

August 25, 2020

To  
BSE Limited  
Department of Corporate Services,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400001.

**BSE Scrip Code: 533014**

To  
National Stock Exchange of India Limited  
Listing Department,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra [E],  
Mumbai 400051.

**NSE Scrip Code : SICAGEN**

Dear Sir/Madam,

**Sub : Submission of Annual Report of the Company for the year 2019-20**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith enclose the Annual Report for the Financial year 2019-20 along with Notice convening the 16<sup>th</sup> Annual General Meeting which will be circulated to the shareholders through electronic mode.

The copy of the same will be made available on the Company's website at, [www.sicagen.com](http://www.sicagen.com).

The above information may kindly be taken on record.

Thanking You,

Yours Sincerely,

For Sicagen India Limited

A handwritten signature in blue ink, appearing to read "R. Srikrishna".

**R Srikrishna**  
Company Secretary & Compliance Officer

**Sicagen India Ltd.**

Registered & Corporate Office :  
4th Floor, Spic House, 88, Mount Road, Guindy, Chennai-600 032, INDIA  
Tel : +91 44 4075 4075 | Fax : +91 44 4075 4999 | [info@sicagen.com](mailto:info@sicagen.com)  
CIN : L74900TN2004PLC053467 | [www.sicagen.com](http://www.sicagen.com)



# 16<sup>th</sup> ANNUAL REPORT

2019-20



# Sicagen India Limited

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**Board of Directors**

Ashwin C Muthiah	DIN: 00255679	Chairman
B Narendran	DIN: 01159394	Independent Director
Sashikala Srikanth	DIN: 01678374	Independent Director
Rita Chandrasekar	DIN: 03013549	Independent Director
S Radhakrishnan	DIN: 00061723	Independent Director
M Rajamani	DIN: 00195006	Independent Director
S R Ramakrishnan	DIN: 00120126	Non-Executive Non Independent Director
R.Chandrasekar	DIN: 06374821	Whole Time Director

**Chief Financial Officer**

D Balagopal (Upto 10.12.2019)  
M.O.Ayyappan (w.e.f 07.02.2020)

**Company Secretary**

G. Arunmozhi (Upto 03.07.2020)  
R. Srikrishna (w.e.f. 04.07.2020)

**Registered Office**

4<sup>th</sup> Floor, SPIC House  
No.88, Mount Road  
Guindy  
Chennai - 600032

**Bankers**

Union Bank of India (formerly Andhra Bank)  
Axis Bank  
HDFC Bank

**Registrar & Share Transfer Agent**

Cameo Corporate Services Ltd  
Unit: Sicagen  
Subramanian Building, 5<sup>th</sup> Floor  
No.1, Club House Road  
Chennai - 600002  
Tel: 044-28460390 / 044-40020728

**Statutory Auditors**

SRSV & Associates  
Chartered Accountants  
"Anmol Palani" Level-2 C-4,  
III Floor G No.88,  
G.N. Chetty Road, T. Nagar  
Chennai - 600017

**Internal Auditors**

Sundar Srini & Sridhar  
Chartered Accountants  
No.9, Rajamannar Street, T.Nagar  
Chennai-600017

**Secretarial Auditor**

R.Kannan  
Practicing Company Secretary  
No.6A, 10<sup>th</sup> Street,  
Mahalakshmi Nagar New Colony,  
Adambakkam  
Chennai-600088

**Cost Auditor**

J. Karthikeyan  
Cost Accountant  
No.16, Muthalamman Kovil Street  
Selaiyur  
Chennai-600073

# Sicagen India Limited

## Company Information

<b>Incorporation</b>	2004
<b>Listing</b>	Bombay Stock Exchange Ltd (BSE) National Stock Exchange of India Ltd (NSE)
<b>Scrip Code</b>	BSE : 533014 NSE : SICAGEN
<b>Demat ISIN</b>	INE176J01011
<b>CIN</b>	L74900TN2004PLC053467

## Lines of Business

### Building Materials

The distribution of building materials such as MS/GI pipes, precision tubes, structural tubes, seamless tubes, ERW tubes, rectangular/square hollow sections, construction steel including TMT steel rebars, steel fittings, PVC pipes, UPVC pipes, roofing sheets, electrical cables, switchgears, cement etc.

For dealers, contractors, builders and corporate buyers our network of 22 branches across India serves as a single window to top building material manufacturers that include TATA Steel, Jindal Pipes, Steel Authority of India, Maharashtra Seamless, Supreme Industries, Finolex Cables, ACC Cements and Dalmia Cements.

### Power & Control Systems (Formerly Goodwill Governor Services)

Power & Control Systems is the business partner and India's only authorized service centre for WOODWARD, makers of the World's finest governors and is a Distributor for NORGREN power sector products, Danfoss for Drives and Motors, Eaton & ABB for Switch Gears.

### Industrial Packaging (Formerly Beta Industries)

Manufacture of drums and barrels that are used for the transport of lubricant oil, hazardous and non-hazardous chemicals, bitumen and fruit pulp.

### Specialty Chemicals

Provides water treatment and process improvement solutions for petrochemical, fertilizer, refinery, power, pharmaceutical, agro and pesticide industries.

### Engineering (Formerly Goodwill Engineering Works)

Builds boats, tugs & barges.

### Cable Manufacturing – Wilson Cables Private Ltd, Singapore (Subsidiary)

Manufacture of premium cables for industrial and other critical applications.

### Fabrication – Danish Steel Cluster Private Ltd, Bengaluru (Subsidiary)

Precision fabrication of steel, carbon steel, mild steel and aluminium.

## FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

SICAGEN STANDALONE	IND AS				IGAAP					
	2019-20	2018-19	2017-18	2016-17*	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Revenue</b>	<b>43,415</b>	<b>53,781</b>	<b>56,645</b>	<b>56,423</b>	<b>45,086</b>	<b>61,184</b>	<b>67,639</b>	<b>88,418</b>	<b>93,989</b>	<b>79,267</b>
Other Income	757	993	1,174	1,033	1,458	1,387	2,497	802	323	752
<b>Total Revenue</b>	<b>44,172</b>	<b>54,774</b>	<b>57,819</b>	<b>57,456</b>	<b>46,544</b>	<b>62,571</b>	<b>70,136</b>	<b>89,220</b>	<b>94,312</b>	<b>80,019</b>
EBIDTA	1,572	1,406	1,567	1,535	1,431	1,675	3,037	3,562	3,124	2,439
Finance Cost	600	723	688	616	567	689	928	1,091	825	430
Depreciation	461	179	174	160	261	403	391	222	205	177
<b>Profit before Tax (PBT)</b>	<b>511</b>	<b>504</b>	<b>705</b>	<b>759</b>	<b>603</b>	<b>583</b>	<b>1,718</b>	<b>2,249</b>	<b>2,094</b>	<b>1,832</b>
Provision for Tax	299	285	63	9	(117)	67	(9)	751	698	590
Exceptional Items	-	-	-	-	-	(213)	(641)	(168)	554	1,204
<b>Profit after Tax (PAT)</b>	<b>212</b>	<b>219</b>	<b>642</b>	<b>750</b>	<b>720</b>	<b>303</b>	<b>1,086</b>	<b>1,330</b>	<b>1,950</b>	<b>2,446</b>
Other Comprehensive Income (OCI)	(498)	(465)	23	193						
<b>Total Comprehensive Income</b>	<b>(286)</b>	<b>(246)</b>	<b>665</b>	<b>943</b>	<b>720</b>	<b>303</b>	<b>1,086</b>	<b>1,330</b>	<b>1,950</b>	<b>2,446</b>
<b>Equity Capital</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>	<b>3,957</b>
<b>Reserves &amp; Surplus</b>	<b>33,640</b>	<b>34,117</b>	<b>34,649</b>	<b>34,269</b>	<b>38,057</b>	<b>37,623</b>	<b>37,606</b>	<b>36,888</b>	<b>36,017</b>	<b>34,527</b>
<b>EPS (Excl. Exceptional Items)</b>	<b>0.54</b>	<b>0.55</b>	<b>1.62</b>	<b>1.90</b>	<b>1.82</b>	<b>1.30</b>	<b>4.36</b>	<b>3.79</b>	<b>3.53</b>	<b>3.14</b>
<b>Dividend Declared %</b>	<b>5%</b>	<b>4%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
<b>EBIDTA/Net Revenue</b>	<b>3.62%</b>	<b>2.61%</b>	<b>2.77%</b>	<b>2.72%</b>	<b>3.17%</b>	<b>2.74%</b>	<b>4.49%</b>	<b>4.03%</b>	<b>3.32%</b>	<b>3.08%</b>
<b>PBT/Net Revenue</b>	<b>1.18%</b>	<b>0.94%</b>	<b>1.24%</b>	<b>1.35%</b>	<b>1.34%</b>	<b>0.95%</b>	<b>2.54%</b>	<b>2.54%</b>	<b>2.23%</b>	<b>2.31%</b>
<b>PAT/Net Revenue</b>	<b>0.49%</b>	<b>0.41%</b>	<b>1.13%</b>	<b>1.33%</b>	<b>1.60%</b>	<b>0.50%</b>	<b>1.61%</b>	<b>1.50%</b>	<b>2.07%</b>	<b>3.09%</b>

\* Restated as per Ind As

**Sicagen India Limited**

Regd. Office: 4<sup>th</sup> Floor, SPIC House, No.88, Mount Road, Guindy, Chennai - 600032  
(CIN: L74900TN2004PLC053467)

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the **16<sup>th</sup> Annual General Meeting (AGM)** of the shareholders of **Sicagen India Limited** will be held on Thursday, the 17<sup>th</sup> September 2020 at 2.00 p.m. through "Video Conferencing" (VC) to transact the following business:

**ORDINARY BUSINESS**

- To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- To declare equity dividend for the year 2019-20.
- To appoint a Director in the place of Mr.R.Chandrasekar (DIN: 06374821), who retires by rotation and being eligible, offers himself for re-election.

**SPECIAL BUSINESS**
**Item No. 4**

**To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.**

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Mr.J.Karthikeyan, Cost Accountants appointed as the Cost Auditors of the Company by the Board of Directors, for the conduct of the audit of the cost records of the Company for the financial year 2020-21 at a remuneration of ₹90,000/- (Rupees Ninety Thousand Only) excluding goods and service tax, travelling and other out-of-pocket expenses incurred by him in connection with the aforesaid audit be and is hereby ratified and confirmed.

**Item No. 5**

**To consider and, if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION.**

"RESOLVED THAT pursuant to the provisions of Section 185 and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Amendment) Act, 2017 and Rules made thereunder, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and subject to such other consents, permissions, approvals, as may be required in that behalf, the approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with

any loan taken by the following body corporate(s) in which any of the Directors is interested / deemed to be interested as per Section 185 of the Companies Act, 2013, subject to the limit of ₹50 Crores (Rupees Fifty Crores Only), as approved by the shareholders of the Company under Section 186 of the Companies Act, 2013, from time to time, in their absolute discretion as may be deemed beneficial and in the interest of the Company.

Sl. No	Name of the Body Corporate	Purpose of Loan / Guarantee / Security	Amount of Loan / Guarantee / Security
1.	Green Star Fertilizers Ltd	For its principal business activities.	₹ 30 crores
2.	Southern Petrochemical Industries Corpn. Ltd	do	₹ 20 crores

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be considered necessary, incidental and ancillary in order to give effect to this Resolution.

