 98 43 922
Previous Year	7 92 40 778	23 63 938		8 16 04 716	4 40 77 835	71 11 158	2 241	5 11 91 234	3 04 13 482

[Amount in ₹]

(*) The company capitalised land of pesticides unit along with the building and charged depreciation on land portion as well at depreciation rate of the building, the company further capitalised land of fertilizers unit along with the plant and machinery and charged depreciation on land portion as well at depreciation rate of the plant and machinery. The depreciation so charged from the date of capitalization up to financial year 2016-17. During the year under review the block of land identified at ₹ 70,68,650/- and capitalised separately. The depreciation of ₹ 51,46,031/- charged up to the year 2016-17 written back during the year under review and disclosed as Prior Period Item in Note - '20'.



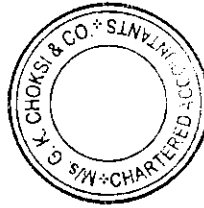
SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

11 Intangible Assets

[Amount in ₹]

Description of	Gross Block at Cost			Depreciation			Net Book Value		
	As at April 01, 2017	Additions	Deletions/ Adjustment	As at March 31, 2018	For the year	Deletions/ Adjustment	Up to March 31, 2018	As at March 31, 2018	As at March 31, 2017
Trademarks	3 83 750	40 500	0	4 24 250	26 093	0	1 52 134	2 72 116	2 57 709
Computer Software	0	8 97 620	0	8 97 620	1 00 474	0	1 00 474	7 97 146	0
Total :	3 83 750	9 38 120	0	13 21 870	1 26 567	0	2 52 608	10 69 262	2 57 709
Previous Year	3 51 250	32 500	0	3 83 750	26 235	0	1 26 041	2 57 709	



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

12 Deferred Tax Asset (Net)

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Assets		
Difference of book depreciation and tax depreciation (Net)	0	15 43 161
	<u>0</u>	<u>15 43 161</u>

13 Long Term Loans and Advances

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Office No-508- Maintenance Deposit	2 11 000	2 11 000
Electricity Deposit - GEB	6 32 086	6 32 086
	<u>8 43 086</u>	<u>8 43 086</u>

14 Inventories

(As taken, valued and certified by the Management)

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Raw Material	4 47 51 306	4 05 60 144
Packing Material	66 13 312	39 03 357
Finished goods	3 74 44 159	1 11 62 199
	<u>8 88 08 777</u>	<u>5 56 25 700</u>

Inventory items have been valued considering the significant accounting policy disclosed in note 1(e) to this financial statement.

15 Trade Receivable

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, Considered good		
Debt outstanding for the period exceeding six months	4 98 92 982	3 02 35 025
Others	4 48 02 439	2 33 49 560
	<u>9 46 95 421</u>	<u>5 35 84 585</u>

Trade Receivable include amounts due from:

Directors	NIL	NIL
Other officers of the Company	NIL	NIL
Firms or private companies in which any director is partner or director or a member	NIL	NIL



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

16 Cash and Bank Balances

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and Cash Equivalents		
Balances with Banks		
In Current accounts	6 37 965	2 51 18 201
Cash on hand	3 90 690	8 76 384
Other Bank Balances		
Deposit with Maturity for more than 3 Months but less than 12 months	3 66 000	4 000
	13 94 655	2 59 98 585

17 Short Term Loans And Advances

(Considered good unless otherwise stated)

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance Recoverable in cash or in kind		
Contractors and Suppliers	54 95 491	44 23 825
Earnest Money Deposit	10 00 000	10 00 000
Other Deposits	0	9 39 000
Staff Loan	3 41 000	3 33 000
Duty Paid Under Protest (Refer Note - '28')	2 59 44 049	2 59 44 049
Balance with / Recoverable from Revenue Authorities	61 73 654	45 57 967
Prepaid Expenses	10 21 758	4 95 362
	3 99 75 952	3 76 93 203

Short Term Loans and Advances include amounts due from:

Directors	NIL	NIL
Other officers of the Company	NIL	NIL
Firms or private companies in which any director is partner or director or a member	NIL	NIL

18 Other Current Asset

(Considered good unless otherwise stated)

[Amount in ₹]

Particulars	As at 31st March, 2018	As at 31st March, 2017
Employee PF	0	87 555
Interest Accrued on Fixed Deposit	28 166	0
Deposits	1 05 000	23 16 523
	1 33 166	24 04 078