By order of the Board  
For Sicagen India Limited

Date : 07.08.2020  
Place: Chennai

**R Chandrasekar**  
Whole time Director

**NOTES:**

- As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the Companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 (MCA Circulars). The forthcoming AGM will thus be held through Video Conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC.
- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its Members

# Sicagen India Limited

in respect of the business to be transacted at the 16<sup>th</sup> AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC and cast their votes through e-voting.
6. In line with MCA Circulars, the Notice calling the AGM has been uploaded on the website of the Company at [www.sicagen.com](http://www.sicagen.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. An explanatory statement pursuant to Section 102 of the Companies Act 2013, in respect of Item No.4 of the notice is annexed hereto.
8. The Register of Members and Share Transfer Books of the Company will remain closed between **12<sup>th</sup> September 2020** and **17<sup>th</sup> September 2020 (both days inclusive)** for the purpose of payment of equity dividend to the eligible shareholders as on 11<sup>th</sup> September 2020 (Record date).
9. Members are hereby informed that the Company has appointed M/s.Cameo Corporate Services Ltd, Unit: Sicagen, "Subramanian Building 5<sup>th</sup> Floor, No.1, Club House Road, Chennai-600002, Tel:044-28460390/Fax:044-28460129/ e-mail address: [cameo@cameoindia.com](mailto:cameo@cameoindia.com) as its Registrar and Share Transfer Agent (RTA) for both electronic and physical transactions of the shares. The shareholders are therefore requested to take note of the same and send all documents, correspondences, queries on any matter to RTA at the above mentioned address.
10. As per SEBI directive, submission of self-attested PAN copy of transferee/legal heir including joint holders if any is mandatory for registration of transfer/transmission/ transposition of shares. Hence the respective transferee(s)/ legal heir(s) are requested to attach their self-attested PAN copy to the Company/ RTA while lodging the documents for registration.
11. Members those who hold share(s) in physical form are requested to notify immediately any change in their address to the Company / RTA and those who hold share(s) in demat form to the concerned Depository Participants.
12. Members are informed that the equity dividend amount for the year ended 31<sup>st</sup> March 2013, remaining unclaimed shall become due for transfer on 05.10.2020 to the Investor Education and Protection Fund (IEPF) established by the Central Government in terms of Section 125(2) of the Companies Act, 2013 on expiry of 7 years from the date it became due for payment. Therefore, members are requested to note that no claim shall lie against the Company or the aforesaid fund in respect of any amount of dividend remaining unclaimed/unpaid for a period of 7 years subsequent to the transfer. Any member who has not claimed dividend in respect of the financial year 2012-13 onwards is requested to approach the Company/ RTA for claiming the same as early as possible, but not later than 05.10.2020. The Company is sending reminders to all such members at their registered addresses in this regard.
13. Members are informed that the Company is in the process of transferring the equity shares of shareholders who have not claimed any dividend declared by the Company for the past 7 (Seven) years continuously as per the provisions of Section 124(6) read with the IEPF (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017. Hence, the members, who have not claimed any dividend for the period of 7 (Seven) years continuously are requested to approach either the Company or its RTA for claiming the same as early as possible.
14. The Company's equity shares are listed with Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE) and the listing fees for

the year 2020-21 have already been paid to above stock exchanges.

15. Shareholders are requested to furnish/update their bank account details (ie Bank account No., Name and address of the Bank, 9 digit MICR code, RTGS/IFSC code) to remit the dividend amount directly through ECS (Electronic Clearing Services) to their accounts so as to avoid fraudulent encashment / loss of dividend warrant in postal transit. Shareholders who hold shares in demat form may provide their bank account details to their concerned Depository Participant (DP) and those who hold shares in physical form may provide their bank account details to the Company/RTA.
16. Information required to be given under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 about the particulars of Director(s) to be appointed/re-appointed at this AGM and their Directorship/Committee Membership/Chairmanship in other Companies is separately given in the notice.

**THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period begins on **12<sup>th</sup> September 2020 at 9.00 a.m. and ends on 16<sup>th</sup> September 2020 at 5.30 p.m.** 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 11<sup>th</sup> September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) Mr.R.Kannan, Practicing Company Secretary (CP No. 3313) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- (iv) The results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.sicagen.com](http://www.sicagen.com) and on the website of CDSL / NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the NSE & BSE.
- (v) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (vi) Click on "Shareholders" module.
- (vii) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

- c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vii) Next enter the Image Verification as displayed and Click on Login.
- (ix) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (x) If you are a first time user follow the steps given below:

For Shareholders 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>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend bank details (OR) Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (xii) After entering these details appropriately, click on "SUBMIT" tab.
- (xiii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.



# Sicagen India Limited

- (xiv) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xv) Click on the EVSN for the relevant Company Name "Sicagen India Limited" on which you choose to vote.
- (xvi) 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.
- (xvii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xviii) 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.
- (xix) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xx) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xxi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xxii) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while remote Voting on your mobile.

## **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DP ID + CL ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) to Company/RTA email id.

## **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the Company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

## **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those shareholders, who are present in the AGM through VC facility and have not casted 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.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz [companysecretary@sicagen.com](mailto:companysecretary@sicagen.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr.Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr.Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

The following is the Explanatory Statement as required by Section 102 of the Companies Act, 2013, sets out all

material facts relating to Special Business mentioned in the accompanying Notice for convening the Annual General Meeting of the members of the Company:

**Item No. 4**

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company. On the recommendation of the Audit Committee at its meeting held on 17<sup>th</sup> June 2020, the Board has approved the appointment of Mr.J.Karthikeyan, Cost Accountants as the Cost Auditor of the Company for the financial year 2020-21 at a remuneration of ₹90,000/- per annum exclusive of reimbursement of goods and service tax and all out of pocket expenses incurred, if any, in connection with the cost audit. The appointment and the remuneration of the cost auditor are required to be ratified subsequently in accordance with the provisions of the Act and Rule 14 of the Rules. Accordingly, the Directors recommend the Resolution for the approval of shareholders. None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in this Resolution.

**Item No. 5**

As per the provisions of Section 185 of the Companies Act, 2013, a company may advance any loan, including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the Directors of the Company is interested, subject to the condition that approval of the shareholders of the Company is obtained by way of passing a special resolution and requisite disclosures are made in the Explanatory Statement.

In order to achieve certain long term strategic and business objectives, the Company proposes to advance loan to other bodies corporate and/or to give guarantee/provide security in connection to the loan availed by such bodies corporate in which the Directors are interested for an amount not exceeding ₹50 Crores as and when required.

Hence the Board of Directors decided to seek approval of the shareholders by passing special resolution as set in the notice pursuant to the provisions of Section 185 of the Act and accordingly recommends the same for approval of the shareholders.

None of the Directors, KMPs or their relatives except Mr.Ashwin C Muthiah is concerned or interested in the resolution.

By order of the Board  
For Sicagen India Limited

**R.Chandrasekar**  
Whole Time Director

Date : 07<sup>th</sup> August 2020  
Place: Chennai

# Sicagen India Limited

## Details of the Directors seeking appointment / re-appointment at this Annual General Meeting

The particulars of Directors to be appointed/re-appointed at this AGM and the details of their other Directorship and Committee Membership/Chairmanship held in other Companies as required under Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are given hereunder. The Directorship held in Private Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013 have been excluded and Memberships/Chairmanships held in Audit and Stakeholders Relationship Committees have only been included.

**Mr.R.Chandrasekar**, aged about 56 years, is a graduate in Commerce and Chartered Accountant with more than 32 years of work experience in Finance & Accounts, Audit, Taxation, Legal & Secretarial and has worked in diverse segments such as Audit, Engineering Consultancy, EPC & Construction, Manufacturing, Mining, etc. He had held various senior financial positions such as General Manager, Chief Finance Officer and Directorships in major

corporates in India and also in MNC in the Middle East for more than a decade.

Mr.R.Chandrasekar is a Whole Time Director in the Company and also acting as Director on the Board of various other entities. He do not hold any shares in the Company and there is no relationship between the Directors inter-se.

### Other Directorships held

Name of the Company	Position
South India House Estates & Properties Ltd	Whole Time Director
Edac Engineering Ltd	Director

### Other Committee Membership/Chairmanships held:

Name of the Company	Name of the Committee	Position
South India House Estates & Properties Ltd	Audit Committee	Member
Edac Engineering Ltd	Audit Committee	Member

## DIRECTORS' REPORT

Your Directors are pleased to present the 16<sup>th</sup> Annual Report and the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March 2020.

### FINANCIAL RESULTS

Financial performance of the Company for the year ended 31<sup>st</sup> March 2020 is summarized below:

	(₹ in Lakhs)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Revenue from operations	43,415	53,781
Other Income	757	993
<b>Total Revenue</b>	<b>44,172</b>	<b>54,774</b>
Profit before Finance Cost, Depreciation and Tax	1,572	1,406
Finance Cost	600	723
Depreciation	461	179
<b>Profit Before Tax</b>	<b>511</b>	<b>504</b>
Provision for Tax	299	285
<b>Profit After Tax</b>	<b>212</b>	<b>219</b>
Other Comprehensive Income	(498)	(465)
Total Comprehensive Income for the year	(286)	(246)
Opening Balance in Other Equity	34,117	34,649
Amount available for Appropriations	33,831	34,403
<b>Appropriations</b>		
General Reserve	--	--
Dividend on Equity shares	198	158
Tax on Dividend	--	33
Earnings per share (EPS) in ₹	<b>0.54</b>	0.55

### REVIEW OF OPERATIONS

During the year under review the total revenue of the Company was ₹44,172 Lakhs as compared to ₹54,774 Lakhs in 2018-19. Profit before tax was ₹511 lakhs as against ₹504 Lakhs in the previous year. The operational performance of the Company had an impact on account of economic slowdown as well as due to COVID-19 pandemic and nationwide lockdown.

Building Material division has posted a total turnover of ₹35,637 Lakhs and a net profit of ₹12 Lakhs in the current year as against ₹45,555 Lakhs and ₹82 Lakhs respectively in previous year.

Power & Control Systems division has posted a total turnover of ₹ 2,868 Lakhs as compared to ₹ 2,973 Lakhs in the previous year. The net profit was ₹ 397 Lakhs when compared to ₹ 477 Lakhs in the previous year.

Speciality Chemicals division has posted a total turnover of ₹1158 Lakhs and net profit of ₹196 Lakhs as compared to ₹1158 Lakhs and ₹239 Lakhs respectively in 2018-19.

Industrial Packaging division has posted total revenue of

₹3710 Lakhs this year as compared to ₹4124 Lakhs in 2018-19. The net profit of this division for the current year was ₹176 lakhs as compared to ₹212 Lakhs previous year.

Engineering division has received new orders from Ministry of Fisheries for construction of 8 deep sea fishing boats for fishermen. This division has posted revenue of ₹167 lakhs this year and net profit of ₹6 Lakhs.

### Dividend

Your directors are pleased to recommend a dividend of 50 paise per equity share (5% on equity capital of the Company) for the financial year 2019-20. Total dividend pay out for the year is ₹198 lakhs and necessary tax on dividend will be deducted as per Income Tax Act. The dividend shall be paid to the eligible shareholders whose names appear in the Register of Members as on the record date fixed by the Board.

### Voluntary delisting of equity shares from NSE

Your Company's equity shares have been listed with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) and traded in the market since 2008.

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Considering the insignificant volume traded in the market and as part of saving in administration cost and additional compliance requirement etc., the Board of Directors of the Company has, at its meeting held on 23<sup>rd</sup> April 2020, considered for voluntary delisting of equity shares from NSE. Accordingly, your Company has submitted application to NSE for delisting of shares on 18<sup>th</sup> May 2020. However, the equity shares of the Company shall continue to remain listed on Bombay Stock Exchange Ltd (BSE), which has nationwide terminals and delisting of equity shares from NSE will not adversely affect the investors.

## Disclosures under the Companies Act, 2013

Pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company has complied with requirements and the details of which are disclosed hereunder.

### 1. Extract of Annual Return

As per the Companies Act, 2013, the details of extract of Annual Return which forms part of this report is posted on the Company's website [www.sicagen.com](http://www.sicagen.com).

### 2. Number of Board Meetings

The Board of Directors met 4 (Four) times in the year 2019-20. The details of the Board meetings and the attendance of the Directors are given in the Corporate Governance Report.

### 3. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors report that:

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2020 and of the profit & loss account of the Company for year ended on that date.
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- (d) they have prepared the annual accounts on a going concern basis.
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and effective.

- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

### 4. Statement on declaration given by Independent Directors

The Company maintains the requisite number of Independent Directors as required under Section 149(4) of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Independent Directors have submitted the declaration of independence, as required under Section 149(7) of the Companies Act, 2013, confirming that they meet the criteria of independence as provided in sub-Section(6) of Section 149 of the Act.

### 5. Remuneration Policy

The Company follows a policy on remuneration of Directors, Key Managerial Personnel and Senior Management employees including criteria for determining qualification, positive attributes and independence of Directors. The following is the Remuneration Policy for Directors.

#### (i). For Executive Directors

The remuneration of the Whole Time Directors shall comprise of a fixed component and a performance linked pay, as may be fixed by the Nomination and Remuneration Committee and subsequently approved by the Board of Directors and Members. Performance Linked Pay shall be payable based on the performance of the individual and the Company during the year. Remuneration trend in the industry and in the region, academic background, qualifications, experience and contribution of the individual are to be considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.

#### (ii). For Non-Executive Directors

The Non-Executive Directors will be paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Act, and the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee. Different scales of sitting fee may be fixed for each category of the directors and type of meeting. However, the fees payable to the Independent Directors and Woman Directors shall not be lower than the fee payable to other categories of directors. In addition to this, the travel and other expenses incurred for attending the meetings are to be

met by the Company. Subject to the provisions of the Act and the Articles of Association, the Company in General Meeting may, by special resolution, sanction and pay to the Directors remuneration not exceeding 1% of the net profits of the Company computed in accordance with the relevant provisions of the Act. The Company shall have no other pecuniary relationship or transactions with any Non-Executive Directors.

**6. Explanation of Board on qualification of statutory auditors & secretarial auditor, if any**

The Auditors' Report for fiscal 2019-20 does not contain any qualification, reservation or adverse remark. The Report is enclosed with the financial statements in this Annual Report.

As required by the Listing Regulations, the Practicing Company Secretary's certificate on corporate governance for fiscal 2019-20 is enclosed with the Corporate Governance report. The certificate does not contain any qualification, reservation or adverse remark.

The Secretarial Auditors' Report for fiscal 2019-20 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report is enclosed to the Board's report in this Annual Report.

**7. Particulars of loans, guarantees or investments given or made by the Company**

During the year 2019-20, the Company has not given any loan, guarantee and/or provided any security in connection with the loan to any person/body corporate except the loans to the parties covered in the register maintained under Section 189 of the Companies Act, 2013.

**8. Related Party Transactions**

The related party transactions entered into with related parties are on arm's length basis and in compliance with the applicable provisions of the companies act and the listing agreement. There are no materially significant related party transactions made by the company with promoters, directors or key managerial personnel etc., which may have potential conflict of interest with the interest of the company at large.

All the related party transactions were placed before the Audit Committee and the Board specifying the nature, value and terms and conditions of the transactions. In principle approval is obtained for the transactions which are foreseen and are, repetitive in nature.

**9. Lease**

Effective 1<sup>st</sup> April 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on 1<sup>st</sup> April 2019 using the modified

retrospective method. Consequently, the Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate prevailing on the date of application and the Right of Use asset equivalent to the Lease Liability and the cumulative effect of initially applying this standard on Retained Earnings was Nil. Comparatives as at and for the year ended 31<sup>st</sup> March 2019 have not been retrospectively adjusted.

The adoption of the new standard resulted in recognition of 'Right of Use asset and lease liability at a value of ₹863 lakhs on the date of transition and the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

**10. Amount transferred or proposed to be transferred to any reserves**

The Company has not transferred or proposed to transfer any amount to any reserves as there is no necessity to transfer such amount as required under the Companies Act, 2013.

**11. Material changes and commitments, if any, affecting the financial position of the Company**

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year 31<sup>st</sup> March 2020 and the date of this report.

**12. Transfer of unclaimed dividend/Shares to the Investor Education and Protection Fund**

As required under the provisions of Section 124 and other applicable provisions of Companies Act, 2013, and the rules and amendments made thereunder, the Company is required to transfer the dividends that remain unpaid/unclaimed for a period of 7 (seven) years to Investor Education and Protection Fund (IEPF) and also all the equity shares in respect of which unpaid/unclaimed dividend pertaining to those shares remains unclaimed/unpaid for a period of seven consecutive years to an IEPF account administered by the Central Government. On transfer of the amounts to IEPF account, no claim shall lie in respect of those amounts against the Company. During the year, the Company has transferred the unclaimed dividend amount of ₹9,90,632/- pertaining to the financial year 2011-12 to IEPF account. The Company is also in the process of transfer of shares in respect of which unclaimed dividend has been transferred, to IEPF account.

As on 31<sup>st</sup> March 2020, an amount of ₹9.69 Lakhs lying in the unclaimed dividend account of the Company pertaining to the financial year 2012-13 is required to be transferred to the IEPF account on or before 05<sup>th</sup>

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October 2020. Therefore the members who have so far not encashed their dividend warrant(s) or those yet to claim their dividend amounts pertaining to the financial year 2012-13, may write to the Company/RTA (Cameo Corporate Services Limited) for claiming the same before transfer to the IEPF account.

## **13. Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo**

Particulars required to be disclosed under Section 134 of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure I, which forms part of this Report.

## **14. Risk Management Committee**

Constitution of Risk Management Committee is not applicable to the Company.

## **15. Composition of Audit Committee**

The Audit Committee constituted by the Board as required under the Companies Act, 2013 and SEBI (LODR) Regulations are given in the Corporate Governance Report.

## **16. Evaluation of Board**

The meeting of Independent Directors proposed to be convened during end of March 2020 was deferred due to COVID-19 pandemic and nationwide lockdown and subsequently convened on 17<sup>th</sup> June 2020 as required under Section 134 of the Companies Act, 2013 read with Schedule IV of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The performance of evaluation of Independent Directors proposed to be considered at the Board meeting scheduled during end of March 2020 was also deferred due to COVID-19 pandemic and nationwide lockdown. The said evaluation of Independent Directors as required under Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was considered by the Board on 17<sup>th</sup> June 2020.

## **17. Corporate Social Responsibility (CSR)**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has to spend at least 2% of last three years of its average profit before tax for carrying out appropriate CSR activities as referred under Schedule VII of the Act. The Company has constituted a CSR Committee and framed a policy for implementation of CSR initiatives.

The Company is carrying out necessary CSR projects jointly with other likeminded entities through a Not-For-Profit entity namely AM Foundation. A report on CSR activities forming part of this report is attached herewith as separate Annexure II.

## **18. Vigil Mechanism**

Pursuant to the provisions of Section 177 (9) of the Companies Act, 2013 read with the Rule 7 of the Companies (Meetings of Board and its powers) Rules, 2014 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has established a vigil mechanism for its directors and employees to report their grievances or genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. In order to prevent fraudulent activities and also to ensure a corruption free work environment, a detailed whistle blower policy has been laid down by the Board. The details of the whistle blower policy posted on the Company's website [www.sicagen.com](http://www.sicagen.com).

## **19. Internal Complaints Committee**

The Company has constituted an Internal Complaints Committee to prevent and prohibit any form of sexual harassment at workplace and provide redressal for woman employees as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, there was no event affecting any of the women employees on account of any sexual harassment at the work place.

## **20. Compliance with Secretarial Standards**

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and that such systems are adequate and operating effectively.

## **21. Particulars required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1),(2)&(3) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014**

The particulars required under Section 197(12) read with Rule 5(1),(2)&(3) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 are given in Annexures III & IV, and form part of this Report.

## **22. Corporate Governance Report**

A Report on Corporate Governance as stipulated under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 forms part of this Annual Report. The requisite certificate from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as

required under the above Regulation is attached to this Report.

### 23. Management Discussion & Analysis Report

Management Discussion & Analysis Report for the year under review, as stipulated under Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is attached along with this report.

### 24. Directors / KMPs

Mr. R. Chandrasekar, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Due to personal reasons, Mr. D Balagopal, Chief Financial Officer of the Company resigned and was relieved from the services of the Company on 10.12.2019.

Mr. M O Ayyappan was appointed as Chief Financial Officer of the Company w.e.f 07.02.2020.

Due to personal reasons, Mr. G. Arunmozhi, Company Secretary submitted resignation on 04.05.2020 and was relieved from the services of the Company on 03.07.2020.

Mr.R.Srikrishna was appointed as Company Secretary on 17.06.2020 effective from 04.07.2020.

### 25. Auditors

#### (a). Statutory Auditors

At the 13<sup>th</sup> Annual General Meeting (AGM), M/s. SRSV & Associates, Chartered Accountants, were appointed as statutory auditors of the Company for a period of 5 years and they will hold office until the conclusion of 18<sup>th</sup> AGM (FY 2017-18 to 2021-22) as per Section 139 of the Companies Act, 2013 read with the Companies (Audit & Auditors), Rules 2014. M/s.SRSV & Associates, Chartered Accountants, Chennai have also confirmed that the appointment is within the limits as specified under the Companies Act 2013. Consequent to the amendment made in the provisions of Section 139 of the Act, the ratification of statutory auditors' appointment at the ensuing AGM does not arise.

#### (b). Cost Auditor and Cost Audit Report

Pursuant to Section 148 of the Companies Act, 2013 read with the amended rules thereof, the Board of Directors on recommendation of the Audit Committee, has appointed Mr.J.Karthikeyan, Cost Accountant as Cost Auditor of the Company for the financial year 2020-21 to carry out necessary cost audit in respect of manufacturing activities of the Company such as specialty chemicals division, drums manufacturing division, engineering

division (boat building) and governor services division etc. The Board has recommended the remuneration payable to the above Cost Auditor for ratification of shareholders at the ensuing Annual General Meeting.

#### (c). Secretarial Auditor

The Company has appointed Mr.R.Kannan, Practicing Company Secretary to carry out necessary secretarial audit for the financial year 2020-21 as required under Section 204 of the Companies Act, 2013. As required under Section 204 of the Act, the Secretarial Audit Report issued by Mr.R.Kannan, Company Secretary in practice is given in the Annexure V.

#### d). Internal Auditor

M/s.Sundar Sridhar & Sridhar, Chartered Accountants, Chennai, who was appointed as Internal Auditors of the Company for the financial year 2019-20, have conducted necessary internal audit, as required under Section 138 of the Companies Act, 2013 read with the Rule 13 of the Companies (Accounts) Rules, 2014. During the year, the Board has re-appointed M/s.Sundar Sridhar & Sridhar, Chartered Accountants as Internal Auditors for the upcoming financial year 2020-21.

### 26. Internal Control System

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss that all the transactions are properly authorized and recorded and Information provided to management is reliable and timely. The Company ensures adherence to all statutes. The strong and robust internal control system is in place with appropriate policies and procedures to ensure the achievement of operational and strategic goals, compliance with policies, rules and regulations, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and economical and efficient use of resources.

The Company has engaged a firm of external consultants for the internal auditor function to continuously monitor the effectiveness of internal controls. Audits are conducted on an ongoing basis and all significant deviations are brought to the notice of the Audit Committee. Corrective action is recommended for implementation by the audit committee. All these measures do facilitate timely detection of any irregularities and provide early remedial steps. The Audit Committee approves the audit plan assigned to the internal auditors and the audit plan is reviewed annually. Further, the Audit Committee also reviews the quarterly reports submitted by internal auditors critically and all material deviations are seriously



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viewed.

## 27. Fixed Deposit

The Company has not invited or accepted any deposits during the year.