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

19 Revenue From Operations

[Amount in ₹]

Particulars	2017-2018	2016-2017
Sale of Products	25 15 31 062	16 09 00 294
Less: Excise Duty	3 30 941	22 18 479
	<u>25 12 00 121</u>	<u>15 86 81 815</u>
Other Operating Revenue		
Reimbursement of C & F Charges	4 95 818	6 45 604
Reimbursement of Marketing Expense	49 58 182	1 43 93 194
	<u>54 54 000</u>	<u>1 50 38 798</u>
	<u>25 66 54 121</u>	<u>17 37 20 613</u>

Breakup of Sale of Products [Net of Excise]

[Amount in ₹]

Particulars	2017-2018	2016-2017
Manufactured Products		
Fertilisers	5 77 06 931	4 13 44 610
Pesticides	10 21 50 863	8 07 04 459
Seeds	8 80 72 877	3 49 86 324
Others	32 69 450	16 46 422
	<u>25 12 00 121</u>	<u>15 86 81 815</u>

20 Other Income

[Amount in ₹]

Particulars	2017-2018	2016-2017
Interest Income on		
Bank Deposits	14 570	9 305
Staff Loan	14 000	0
Income Tax Refund	0	1 00 160
Sundry Balance Written Back (Net)	0	410
Kasar	30 826	0
Rent Income	1 57 000	1 92 000
Prior Period Income (Net) (Refer Note (i) below)	55 01 215	0
Late Payment Charges	4 77 406	8 630
	<u>61 95 017</u>	<u>3 10 505</u>
Breakup of Prior period items (Net)		
Income		
Excess Provision of Depreciation Written Back	51 46 031	0
IPO Expense Written Back	4 84 888	0
	<u>56 30 919</u>	<u>0</u>
Expenses		
Factory Mehsul Vero Tax	1 11 704	0
Panchayat Tax - Factory	18 000	0
	<u>1 29 704</u>	<u>0</u>
	<u>55 01 215</u>	<u>0</u>



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

21 Cost of Materials Consumed

[Amount in ₹]

Particulars	2017-2018	2016-2017
Raw Material		
Opening Stock	4 05 60 144	4 31 27 346
Add : Purchases (Net of discounts)	9 53 07 163	4 98 23 085
	<u>13 58 67 307</u>	<u>9 29 50 431</u>
Less: Closing stock of Raw Material	4 47 51 306	4 05 60 144
	<u>9 11 16 001</u>	<u>5 23 90 287</u>
Other Material		
Packing Materials		
Opening Stock	39 03 357	41 68 202
Add : Purchases (Net of discounts)	1 22 90 556	42 75 644
	<u>1 61 93 913</u>	<u>84 43 846</u>
Less: Closing stock of Raw Material	66 13 312	39 03 357
	<u>95 80 601</u>	<u>45 40 489</u>
	<u>10 06 96 602</u>	<u>5 69 30 776</u>

Breakup of Raw Material Consumed

[Amount in ₹]

Particulars	2017-2018	2016-2017
Fertilisers	3 49 98 098	1 94 62 943
Pesticides	4 29 93 901	2 47 22 757
Seeds	1 31 24 002	82 04 588
Others	0	0
	<u>9 11 16 001</u>	<u>5 23 90 287</u>

Breakup of Packing Material Consumed

[Amount in ₹]

Particulars	2017-2018	2016-2017
Fertilisers	33 79 647	13 15 717
Pesticides	62 00 954	32 24 772
Seeds	0	0
Others	0	0
	<u>95 80 601</u>	<u>45 40 489</u>

Breakup of Purchase of Traded Goods

[Amount in ₹]

Particulars	2017-2018	2016-2017
Fertilisers	0	0
Pesticides	3 48 12 965	4 43 35 815
Seeds	6 32 44 046	1 30 83 012
Others	20 37 642	20 54 920
	<u>10 00 94 653</u>	<u>5 94 73 747</u>



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

22 Changes in Inventories

[Amount in ₹]

Particulars	2017-2018	2016-2017
Opening Stock		
Finished Goods	1 11 62 199	1 44 84 885
	<u>1 11 62 199</u>	<u>1 44 84 885</u>
Less : Closing Stock		
Finished Goods	3 74 44 159	1 11 62 199
	<u>3 74 44 159</u>	<u>1 11 62 199</u>
Decrease / (Increase) in Inventories	<u>(2 62 81 960)</u>	<u>33 22 686</u>