## 28. Issue of shares

The Company has not issued and allotted any kinds of securities during the year.

## 29. Dematerialization of Equity Shares

As at 31<sup>st</sup> March 2020, 3,83,02,248 equity shares representing 96.79% of the paid-up share capital of the Company have been dematerialized. The shareholders holding shares in physical form are advised to dematerialize their equity shares to avoid the risks associated with holding the share certificates in physical form.

## 30. Subsidiary & Associate Companies

Pursuant to Section 136 of the Companies Act, 2013 which has given exemption from attaching the annual reports of subsidiary companies along with the annual report of the Company, the copies of balance sheet, profit and loss account, report of Directors & Auditors and other related information of South India House Estates & Properties Ltd, Wilson Cables Private Ltd, Danish Steel Cluster Private Ltd (Subsidiary Companies), Wilson Far East Private Ltd, Singapore (a step down subsidiary of Sicagen India Ltd) are not attached with this annual report.

Hence a statement containing the salient features of the financial statements of the aforesaid subsidiary Companies for the year ended 31<sup>st</sup> March 2020 is attached with the consolidated accounts section.

During the year, Edac Automation Ltd, an Associate Company wherein your Company holds 49.99% equity stake, was merged with Edac Engineering Ltd w.e.f 01.04.2018 as per the Scheme of Amalgamation approved by NCLT vide its Order dated 10.07.2019 and as a result of which, the said Edac Automation ceased to be an Associate Company.

The Company shall make available the annual accounts of the aforesaid subsidiary Companies and Associate Company to the shareholders of the Company upon their request. The annual accounts of the said subsidiary Companies and Associate Company shall also be kept available for inspection by any member at the registered office of the Company.

In accordance with Rule 5 of Companies (Accounts) Rules, 2014, a statement containing the salient features of the Financial Statements of the Subsidiaries and Associate is attached in Form AOC-1 as separate Annexure.

## 31. Consolidated Financial Statements

In accordance with Indian Accounting Standard (Ind AS) 110 of Institute of Chartered Accountants of India and Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the consolidated financial statements are prepared by the Company. The audited consolidated financial statements together with auditors' report for the financial year ended 31<sup>st</sup> March 2020 are attached with this annual report.

## Acknowledgement

Your Directors take this opportunity to express their gratitude to Company's Bankers, NBFCs, Customers, Suppliers, Govt. Departments and other business associates for their unstinted support extended to the Company. Your Directors wish to place on record, their appreciation of the efficient and dedicated services rendered by the employees at all levels across the Company. We are sincerely grateful to all the shareholders for their confidence, faith and support in the endeavours of the Company.

For and on behalf of the Board

Place : Chennai  
Date : 17<sup>th</sup> June 2020

**Ashwin C Muthiah**  
Chairman

## Annexure – I to Directors’ Report

**The particulars required under Section 134 of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014**

**A) Conservation of Energy**

The operations of the Company are not energy intensive.

**B) Technology Absorption**

No technology has been imported or absorbed.

**Form “A”**

**Research & Development (R&D)**

1. Specific area in which R & D is carried out by the Company	Nil
2. Benefits derived as a result of the above R & D.	Nil
3. Future Plan of Action	Nil
4. Expenditure on R & D	Nil

**C) Foreign Exchange, Earnings & Outgo**

Total Foreign Exchange Earned	₹ 2 Lakhs
Used	₹ 61 Lakhs

## Annexure –II to Directors’ Report

**Report on CSR Activities**

**1). Brief outline of CSR Policy**

The Company in its endeavour to contribute its mite for the sustained development and growth of the Society has formulated its CSR Policy to achieve any or all of the following objectives.

- a) To provide basic amenities such as sanitation, safe drinking water, etc. to the less privileged and also to provide an impetus to rural development.
- b) To promote education through improving the infrastructure in the schools run by the government, local bodies and not-for-profit organizations.
- c) To improve the capabilities and self-sustenance of the disadvantaged and make them employable and self-reliant through promotion of skills, provision of vocational training, establishment of public libraries, etc.
- d) To join hands with other organizations, authorities, local bodies, etc. to cater to the needs of the people living in rural areas including agricultural development activities.
- e) To undertake projects in the area of health care and to eradicate hunger, malnutrition, poverty.
- f) To ensure environment sustainability, ecological balance and preservation of the quality of soil, air and water.
- g) To provide financial support to technology incubators of academic institutions approved by the Central Government.
- h) To implement Infrastructure development in areas where the less privileged live.

**2). Composition of the CSR Committee**

The CSR Committee comprises of the following 3 members as on 31<sup>st</sup> March 2020.

Mr.Ashwin C Muthiah	- Chairman
Mrs.Sashikala Srikanth	- Member
Mr.R.Chandrasekar	- Member

# Sicagen India Limited

CSR Committee meeting proposed to be held during the month of March 2020, could not be convened due to COVID-19 pandemic and nationwide lockdown and subsequently convened on 17.06.2020.

### 3). Average net profit of the Company for the last 3 financial years and prescribed CSR limit:

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has to spend at least 2% of last three years of its average net profit calculated in accordance with the provisions of Section 198 of the Act for carrying out appropriate CSR activities as referred under Schedule VII of the Act.

However, inadvertently the Company has calculated 2% on the average net profit without considering certain adjustments referred under Section 198 and spent the amount more than the minimum statutory limit. During the year, the Company has rectified the same and the average net profit as per Section 198 of the Act for the current year 2019-20 as follows.

Financial Year	Net profit	Average Net Profit	CSR limit (2% of avg. net profit)
2016-17	4.62	110.91	2.22
2017-18	(176.11)		
2018-19	504.22		

CSR spent during the 2019-20 : ₹25.83 Lakhs

Total CSR to be spent up to 2019-20 : ₹96.00 Lakhs

(Actually spent up to 31 March 2020 ₹97 Lakhs)

Amount unspent, if any : Nil

During the year, the Company has spent a sum of ₹25.83 Lakhs through AM Foundation, a Not-For-Profit entity which is involved in the projects in water management, sanitation and hygiene etc. AM Foundation has installed 50 Grosan toilets and urinals at Puducherry Town under Inner City Sanitation Expansion Project of Pondicherry. The capital and operational expenditure was met out of the Company's CSR funding. The toilets were built in two phases of 25 nos. along with other infrastructure requirements and the second phase was completed during the year 2019-20.

### 4). Responsibility Statement

The CSR committee and the Management of the Company hereby affirm that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Place: Chennai

Date: 17<sup>th</sup> June 2020

**Ashwin C Muthiah**

Chairman

**Sashikala Srikanth**

Member

**R.Chandrasekar**

Member

### ANNEXURE -III TO DIRECTORS REPORT

The particulars required under Section 197(12) of the Companies Act, 2013 read with the Rules 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 annexed to and forming part of the Directors Report for the year ended 31<sup>st</sup> March 2020.

SN	Employee Name	Designation	Nature of duties	Qualifications	Experience (Years)	Date of Joining	Age (Years)	Last Employment & Position held	Remuneration (₹ In Lakhs)
1	R Chandrasekar	Whole Time Director	Operation	ACA	31	28-Nov-18	56	Edac Engineering Ltd CFO & Whole Time Director	51.37
2	D Balagopal*	CFO	Finance & Accounts	ACA	29	02-Jul-13	54	Primex Ghana Ltd Associate GM	39.94
3	Nandakumar Varma	GM - Power & Control Systems	Operation	B. Tech, MBA	27	05-Apr-93	50	Mekel Corporation, Design Engineer	28.45
4	S Santhanakrishnan	GM - Speciality Chemicals	Operation	MBA	34	03-Jan-97	54	SPIC Ltd, Research Associate	26.60
5	Prasanna Joshi	DGM - Building Materials	Sales	MBA	13	04-Jun-13	35	AMIH Pvt Ltd, Sr. Manager - Strategic Management	24.17
6	Rajesh Lakshmanan*	DGM	IT	MCA, ITIL V3	20	01-Nov-12	43	IT Consultant Advisor	19.06
7	M.O.Ayyappan**	JGM	Finance & Accounts	M.Com, MBA, PGDPM	26	02-Aug-93	52	Agro Cargo Transport Ltd Management Trainee	18.75
8	G Arunmozhi	DGM - Legal & Company Secretary	Legal & Secretarial	ACS, LLB	18	15-Feb-18	43	Sun Direct TV Pvt Ltd Company Secretary	18.07
9	RM Muthuraman	Chief Manager	Central Purchase	B.Com, PGDM	33	02-Jan-87	57	South India Corporation (A) Ltd, Branch Manager	17.71
10	D Aditya Kiran	RSM	Sales	MBA	18	01-Jul-13	45	Egwood Boards & Panels Pvt Ltd, Branch Manager	17.55

\* Resigned from the services of the Company during the year.

\*\* Inducted as CFO during the year.

#### Notes:

- The nature of employment is contractual.
- The remuneration includes salary, allowances, performance pay, perquisites and leave encashment; Ex-gratia, Company's contribution to PF, NPS, Superannuation & Gratuity, etc. paid during the year.
- Terms and conditions of the employment are as per Company's Rule.
- None of the employees are related to any Directors of the Company.
- None of the Directors / Employees holds more than 2% of the equity shares in the Company.

## ANNEXURE - IV TO DIRECTORS REPORT

The particulars required under Section 197(12) of the Companies Act, 2013 read with the Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 annexed to and forming part of the Directors Report for the year ended 31<sup>st</sup> March 2020.

1	The ratio of the remuneration of each Director to the median remuneration of the employees.	₹3.01 Lakhs per annum to ₹58 Lakhs per annum Ratio of remuneration is 1:14
2	% increase in remuneration of each Director, Chief Financial Officer (CFO) and Company Secretary (CS) in the financial year.	No increase in remuneration to WTD. 5% increase in remuneration to CFO. 5% increase in remuneration to CS.
3	% increase in the median remuneration of employees in the financial year.	6.23%
4	The number of permanent employees on the rolls of company;	333
5	The explanation on the relationship between average increase in remuneration and company performance;	Increase in remuneration to employees is considered based on the performance criteria fixed by the Company.
6	Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company;	Performance incentive is linked to overall performance of the individual and Company.
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	NA
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year 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.	Salary increase to non-managerial employees is at 7.68% and for managerial employees is at 6.10%.
9	Comparison of each remuneration of the KMPs against the performance of the Company;	Remuneration consists of two parts (i) fixed and (ii) variable incentive. Payment of variable incentive is based on overall performance of the Company.
10	The key parameters for any variable component of remuneration availed by the Directors;	No Director other than Whole Time Directors is receiving any remuneration except sitting fees payment. Variable payment such as performance linked payment to Whole Time Director shall be based on the performance criteria fixed by the Board from time to time.
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year.	Not applicable

It is affirmed that the remuneration paid / payable to the Directors, KMPs and other median employees are as per the remuneration policy of the Company.

Date : 17<sup>th</sup> June 2020  
Place: Chennai

**R Chandrasekar**  
Whole Time Director

## **ANNEXURE-V TO DIRECTORS' REPORT**

**Form No.MR-3**

### **SECRETARIAL AUDIT REPORT**

**For the Financial Year Ended 31<sup>st</sup> March 2020**

[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 of  
**Sicagen India Limited,**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.Sicagen India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 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 for the financial year ended on 31<sup>st</sup> March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015 - Not applicable
  - (c) The Securities and Exchange Board of India (Prohibition of Inside Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable
  - (g) 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;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not Applicable
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - Not Applicable
- (vi) The other laws as may be applicable specifically to the Company in my opinion:
  - 1. Factories Act, 1948,
  - 2. Contract Labour (Regulation and Abolition) Act, 1970
  - 3. Shop and Commercial Establishment Act
  - 4. Indian Contract Act, 1872

# Sicagen India Limited

5. Customs Act, 1962
6. Air (Prevention and Control of Pollution) Act, 1981
7. The Pondicherry Ground Water (Control & Regulation) Act, 2002
8. Water (Prevention and Control of Pollution) Act, 1974
9. Information Technology Act, 2000
10. Tamil Nadu Fire Service Act, 1985

Based on the review of the copies of the compliance reports by the functional heads of the Company including the factories located in Minjur and Thirubuvanai, Pondicherry to the Management/Board of Directors of the Company, I report that the Company has substantially complied with the provisions of those Acts that are applicable to it such as the Payment of Wages Act 1936, Industrial Disputes Act 1947, Minimum Wages Act 1948, Employees Provident Fund and Miscellaneous Provisions Act 1952, Employees State Insurance Act, 1948 and such other laws as applicable to the company.