23 Employee Benefit Expenses

[Amount in ₹]

Particulars	2017-2018	2016-2017
Salaries, Wages and Bonus	1 55 35 480	65 95 112
Director's Remuneration	72 00 000	72 00 000
Contribution to Provident Fund & Other Funds	4 11 329	1 54 772
Staff Welfare Expenses	0	23 970
	<u>2 31 46 809</u>	<u>1 39 73 854</u>

24 Finance Costs

[Amount in ₹]

Particulars	2017-2018	2016-2017
Interest to Bank	18 61 022	42 95 221
	<u>18 61 022</u>	<u>42 95 221</u>



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

25 Manufacturing and Other Expenses

[Amount in ₹]

Particulars	2017-2018	2016-2017
Electricity Expense	14 46 081	15 32 890
Factory Expense	7 13 800	5 10 242
Freight Inward	10 39 911	38 62 675
Research and Development Cost	22 80 544	16 76 219
Import and Shipping Charges	87 511	66 051
Lab Testing Expense	20 382	10 222
Repairs & Maintenance	11 63 570	9 79 568
Rent Expenses	1 26 500	1 56 000
Rates & Taxes	10 21 873	12 18 304
Insurance	2 60 281	5 79 809
Professional Fees and Legal	8 40 574	9 43 842
Auditor's Remuneration	1 00 000	29 000
IPO Listing Expense	0	4 84 888
Communication Expenses	7 12 838	4 24 035
Travelling, Conveyance & Vehicle Expenses	46 01 758	18 60 458
Selling, Promotional & Distribution Expenses	99 59 181	40 94 929
Bad Debts	57 17 962	0
Other Expenses	2 08 803	5 26 470
Miscellaneous Expenses	9 06 092	11 31 847
	3 12 07 661	2 00 87 449
Payment to Auditor		
Audit Fees	1 00 000	29 000
	1 00 000	29 000

26 Earning Per Share

Particulars	2017-2018	2016-2017
Profit after tax for Equity Shareholder ₹	1 17 89 083	40 04 550
Number of Equity shares	55 25 479	40 00 000
Face Value of Shares ₹	10	10
Basic Earning Per Shares ₹	2.13	1.00

Note: There is no change in the number of equity shares during the year.



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

27. Contingent Liabilities and Commitments

[Amount in ₹]

Particulars	2017-2018	2016-2017
Contingent Liabilities	NIL	NIL
Capital and Other Commitments	NIL	NIL

28. (i) The factory premises of fertilizer unit of the company were searched on 8th January, 2014 by the excise department. The contention of the department was that the company was clearing excisable products i.e. Soil Conditioners in the guise of Fertilizers and Bio-Fertilizers to avail the benefit of various notifications and thereby clearing the goods without payment of duty. During the proceedings the company paid Central Excise Duty of ₹ 2,59,44,049/- under protest. The excise department issued show cause notice to the company as to why not to determine the duty liability. The company filed appeal against the said show cause notice in front of the CESTAT, Pending outcome of the adjudication the same has been classified and disclosed under Short Term Loans and Advances.
- (ii) Further, excise department during the course of search ceased stock of finished goods lying at fertilizer unit valued at ₹ 22,84,396/- because according to the department the company has not paid Central Excise Duty on past clearance of the excisable products and had not obtained registration under Central Excise and issued show cause notice to the company as to why not to determine the duty liability amounting to ₹ 2,82,352/-. The company filed reply against the said show cause notice, pending outcome of the same, the central excise duty liability cannot be determined.

29. Related Party Disclosures

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

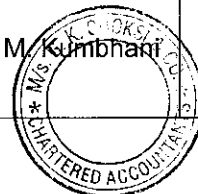
- (a) List of related parties with whom transactions have taken place during the year and relationship:

Sr. No.	Name of related party	Relationship
1	Ghanshyam M. Kumbhani	Key Management Personnel
2	Jayanti M. Kumbhani	Key Management Personnel
3	Sikkon Crop Technology	Enterprise in which relative of KMP is having significant influence

- (b) Transactions with related parties

[Amount in ₹]

Description of the Nature of Transaction	Description of Relationship	Related Party	2017-2018	2016-2017
Loan Taken	Key Management Personnel	Ghanshyam M. Kumbhani	55,00,000	5,00,000
	Key Management Personnel	Jayanti M. Kumbhani	1,01,00,000	50,00,000
Loan Repaid	Key Management Personnel	Ghanshyam M. Kumbhani	25,00,000	--



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

29. Related Party Disclosures ...Continued...

(b) Transactions with related parties

[Amount in ₹]

Description of the Nature of Transaction	Description of Relationship	Related Party	2017-2018	2016-2017
Purchases	Enterprise in which relative of KMP is having significant influence	Sikkon Technology Crop	5,53,96,348	3,53,06,470
C & F Charges	Enterprise in which relative of KMP is having significant influence	Sikkon Technology Crop	4,95,818	4,76,230
Marketing Expense	Enterprise in which relative of KMP is having significant influence	Sikkon Technology Crop	49,58,182	1,26,99,457
Machinery Rent Income	Enterprise in which relative of KMP is having significant influence	Sikkon Technology Crop	12,000	12,000
Office Rent Income	Associate	Sikkon Technology Crop	1,45,000	1,20,000
Remuneration	Key Management Personnel	Ghanshyam Kumbhani M. Jayanti M. Kumbhani	36,00,000 36,00,000	36,00,000 36,00,000

(c) Outstanding Balance as at March 31, 2018

[Amount in ₹]

Sr. No.	Particulars	Relationship	2017-2018	2016-2017
(i)	Balance Payable - Unsecured Loan			
	Ghanshyam Kumbhani M.	Key Management Personnel	55,00,000	25,00,000
	Jayanti M. Kumbhani	Key Management Personnel	1,66,00,000	65,00,000
	- Purchases Sikkon Technology	Crop	2,84,86,623	2,21,42,736
		Enterprise in which relative of KMP is having significant influence		



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

30. Due to Micro, Small and Medium Enterprise

[Amount in ₹]

Sr. No.	Particulars	2017-2018	2016-2017
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	NIL	NIL
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	NIL	NIL

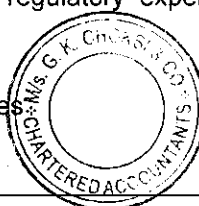
The company has initiated the process of obtaining the confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) but has not received the same in totality. The above information is compiled based on the extent of responses received by the company from its suppliers.

31. Disclosure under Regulation 34(3) read with para A of Schedule V to Securities And Exchange Board of India (Listing Obligations And Disclosures Requirements) Regulations, 2015 is NIL.

32. IPO Disclosure

The Company during the financial year 2017-18, has made an Initial Public Offer (IPO) of ₹ 1,60,00,000/- comprising of 16,00,000 equity shares of ₹ 10 each at premium of ₹ 22 per share. The Company has incurred ₹ 46,60,844/- towards the offer related expenses as tabulated below. These expenses have been incurred in connection with raising of fresh equity capital and the same has been appropriated out of "Securities Premium Account". However, for Income Tax purpose the same will be claimed in five equal installments under section 35D of Income Tax Act, 1961.

Sr. No.	Particulars	Amount
1	Payment to BRLMs (including brokerage, selling commission, and Bidding fees)	N.A.
2	Brokerage and selling commission, processing / uploading charges to Sydicate Members, RTAs and CDPs; Processing / uploading charges for Registered Brokers; Commission and processing fees for SCSBs(2)(4)	70,595
3	Fees to the Registrar to the Offer	31,36,109
4	SEBI, BSE, and NSE processing fees, other regulatory expenses and listing fees	1,78,500
5	Printing and stationery expenses	1,83,596
6	Advertising, Publicity and Miscellaneous expenses	10,92,044
	Total Expense	46,60,844



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

33. Additional information, to the extent applicable, required under paragraphs 5(viii) (c) of general instructions for preparation of the statement of profit and loss as per Schedule III to the Companies Act, 2013, are as under:

A. Composition of Raw Materials Consumption

Particulars	2017-2018		2016-2017	
	Value	Percentage	Value	Percentage
Imported	12,83,673	1.41	20,54,914	3.92
Indigenous	89,832,328	98.59	5,03,35,373	96.08
Total :	9,11,16,001	100.00	5,23,90,287	100.00

B. Value of Imports on CIF Basis:

[Amount in ₹]

Particulars	2017-2018	2016-2017
Raw Materials	12,83,673	20,54,914

C. Expenditure in Foreign Currency

[Amount in ₹]

Particulars	2017-2018	2016-2017
Raw Materials	12,83,673	20,54,914

D. Inventory Consist of

[Amount in ₹]