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

1. Secretarial Standards (SS) on the meetings of the Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India (ICSI).
2. Listing Agreements entered into by the Company with BSE Ltd and National Stock Exchange of India Ltd.

No specific violations in respect of Tax laws came to the notice of the undersigned from the review of the said check list. However, I report that I have not carried out the audit with reference with the applicable financial laws such as the direct and indirect tax laws, as same falls under the review of statutory audit and other designed professionals.

I further report that:-

1. 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.
2. Adequate notice is given to all the Directors to schedule the Board/Committee 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. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
3. 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.
4. During the year, the Company has submitted the shareholding pattern for the quarter ended 30<sup>th</sup> June 2019 to the Stock Exchanges namely BSE Ltd and NSE Ltd beyond 21 days and the said delay was taken note of by the Board of Directors on 13<sup>th</sup> November 2019.
5. During the year, the Independent Directors meeting and CSR Committee meeting proposed to be convened during the end of March 2020 was deferred due to Covid-19 pandemic situation and nationwide lock down. The Company has reported that it will be convened during current financial year.
6. During the year, the performance of evaluation of Independent Directors proposed to be considered at the Board Meeting of the Company scheduled during end of March 2020 was also deferred due to Covid-19 pandemic situation and nationwide lock down and subsequently convened on 23<sup>rd</sup> April 2020.
7. SEBI has granted temporary relaxations with respect to certain compliances to be submitted by the Companies due to the impact of COVID-19 pandemic and nationwide lockdown for the last quarter of the audit period. Accordingly, the Company has made the compliances for the quarter ended 31<sup>st</sup> March 2020 within the extended time limit.
8. During the audit period, there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

Place: Chennai  
Date: 12<sup>th</sup> June 2020

**R Kannan**  
Practicing Company Secretary  
FCS No. 6718  
C P No. 3363  
UDIN No: F006718B000338104

**‘ANNEXURE A’**

To,  
The Members of  
**Sicagen India Limited,**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai  
Date: 12<sup>th</sup> June 2020

**R Kannan**  
Practicing Company Secretary  
FCS No. 6718  
C P No. 3363  
UDIN No: F006718B000338104



## Management Discussion and Analysis Report 2019-20

### Economic Scenario

The year 2019-20 was bit challenging for the Indian Economy to overcome many the hurdles and barriers. A weak environment for global manufacturing, trade and demand adversely impacted the Indian economy. Though there are some signs of stabilization and growth indicators but for macro economy, the environment still remains stretched. India saw a steep decline in its growth rate in the July-September quarter of 2019, when Gross Domestic Product (GDP) was at its lowest in 7 years at 4.5 percent. Several sectors such as real estate, aviation, automobile and construction sectors suffered a constant decline in demand. The GDP growth rate was estimated to be 5 percent in 2019-20 as compared to 6.8 percent in 2018-19 and is expected to be in the range of 6 to 6.5 percent in 2020-21. In the 1<sup>st</sup> half of 2019-20, the GDP was estimated to grow at 4.8 percent as compared to the 2<sup>nd</sup> half of 2018-19 at 6.2 percent. Sluggish growth of consumption and consequent decline in fixed investment led to the decline in GDP growth during this period.

The COVID-19 pandemic is an unprecedented global health crisis and its impact is likely to dominate global markets in the near term. India currently faces the notable short-term challenges including the outbreak of COVID-19 and the preceding slowdown of the informal economy. Under this current situation, the Central Government is taking several measures and initiatives to revive the Indian economy and improve its growth rate. The Govt. is also confident about the economic growth prospects in the coming years through 'Make in India' movement, infrastructure development plans and the 'Digital India' initiatives.

### Industry outlook and opportunities

Due to continuous urbanization, upcoming infrastructure projects and a growing population base, the construction industry in India is booming. With huge ongoing project opportunities, it is the third largest contributor to economic growth. Besides, various governmental flagship programs like 'Smart Cities', 'Housing for All', 'Make in India' and 'Atal Mission for Urban Rejuvenation and Transformation' (AMRUT) will further drive growth in future. Hence all these initiatives will need supplies of building materials making the industry vibrant.

Steel drums market is expected to reach significant growth by 2020. Growing demand for cost efficient packaging solution and increase usage of steel drums in bulk packaging are the factors which will create new opportunities for the steel drum market in the next five years. The steel drums produced by the Company are supplied to various industries and is used to carry both harmful and harmless substances such as chemicals, paints, sanitation liquids, lubricant oils, fruit pulp etc. These steel drums have the ability to work well in different temperatures and remain unaffected by the

thermal shocks. Increasing usage of steel drums by oil and other industries due to their high mechanical strength is also expected to drive the market growth. Growing demand from other industries which are in the process of fruit pulps is also anticipated to enhance the market for steel drums.

Due to rapid industrialization and urbanization, the increasing demand for water treatment chemicals from industries for boilers, cooling towers and effluents, continues to be driving force for increasing consumption of water treatment chemicals. The market for cooling water treatment chemicals in India is expected to grow at a CAGR (Compound Annual Growth Rate) of above 8% in the ensuing years. The demand for fresh and useable water has been proliferating and moreover, the increasing requirement of clean water in power plants, oil and gas, metal and mining, pulp and paper, and chemical processing industries has increased the demand for water treatment chemicals.

In the modern technology and development, power and control systems such as mechanical governors, actuators and other controlling equipment are very much required for power, cement, steel, paper, petrochemical, refinery, fertilizer and sugar industries. Hence the demand for instrumentation & controlling equipment has been increased. Providing superior quality service solutions that make power systems more efficient, reliable and manageable had enabled the Company's business to reach great heights in the related market both in many public and private sectors.

### Division-wise Operational Review

Financial Year 2019-20 has been a challenging year with weakening macro-economic conditions, slowing market growths in all sectors and finally, COVID-19 outbreak and containment measures towards the end of the year. Against this challenging backdrop, the Company's all operational divisions have delivered its competitive and profitable growth.

Building Material division has posted a total turnover of ₹35,637 Lakhs and a net profit of ₹12 Lakhs in the current year as against ₹45,555 Lakhs and ₹82 Lakhs respectively in previous year. The decline in the turnover was mainly due to sluggish macroeconomic environment, lower demand of construction materials and competition from unorganized sector. However, the Management is continuously reviewing these threats and devising appropriate mitigative actions. The Company has taken several initiatives to improve market coverage, business development and also to strengthen the core values of excellence, customer focus, integrity, commitment and team work.

Power and Control Systems division's revenue during the year under review was ₹2,868 Lakhs and net profit was

₹ 397 Lakhs as compared to revenue of ₹ 2,973 Lakhs and net profit of ₹ 477 Lakhs in the previous year. The decline in net profit was due to product mix, competition from the OEM suppliers and lower priority from the customers for Capex due to adverse market conditions prevailing in manufacturing sector.

This division has partnership with global brands namely Woodward for Governors, Norgren, Eaton & ABB for Switch Gears and motors and Danfoss for Drives and vast experience of about three decades and expertise in the field of Governing and power management products. Providing superior quality service solutions that make power systems more efficient, reliable and manageable had enabled this business to reach great heights in the related market both in many public and private sectors. Having reputation of being the exclusive authorized service provider in India for Woodward Governors of USA, this division caters to the needs of diversified Customers.

This division, during the year, has setup marketing office in Baroda. In order to expand and grow further, this division is exploring new opportunity in additional service locations at Baroda and cochin and also adding new products and services.

During the year under review, Speciality Chemicals division has achieved the profit ₹196 Lakhs against budgeted profit ₹194 Lakhs. The turnover of ₹1,158 Lakhs with 16.93% actual net profit ₹196 Lakhs (without export) and 3.67% lesser compared to the turnover of ₹1,158 Lakhs with 20.6% actual net profit ₹239 Lakhs in 2018-19.

This division has continuously bagged orders for supply of Cooling Water Treatment (CWT) chemicals from NLC and APPG Co. This division has also bagged new orders valuing ₹199 Lakhs from Coramendal Fertilizers and SPIC for supply of defoamer to their phosphoric acid plant. It has additionally bagged new orders from FACT, Mettur Thermal Power Station-II, Dwarakeish Distillery & VV Titanium, Tuticorin (boiler chemicals). This division has entered in a new segment design/erection/commissioning of softener plant in VIVIMED Life Science, Chennai. Annual contract for supply of Neem Oil to SPIC valuing ₹186 Lakhs was also executed by this division during 2019-20.

This division has successfully commissioned a new manufacturing unit at Duhai, Ghaziabad, UP state for CT chemicals supply to sugar plants in North India. New Manufacturing Unit project planned at Tuticorin is progressing, preliminary approvals received and will be set in operations after complying the statutory requirements.

This business is on a decent growth path for the last few years. The division had put in good efforts towards focused approach on the current customer base that supported for higher turnover and addition of new customers from many business segments which in turn contributed to improve the turnover in FY 2019-20. Revenue from operations in the new territories has supported the increased turnover and strengthened the operations substantially.

During the year, Industrial Packaging division has bagged orders for supply of ₹16.87 Lakh barrels from PSUs. New orders valuing ₹25.81 Lakhs from various customers have also been obtained. This division has posted total revenue of ₹3,710 Lakhs this year as compared to ₹4,124 Lakhs in 2018-19. The net profit of this division for the current year was ₹176 as compared to ₹212 Lakhs.

Engineering division has bagged new orders valuing ₹664 Lakhs from Ministry of Fisheries for construction of 8 deep sea fishing boats for fishermen. This division has posted total revenue of ₹167 Lakhs and earned a net profit of ₹6 Lakhs.

Details of significant changes in key financial ratios (Change in 25% or more) as compared to the immediately previous financial years.

Particulars	Details	Detailed Explanation
Debtors Turnover	-	Change is less than 25%
Inventory Turnover	-	Change is less than 25%
Interest Coverage Ratio	-	Change is less than 25%
Current Ratio	38%	Reduction in utilization of Working Capital Facilities.
Debt Equity Ratio	41% (Reduction)	Reduction in utilization of Working Capital Facilities.
Operating Profit Margin (%)	141%	Increase in Operating Profits during the year due to orders in Boat Building division
Net Profit Margin (%)	26%	Increase in Operating Profits during the year due to orders in Boat Building division

The details of change in return of net worth as compared to the immediately previous financial year along with explanation thereof are provided in the financial statements.

### Risks & Concerns

The Company's core area of business is mainly related to trading of building materials. The construction activities and the demand for building materials are influenced by market conditions including among other things, rates of economic growth, availability of credit, higher interest rates, tax and duties, trade/credit policies, freight charges etc. Negative trends in any of these factors impacting the regions where the Company operates could materially and adversely affect our business, results of operations and financial condition. Persistence of negative economic trends or further deterioration in key economic factors such as growth rate, interest rates and inflation as well as reduced availability of financing for construction materials at competitive rates could materially and adversely affect

# Sicagen India Limited

the Company building material sales in India and results of operations.

The competition with a number of unorganized players entering the market may have an impact on margins and profitability of the Company's business. The Management Committee of the Board continuously monitors all these external risks and periodically reviews with all business heads to handle the risk of price changes in the volatile market. The Management Committee takes continuous efforts to improve the business and adopts various cost control measures to maintain profitability. The marketing team of the respective operational divisions has been fully encouraged with positive approach to attract new customers and also retain the existing customers for achieving budgeted target. A proper and effective inventory management processes are also put into place to monitor demand and supply of materials at appropriate time.

The functional heads are responsible for the risk management process including risk identification, impact assessment, effective implementation of risk mitigation plan and risk reporting. The Management Committee recommendations are reviewed by the Board periodically.

## **Internal Control System & Adequacy**

The Company's internal control systems are commensurate with the nature of its business. The Company maintains an adequate internal control system. Periodical audit is being conducted and reports prepared thereon are submitted to the Management as well as the Audit Committee of the Board for its review. The Audit Committee reviews internal audit reports, operational, financial and risk management policies etc and takes appropriate action.

Detailed management reviews of internal audit reports are carried out periodically with all functional and business heads to analyses the business risks and to design strategies as well to meet the changing operational requirements. Review of control mechanism through ERP is carried out to improve the control process and develop better systems to protect the company assets and also strengthen the quality of internal control measures.

The Company's internal financial controls and risk management system are in place through Internal Audit firm that directly reports to Audit Committee on the functioning of the business. The Company maintains appropriate policies, procedures and systems with an approved delegation of authority and that all the transactions are properly authorized and recorded ensuring efficient conduct of the business. The internal control systems adopted by the Company are effective across all functions of finance, operations, statutory compliance and other areas adequately covering all the activities of the company. These controls are initiated with the perspective to provide an efficient system to meet the challenging business requirements over a period of time.

The Board reviews the financial statements and internal controls on a quarterly basis as reviewed by the Audit Committee meeting with all the details.

## **Human Resource Development**

The Company has adopted various policies and initiatives in order to sustain healthy employee relations, growth and development as well as work satisfaction. Human Resource Development framework followed by the Company includes workforce planning, employee engagement, performance & compensation management, learning & development, career & succession planning and organization development. The Company considers its employees as a valuable asset and maintains a vibrant work environment to ensure safety, good health and quality of their life.

During the year, the Company has prepared a new Employee Manual and HR policy document-2020 and updated with amendments matching with prevailing industrial norms and service rules with an aim to continuously strive to re-approach and re-invent the policies and processes to foster the realization of Company's objectives.

The Company always provides ample opportunities for its employees to prove their talents and efficiency and to grow along with the Company.

## **Global health pandemic from COVID-19**

The World Health Organization declared a global pandemic of the coronavirus disease (COVID-19) on February 11, 2020. In enforcing social distancing to contain the spread of the disease, our offices and plants during in lock down periods have been operating at selective places with minimal staff as per govt norms. In keeping with its employee-safety-first approach, the Company quickly instituted measures to trace all employees and be assured of their well-being. Our teams reacted with speed and efficiency, and quickly leveraged technology to shift the workforce to an entirely new 'work-from-home' model. Proactive preparations were done in our work locations during this transition to ensure that our offices were safe and client commitments were not materially compromised.

Travel related challenges faced by our employees were swiftly handled, in line with the guidelines issued by the local authorities. Policy changes related to working from home and IT infrastructure support were rolled out overnight to help our employees shift to this new work paradigm. Continuous communication on the latest updates played a key role in enabling our employees to stay on top of the evolving situation. The Company implemented a phased and safe return-to-work plan as and when lockdown restrictions were relaxed.

The Company's focus on liquidity, supported by a strong balance sheet and acceleration in cost optimization initiatives, would help in navigating any near-term challenges in the demand environment.

**Cautionary Statement**

Statements in the Management Discussion and Analysis Report describing the Company's structure, challenges, outlook, financials and HR policies may be "forward looking statements" within the meaning of applicable securities law and regulations. Actual results may differ materially from those expressed or implied. Important factors that could

make a difference to the Company's operations include economic conditions affecting demand and supply and price situations in the domestic and overseas market in which the company operates, changes in the Government, laws, rules, regulations and other statutes and other incidental factors.

## REPORT ON CORPORATE GOVERNANCE 2019-20

### 1. Company's Philosophy

Corporate Governance is a reflection of our policies, our culture, our relationship with stakeholders and our commitment to value. Your Company strives to conduct business with sound Corporate Governance practices which reflect fairness, integrity, accountability and transparency in our dealings with stakeholders and regulatory authorities.

### 2. Board of Directors

As on 31<sup>st</sup> March 2020, the Board comprised of 8 Directors which consists of 1 Executive Director, 2 Non-Executive Directors and 5 Independent Directors. All Directors are with professional expertise in various fields such as administration, marketing, finance, accounts and engineering. The Board of Directors of the Company is headed by Mr. Ashwin C Muthiah, Chairman, Non-Executive Director. There is no pecuniary relationship or transaction by the Non-Executive Directors with the Company and vis-versa.

### 3. Number of meetings of Board of Directors and the dates on which held during the financial year 2019-20.

(i) Total Number of Board Meetings held : 4

I Quarter (Apr' 19 – Jun'19)	II Quarter (Jul'19 – Sept'19)	III Quarter (Oct'19 – Dec '19)	IV Quarter (Jan'20 – Mar'20)
22.05.2019	31.07.2019	13.11.2019	07.02.2020

(ii) Attendance of Directors at the meeting of the Board of Directors held during 2019-20 and the last Annual General Meeting (AGM) held on 31.07.2019 are as follows.

Name and designation of the Director	Category/ Position	Attendance		Number of other directorships* & committee membership/ chairmanship**			Directorship held in listed entities (Category of Directorship)
		At Board Meetings	At Last AGM	Director	Member of Committee	Chairman of Committee	
Ashwin C Muthiah Chairman	Non-Executive Non Independent	4	Yes	3	-	2	1) Southern Petrochemical Industries Corpn. Ltd (Non-Executive Non Independent) 2) Manali Petrochemicals Ltd (Non-Executive Non Independent) 3) Tamilnadu Petroproducts Ltd (Non-Executive Non Independent)
B.Narendran Director	Non-Executive Independent	4	Yes	6	5	3	1) Southern Petrochemical Industries Corpn. Ltd (Non-Executive Independent) 2) Tuticorin Alkali Chemicals & Fertilizers Ltd (Non-Executive Independent) 3) Mercantile Ventures Ltd (Non-Executive Independent) 4) India Radiators Ltd (Non-Executive Independent)

Name and designation of the Director	Category/ Position	Attendance		Number of other directorships* & committee membership/ chairmanship**			Directorship held in listed entities (Category of Directorship)
		At Board Meetings	At Last AGM	Director	Member of Committee	Chairman of Committee	
Sashikala Srikanth Director	Non-Executive Independent	4	Yes	6	4	3	1) Southern Petrochemical Industries Corpn. Ltd (Non-Executive Independent) 2) Manali Petrochemicals Ltd (Non-Executive Independent) 3) Tamilnadu Petroproducts Ltd (Non-Executive Independent) 4) Mercantile Ventures Ltd (Non-Executive Independent)
Rita Chandrasekar Director	Non-Executive Independent	3	Yes	3	1	1	1) Tuticorin Alkali Chemicals & Fertilizers Ltd (Non-Executive Independent) 2) India Radiators Ltd (Non-Executive Independent) 3) Southern Petrochemical Industries Corpn. Ltd (Non-Executive Independent)
S. Radhakrishnan Director	Non-Executive Independent	3	Yes	2	2	-	Southern Petrochemical Industries Corpn. Ltd (Non-Executive Independent)
M. Rajamani Director	Non-Executive Independent	4	Yes	1	-	-	-
S. R. Ramakrishnan Director	Non-Executive Non Independent	4	Yes	1	1	-	Southern Petrochemical Industries Corpn. Ltd (Executive)
R. Chandrasekar Whole Time Director	Executive Non-Independent	4	Yes	2	2	-	-

Note: \*Directorships held in public limited companies are only included. Directorship held in private Companies, foreign companies and companies registered under Sec.8 of the Companies Act, 2013 are excluded.

\*\*Memberships/Chairmanships held in Audit Committee and Stakeholders Relationship Committee in public limited Companies have only been included.

(iii) Details of equity shares of the Company held by non-executive directors as on 31<sup>st</sup> March 2020

Name and designation of the Director	Category/ Position	No of equity shares held
Ashwin C Muthiah	Non-Executive Non Independent	41,838
B.Narendran	Non-Executive Independent	2,515
Sashikala Srikanth	Non-Executive Independent	Nil
Rita Chandrasekar	Non-Executive Independent	Nil
S.Radhakrishnan	Non-Executive Independent	Nil
M.Rajamani	Non-Executive Independent	Nil
S.R.Ramakrishnan	Non-Executive Non Independent	Nil

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- (iv) Details familiarization programs conducted for the Independent Directors are disclosed in the Company's website <http://www.sicagen.com>
- (v) List of core skills/expertise/competencies identified by the Board.

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board members.

Major Classification	Sub Classification	Remarks	Directors having the skills
Industry	Specific Skills	Good knowledge about the Building Materials business and industry and the issues specific to the Company.	Mr. Ashwin C Muthiah Mr. B. Narendran
	Technical	Technical/professional skills and specialist knowledge about the Company, its market, process, operations, etc. (For Executive Directors)	Mr. R. Chandrasekar Mr. M. Rajamani Mr. S. R. Ramakrishnan
Strategy & Policy	Strategy	Ability to identify and critically assess strategic opportunities and threats to the business. Guiding development of strategies to achieve the overall goals	Mr. Ashwin C Muthiah Mr. S. Radhakrishnan
	Policies	Guidance for development of policies and other parameters within which the Company should operate for better control and management	Mrs. Sashikala Srikanth Mr. S. R. Ramakrishnan
	Crisis Management	Ability to guide crisis management and provide leadership in hours of need.	Mr. Ashwin C Muthiah
Risk & Compliance	Operational	Identification of risks related to each area of operation	Mr. S. Radhakrishnan Mr. R. Chandrasekar
	Legal	Monitor the risks and compliances and knowledge of regulatory requirements	Mr. B. Narendran Mrs. Rita Chandrasekar
	Financial	Experience in accounting and finance, ability to analyze the financial statements presented, assess the viability of various financial proposals, oversee funding arrangements and budgets	Mrs. Sashikala Srikanth Mr. S. Radhakrishnan Mr. R. Chandrasekar
Management & Leadership	Executive Management	Handling senior management and monitoring its performance, strategic human resources planning. Experience in industrial relations and organizational change management programmes.	Mr. Ashwin C Muthiah
	Leadership	Make decisions and take necessary actions for implementation thereof in the best interest of the organization. Analyze issues and contribute at board level to solutions	Mr. S. Radhakrishnan Mr. B. Narendran Mr. S. R. Ramakrishnan Mr. M. Rajamani
Board Conduct	Contribution	Participate actively in the matters discussed and contribute effectively at the meetings. Help in arriving at unanimous decisions in the event of difference of opinions.	All the Directors of the Company
Personnel	Qualification	Having formal education and well qualified to possess the skills and competencies outlined above.	All the Directors of the Company
	Experience	Previous experience in Board or senior management positions in reputed companies/ organizations/ government.	
	Diversity	Optimum combination - Gender, ethnic, age, etc. and presence adding value to the Board's stature.	

Major Classification	Sub Classification	Remarks	Directors having the skills
Personal	Interpersonal Skills	Must work well in a group, listen well and communicate their point of view frankly but tactfully.	All the Directors of the Company
	Interest in the Company	Shall be sincere and evince genuine interest in the affairs of the Company	
	Instinct	Shall have good business instincts and acumen, and ability to get to the crux of the issue quickly. A degree of intuition would also be good.	
	Ethics and integrity	Be ethical and maintain integrity at any cost. Adhere to the Codes of Conduct in letter and spirit. In the event of conflict of interest, prioritize the Company	

(vi) Confirmation of Independent Directors

The Independent Directors have been appointed in terms of requirement of Companies Act, SEBI (LODR) regulations and in the opinion of the Board, they fulfill the conditions specified therein and are independent of the Management.