Particulars	2017-2018	2016-2017
Finished Goods		
Opening Inventory		
Pesticides	1,37,37,134	1,93,88,361
Fertilisers	3,97,35,716	4,16,60,947
Seeds	8,57,114	7,31,125
Sprayers	12,95,736	—
Closing Inventory		
Pesticides	4,22,06,118	1,37,37,134
Fertilisers	3,85,14,569	3,97,35,716
Seeds	71,60,020	8,57,114
Sprayers	9,28,070	12,95,736



SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

34. Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Fertilisers, Pesticides and Seeds. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

(A) Primary Segment (Business Segment)

[Amount in ₹]

Particulars	2017-2018	2016-17
Segment Revenue		
Revenue From Operations		
(a) Fertilisers	5 77 06 931	4 13 44 610
(b) Pesticides	10 76 04 863	9 57 43 257
(c) Seeds	8 80 72 877	3 49 86 324
(d) Others	32 69 450	16 46 422
	25 66 54 121	17 37 20 613
Other Income		
(a) Fertilisers	35 70 968	--
(b) Pesticides	21 39 161	3 10 505
	57 10 129	3 10 505
Total	26 23 64 250	17 40 31 118
Segment Expense		
(a) Fertilisers	5 72 99 707	3 90 86 080
(b) Pesticides	9 32 59 651	8 85 84 233
(c) Seeds	8 29 13 072	3 13 78 561
(d) Others	27 95 947	11 57 397
	23 62 68 377	16 02 06 271
Total	23 62 68 377	16 02 06 271
Segment Result before Unallocated Expenditure	2 60 95 873	1 38 24 847
Unallocated Income	4 84 888	--
Unallocated Expenditure	15 19 864	50 14 855
	(10 34 976)	(50 14 855)
Profit Before Tax	2 50 60 897	88 09 992
Provision for Tax	1 32 71 814	48 05 442
Profit After Tax	1 17 89 083	40 04 550
Other Information		
Segment Assets		
(a) Fertilisers	9 60 88 038	12 90 35 087
(b) Pesticides	12 42 90 139	6 51 25 080
(c) Seeds	3 12 97 139	40 88 331
(d) Others	33 64 778	18 31 582
(e) Unallocated Assets	1 17 24 147	82 83 509
	26 67 64 241	20 83 63 589
Total	26 67 64 241	20 83 63 589
Segment Liabilities		
(a) Fertilisers	1 18 82 956	1 23 60 864
(b) Pesticides	5 71 21 028	5 59 23 517
(c) Seeds	2 52 34 546	30 92 472
(d) Others	14 84 385	6 18 494
(e) Unallocated Liabilities	4 95 97 383	7 32 52 538
	14 53 20 298	14 52 47 885
Total	14 53 20 298	14 52 47 885



... Continued..

SIKKO INDUSTRIES LIMITED

NOTES FORMING PARTS OF ACCOUNTS

34. Segment information ... Continued..

(A) Primary Segment (Business Segment)

Particulars	2017-2018	2016-17
Depreciation		
(a) Fertilisers	43 55 564	51 58 691
(b) Pesticides	25 43 201	18 44 482
(c) Seeds	1 64 689	1 34 220

(B) Secondary Segment (Geographical by Customers)

The company does not operate in multiple geographical area, hence Secondary Segment Information has not been disclosed.

35. Balances of Trade Payables, Trade Receivable and Loans and Advances are subject to confirmations and reconciliation if any, by the respective parties.

36. Statement of Management

(a) The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

(b) Balance Sheet, Statement of Profit and Loss and Cash Flow Statement read together with Notes to the accounts thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.

37. The previous year's figures have been reworked, regrouped and reclassified wherever necessary so as to make them comparable with those of the current year.

38. The account balances existing at the beginning of the period have been relied upon the audited financial statements audited by the previous auditor.

As per our attached report of even date.

FOR G. K. CHOKSI & CO.

[Firm Registration No. 101895W]


Chartered Accountants


ROHIT K. CHOKSI
 Partner

Mem. No. 31103



FOR AND ON BEHALF OF THE BOARD


GHANSHYAMBHAI KUMBHANI
 Chairman and Whole Time Director
 DIN : 00587855


MUKESH SHAH
 Chief Financial Officer


JAYANTIBHAI KUMBHANI
 Managing Director
 DIN : 00587807


MAITRY DOSHI
 Company Secretary

Place : Ahmedabad
 Date : 30th May, 2018

Place : Ahmedabad
 Date : 30th May, 2018