**4. Committees of Board of Directors**

The Board has constituted various Committees to discuss, deal with the matters in detail and to monitor the activities falling within the terms of reference and discharge the roles and responsibilities as prescribed under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and/or the Companies Act, 2013 from time to time.

**(a) Audit Committee**

The Company has a qualified and independent Audit Committee which comprises four Directors, three of whom are Non-Executive Independent. The Audit Committee comprises of the following members as on 31<sup>st</sup> March 2020.

Sl. No.	Name of the Director	Position
1	Sashikala Srikanth	Chairperson
2	B. Narendran	Member
3	S.Radhakrishnan	Member
4	R.Chandrasekar	Member

The Company Secretary acted as Secretary to the Audit Committee.

**Attendance details of Audit Committee**

During the year 2019-20, Four Audit Committee meetings were held on 22<sup>nd</sup> May 2019, 31<sup>st</sup> July 2019, 13<sup>th</sup> November 2019 and 07<sup>th</sup> February 2020. The attendance record of the audit committee meetings is given hereunder.

Sl. No.	Name of the Director	No. of meetings attended
1	B. Narendran	4
2	Sashikala Srikanth	4
3	S.Radhakrishnan	3
4	R.Chandrasekar	4

The terms of reference of Audit Committee are as follows:-

1. Oversee the company's financial reporting process and review the financial statements and auditors' report thereon.
2. Recommendation of appointment, re-appointment and if required, the replacement or removal of the statutory auditors, cost auditors, internal auditors and fixation of their fees.
3. Recommend the appointment of Chief Financial Officer after assessing the qualifications, experience, background etc.
4. Review and monitor the auditor's independence, performance and effectiveness of audit process;



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5. Review of internal control and internal audit system.
6. Review of the functioning of Vigil mechanism under whistle blower policy.
7. Seek information from any employee, if needed.
8. Obtain legal or expert opinion or professional advice from outside, if any required.
9. Approval or any subsequent modification of transactions of the company with related parties.
10. Scrutiny of inter-corporate loans and investments.
11. Valuation of undertakings or assets of the company, wherever it is necessary.
12. Evaluation of internal financial controls and risk management systems.
13. Monitoring the end use of funds raised through public offers and related matters.
14. Investigation of any activity within the terms of reference of Audit Committee.

## (b) Stakeholders Relationship Committee

The Stakeholders Relationship Committee consisting of three members as on 31<sup>st</sup> March 2020 is as follows.

Sl. No.	Name of the Director	Position
1	Rita Chandarsekar	Chairperson
2	S.R.Ramakrishnan	Member
3	R.Chandrasekar	Member

The terms of reference of the Stakeholders Relationship Committee are:-

1. To monitor the work related to transfer, transmission, demat, remat, sub-division and consolidation of shares.
2. To consider and approve transfer, transmission and transposition of shares.
3. To consider and approve issue of duplicate share certificates/share certificate for re-materialization and consolidation, splitting of shares.
4. To consider and resolve the grievances of security holders including complaints related to transfer of shares, non-receipt of annual reports, dividends.
5. To review the quarterly audit report on reconciliation of share capital issued by the practicing company secretary and place the same to the Board.
6. To review the shareholding pattern of the Company to be submitted on quarterly basis to the stock exchanges.

The Company Secretary who acted as Secretary to the Committee was authorized to approve share transfers and resolve shareholders grievances.

During the year, the Committee met 4 times on 01.04.2019, 15.07.2019, 14.10.2019 and 07.02.2020 and all the members were present at the meeting. During the year under report, 5 complaints were received from the shareholders and there was no complaint was pending as on 31<sup>st</sup> March 2020. No documents were pending for transfer as on 31<sup>st</sup> March 2020.

## (c) Nomination & Remuneration Committee

The following Directors are the present members of the Nomination and Remuneration Committee as on 31<sup>st</sup> March 2020. During the year, the Committee met 1 time on 07<sup>th</sup> February 2020.

Sl. No.	Name of the Director	Position
1	S.Radhakrishnan	Chairperson
2	B.Narendran	Member
3	M.Rajamani	Member

The terms of reference of Nomination and Remuneration Committee are:-

1. To formulate criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the appointment and payment of remuneration to Directors, Key Managerial Personnel and other senior management level employees.
2. To identify persons who are qualified to become Directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
3. To recommend the appointment of Managing Director(s), Chief Executive Officer, Whole Time Director(s) and the terms and conditions of their appointment.
4. To carry out evaluation of every Directors.
5. To determine remuneration package of Directors and recommend to the Board for approval.
6. To recommend the appointment of Chief Financial Officer, Company Secretary and other Division/Business Heads of the Company and the terms and conditions of their appointment including remuneration.

**(d) Management Committee**

The Management Committee formed by the Board comprises 4 members as on 31<sup>st</sup> March 2020 as follows.

Sl. No	Name of the Director	Position
1	B. Narendran	Chairperson
2	S.Radhakrishnan	Member
3	M.Rajamani	Member
4	S.R.Ramakrishnan	Member

During the year, the Management Committee meeting held on 15<sup>th</sup> April 2019, 03<sup>rd</sup> May 2019, 19<sup>th</sup> June 2019, 24<sup>th</sup> July 2019, 21<sup>st</sup> August 2019, 14<sup>th</sup> October 2019, 12<sup>th</sup> November 2019, 09<sup>th</sup> December 2019, 17<sup>th</sup> January 2020 and 07<sup>th</sup> February 2020.

The terms of reference of Management Committee are as follows:

1. To approve the business plan, borrowing plan and investment policy;
2. To recommend delegation of powers to the executives to enable day to day operations;
3. To borrow money from any Banks, NBFCs and/or other lending institutions to the extent up to ₹200 Crores (Rupees two hundred crores only);
4. To invest in any class of shares, debentures, stocks, bonds, etc. of other body corporate(s) to the extent up to ₹30 crores (Rupees thirty crores only);
5. To give guarantee or provide security in connection with the loan availed or to be availed by any other body corporate(s) to the extent of ₹10 crores (Rupees ten crores only);
6. To give loan to any other body corporate(s) to the extent up to ₹30 crores (Rupees thirty crores only); and the above shall be reviewed by the Committee and the above limits replenished upon approval/ratification by the Board of Directors of the Company at the subsequent Board Meetings.
7. To mortgage all or any part of the immovable properties, current assets, book debts, inventories with various banks, NBFCs, financial institutions for the purpose of securing any borrowing facility and execute such documents as are required for availing such facility.
8. To conduct postal ballot process and obtain requisite approval from the shareholders as and when required.
9. To review of business operations and to oversee the risk management process, risk identification, effective implementation of mitigation plan and risk reporting on periodical basis.

The Company Secretary acted as Secretary to the Management Committee.

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## (g). Corporate Social Responsibility (CSR) Committee

The CSR Committee constituted for implementation of CSR activities comprises three members as on 31<sup>st</sup> March 2020 as stated below.

Sl. No	Name	Position
1	Ashwin C Muthiah	Chairman
2	Sashikala Srikanth	Member
3	R.Chandrasekar	Member

CSR Committee meeting proposed to be held during the month of March 2020, could not be convened due to COVID-19 pandemic and nationwide lockdown and subsequently convened on 17.06.2020.

## 5. Details of remuneration paid/payable to the Whole Time Director(s) for the financial year 2019-20.

The details of remuneration paid/payable to Whole Time Director(s) of the Company for the financial year 2019-20 are as follows:

(₹ in lakhs)			
Name	Salary & Special Allowance	Perquisites & Other Allowances	Total
R. Chandrasekar Whole Time Director	43.83	7.54	51.37

## 6. Details of sitting fee paid to the Non-executive Directors for the financial year 2019-20.

The Non-Executive Directors were paid sitting fees of ₹ 50,000/- and ₹10,000/- per meeting for attending Board and Management Committee meetings respectively. The details of sitting fees paid to each of the Directors for having attended Board and Management Committee Meetings during the year 2019-20 are given below:

### (1) Sitting fee paid to the Directors for attending Board Meetings

Sl. No	Name of the Director	Amount (₹)	Tax deducted (₹)	Net amount Paid (₹)
1	Ashwin C Muthiah	2,00,000	61,800	1,38,200
2	B. Narendran	2,00,000	20,000	1,80,000
3	Sashikala Srikanth	2,00,000	20,000	1,80,000
4	S. Radhakrishnan	1,50,000	15,000	1,35,000
5	Rita Chandrasekar	1,50,000	15,000	1,35,000
6	M.Rajamani	2,00,000	20,000	1,80,000
7	S.R.Ramakrishnan	2,00,000	20,000	1,80,000
<b>Total</b>		<b>13,00,000</b>	<b>1,71,800</b>	<b>11,28,200</b>

### (2) Sitting fee paid to the Directors for attending Management Committee Meetings

Sl. No	Name of the Director	Amount (₹)	Tax deducted (₹)	Net amount Paid (₹)
1	B. Narendran	90,000	9,000	81,000
2	S. Radhakrishnan	70,000	7,000	63,000
3	M. Rajamani	90,000	9,000	81,000
4	S. R.Ramakrishnan	90,000	9,000	81,000
<b>Total</b>		<b>3,40,000</b>	<b>34,000</b>	<b>3,06,000</b>

## 7. Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedures and Conduct for Regulation, Monitoring and Reporting of Trading in the Securities of the Company by the Insiders.

## 8. Code of Conduct

The Company has formulated a Code of Conduct for the Board members and Senior Management Personnel. All the Board members and Senior Management personnel have affirmed compliance with above code and a declaration to that effect signed by the Whole Time Director is attached and forms part of this report.

## 9. Reconciliation of Share Capital and Audit

The Company has appointed a qualified Practicing Company Secretary to carry out necessary audit for reconciliation of the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital on quarterly basis. A copy of the Reconciliation of share capital and audit report issued by the Practicing Company is periodically placed before the Board and submitted to the stock exchanges/depositories.

## 10. Fees paid / payable to the Statutory Auditors

There were no payments to Statutory Auditor or other entities in the network firm/network entity of which the Statutory Auditor is a part, by the Company or its subsidiaries, other than the audit fee and related payments as disclosed in the financial statements.

## 11. General Body Meetings

Details of date, time and venue of Annual General Meetings (AGM) of the Company held for last 3 years are given below.

Year	Date & Time	Venue
2017	27 <sup>th</sup> June 2017 at 10.00 a.m.	Raja Annamalai Mandram, Esplanade, Chennai-600 108
2018	06 <sup>th</sup> August 2018 at 3.00 p.m.	Raja Annamalai Mandram, Esplanade, Chennai-600 108
2019	31 <sup>st</sup> July 2019 at 3.30 p.m.	Raja Annamalai Mandram, Esplanade, Chennai-600 108

Details of Special Resolutions passed at the Annual General Meetings held for last 3 years are as follows:

Sl. No.	Date of AGM	Purpose for which the Special Resolutions were passed
1	27 <sup>th</sup> June 2017	Appointment of Whole Time Director and payment of Managerial Remuneration.
2	31 <sup>st</sup> July 2019	Appointment of an Independent Director for 5 years and who is going to attain the age of 75 years in the month of February 2020.
3	31 <sup>st</sup> July 2019	Re-appointment of an Independent Director for further term of 5 years and who is going to attain the age of 75 years in the month of June 2020.
4	31 <sup>st</sup> July 2019	Re-appointment of an Independent Director for further term of 5 years.
5	31 <sup>st</sup> July 2019	Appointment of Whole Time Director and payment of Managerial Remuneration.

The Company has not convened any Extra-Ordinary General Meeting during the financial year 2019-20.

## 12. Postal Ballot

No item was transacted through Postal Ballot during the financial year 2019-20. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

## 13. Related party transaction & disclosures

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors, the subsidiaries or relatives, etc. that may have potential conflict with interest of the Company at large.

- There are no materially significant transactions with the related party viz. Promoters, Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.
- There are no pecuniary relationships or transactions with the Non-executive Directors of the Company except the payment of sitting fees made for attending the Board Meetings of the Company.
- No transactions entered into with related parties during the financial year exceeding 5% of annual turnover or 25% of the net worth of the Company as per the last audited financial statements of the Company.
- The Company has complied with various rules and regulations prescribed by Stock Exchanges, SEBI or any other statutory authority relating to capital markets. During the year, NSE & BSE have imposed fine for delay in submission of shareholding pattern for the quarter ended 30<sup>th</sup> June 2019. Other than the above, no other penalties or strictures have been imposed by any of the regulatory/statutory authorities on the Company.

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## 14. Minutes of Subsidiary Companies

The Minutes of meeting of Board of Directors of Subsidiary Companies were periodically placed before the Board of Directors of the Company.

## 15. General Shareholders information

### (a). Registered Office

The Registered office of the Company is situated at 4<sup>th</sup> Floor, SPIC House, No.88, Mount Road, Guindy, Chennai-600032.

### (b). Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association, one-third of the Directors (excluding Independent Directors) shall retire by rotation and eligible for re-appointment at the Annual General Meeting. Mr.R.Chandrasekar, Director of the Company shall retire in the ensuing Annual General Meeting and the Board has recommended the re-appointment of the aforesaid retiring Director.

### (c). Communication with shareholders

The Company's quarterly, half yearly and annual results are regularly submitted to the stock exchanges and also published in the leading news papers in accordance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The above results are simultaneously posted on the Company's website www.sicagen.com as required under the said SEBI Regulations. Annual Reports of the Company are also available in the Company's website.

### (d). Communication through electronic mode

As per the earlier circular issued by the Ministry of Corporate Affairs, all the companies have been allowed / permitted to send its annual report comprising of Notice, Directors' Report, Auditors' Report, Balance Sheet, Profit & Loss account etc. by email to its members after giving an advance opportunity to register their Email address with the Company or with the concerned depository. In order to implement the above practice, the shareholders are hereby requested to register your email ID with the Company/RTA by submitting EARF (Email Address Registration Form), a copy of which is available with the Company and also can be downloaded from the Company's website www.sicagen.com.

### (e). Ensuing AGM

Date	: 17 <sup>th</sup> September 2020
Time	: 2.00 p.m.
Venue	: Video Conferencing - Chennai
Book closure	: From 12 <sup>th</sup> September 2020 and 17 <sup>th</sup> September 2020 (both days inclusive)
Dividend payment date	: Between 01 <sup>st</sup> October 2020 and 10 <sup>th</sup> October 2020.

### (f). Financial Calendar for 2020-21 (Tentative)

The financial year of the Company is April to March of every year and the tentative financial calendar for publication of quarterly/annual results is as under.

1.	1 <sup>st</sup> quarter ending 30 <sup>th</sup> June 2020	Before 15 <sup>th</sup> August, 2020
2.	2 <sup>nd</sup> quarter ending 30 <sup>th</sup> September 2020	Before 15 <sup>th</sup> November, 2020
3.	3 <sup>rd</sup> quarter ending 31 <sup>st</sup> December 2020	Before 15 <sup>th</sup> February, 2021
4.	Last quarter & year ending 31 <sup>st</sup> March 2021	Within 60 days of end of the year
5.	Annual General Meeting	On or before 30 <sup>th</sup> September, 2021

### (g). Listing of Equity Shares on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). Annual listing fee for the financial year up to 2020-21 was paid to BSE and NSE.

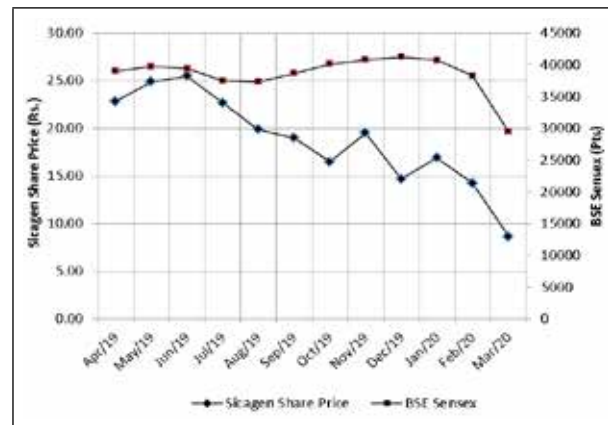
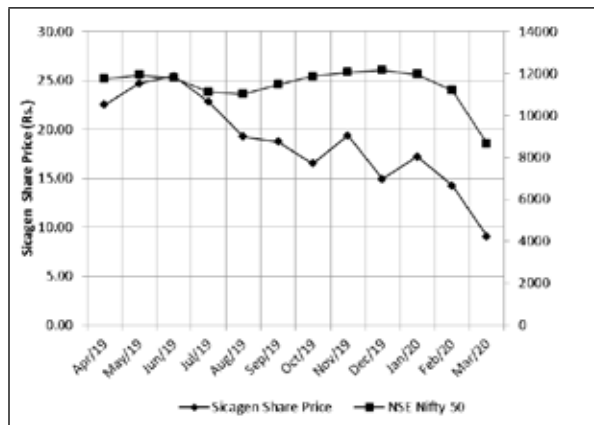
Sl. No	Name of the Stock Exchange	Scrp Code	Trade Name
1	Bombay Stock Exchange	533014	SICAGEN
2	National Stock Exchange	SICAGEN	SICAGEN

#### (h). Stock market data

The Company's equity shares have been listed/traded on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Month wise high and low closing quotation of shares traded on BSE and NSE during 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 is given below.

Month	BSE			NSE		
	High	Low	Average	High	Low	Average
	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
April 2019	26.80	21.30	24.05	26.80	19.80	23.30
May 2019	28.90	22.05	25.48	28.50	22.10	25.30
June 2019	25.85	20.00	22.93	25.90	19.45	22.68
July 2019	31.25	21.00	26.13	31.50	21.00	26.25
August 2019	23.00	19.05	21.03	22.30	18.65	20.48
September 2019	20.25	18.40	19.33	20.40	18.00	19.20
October 2019	18.60	14.25	16.43	19.45	14.25	16.85
November 2019	20.80	15.85	18.33	21.10	15.80	18.45
December 2019	19.60	14.50	17.05	20.10	14.30	17.20
January 2020	19.79	14.04	16.92	20.50	13.45	16.98
February 2020	17.80	13.50	15.65	18.40	13.50	15.95
March 2020	14.75	7.80	11.28	14.85	7.50	11.18

#### (i). Performance of Sicagen's closing share price in comparison with NSE Nifty and BSE Sensex Index



#### (j). Share Transfer & Depository System

The physical share transfers, transmissions, transpositions etc., are processed by the RTA and all the documents duly completed in all respects are registered and returned within the stipulated time. The routine requests from the shareholders such as transfers, transmissions, transpositions, change of name, demat, remat etc., are duly approved by the Company Secretary and the details of which are placed before the Stakeholders Relationship Committee and the Board on a periodical basis.

The Company has availed depository services from National Securities Depository Ltd (NSDL) & Central Depository Services (India) Ltd (CDSL) for dematerialization of shares. The shareholders may kindly note the Company's ISIN: INE 176J01011 allotted by NSDL & CDSL. Since trading in equity shares of the Company shall be permitted only in dematerialized form, the shareholders who are holding shares in physical form, are advised to dematerialize their shares to avoid the risks associated with holding the share certificates in physical form.

The shareholders may also kindly note that as directed by SEBI, the Company/RTA is in the process of sending reminders to the shareholders, who are holding the shares in physical form and who have not claimed their share certificates from the Company so far, to retrieve their share certificates.

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## (k). Registrar and Share Transfer Agents (RTA)

The Company has appointed M/s.Cameo Corporate Services Limited, as its Registrar and Share Transfer Agent both for electronic and physical transactions of the shares. The shareholders are therefore requested to send all documents, correspondences, queries, intimations on any matters relating to transfer/ transmission/ demat/ remat of shares, issue of duplicate share certificates, change of address etc., to the following address.

M/s.Cameo Corporate Services Limited

Unit: Sicagen India Limited

No.:1, Club House Road, "Subramanian Building", 5<sup>th</sup> Floor, Chennai - 600002

Tel: 044-28460390 Fax: 044-28460129 e-mail: cameo@cameoindia.com

A separate email ID companysecretary@sicagen.com has been created by the Company for the purpose of registering the complaints by the investors. Company Secretary has been appointed as Compliance Officer of the Company for redressal of investors' grievances. The shareholders may correspond to the following address for redressal of grievances if any.

The Company Secretary

Sicagen India Limited

4<sup>th</sup> Floor, SPIC House, No.88, Mount Road, Guindy, Chennai-600032,

Tel: 044-4075 4075 Fax: 044-4075 4079

e-mail: companysecretary@sicagen.com, secl@sicagen.com

## (l). Distribution of shareholding as on 31<sup>st</sup> March 2020

No. of shares Category	No. of holders	% of total	No. of shares	% of total
Upto 500	39104	92.05	2453569	6.20
501-1000	1657	3.90	1357369	3.43
1001-2000	794	1.87	1235218	3.12
2001-3000	310	0.73	802735	2.03
3001-4000	125	0.29	448762	1.13
4001-5000	132	0.31	626042	1.58
5001-10000	189	0.45	1388028	3.51
10001 and Above	171	0.40	31259961	79.00
<b>Total</b>	<b>42482</b>	<b>100.00</b>	<b>39571684</b>	<b>100.00</b>

## (m). Shareholding Pattern as on 31<sup>st</sup> March 2020

Category	No. of holders	No. of shares held	% of holding
Promoters Holding			
Promoters & Associates	11	16536392	41.79
Non-Promoters Holding			
(a) Institutional Investors			
Mutual Funds	4	1177	0.00
Financial Institutions / Banks	16	171052	0.43
Central/State Govt.	1	334	0.00
Insurance Companies	2	67770	0.17
Foreign Portfolio Investors	3	4881018	12.33
(b) Others			
Bodies Corporate	228	4829098	12.21
Clearing Members	23	37442	0.09
NRIs	217	316183	0.80
Hindu Undivided Families (HUF)	585	524033	1.32
Trusts	1	200	0.00
(c) Other public shareholding	41391	12206985	30.86
<b>Total</b>	<b>42482</b>	<b>39571684</b>	<b>100.00</b>

**(n). Dematerialization of Shares**

3,83,02,248 equity shares representing 96.79% of the paid-up share capital of the Company have been dematerialized up to 31<sup>st</sup> March 2020. Trading in equity shares of the Company is permitted only in dematerialized form.



**(o). Nomination of physical shares**

Members holding shares in physical form are encouraged to nominate a person to whom the shares in the Company shall vest in the event of death. Nomination forms will be sent to the Members on request.

**(p). Unclaimed Suspense Account**

As on date 5,385 shareholders have not claimed their shares aggregating 3,01,168 equity shares, which are under unclaimed suspense account as per the records of RTA. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

The Company is in the process of transferring the equity shares of shareholders who have not claimed any dividend declared by the Company for 7 consecutive years as per Section 124(6) of the Company Act 2013 and IEPF Rules.

**(q). WTD & CFO Certification**

As required under Regulation 17(8) SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a certificate from WTD & CFO was submitted to the Board and the same has been annexed herewith.

**(r). Practicing Company Secretary's Certificate on Corporate Governance**

The Company has obtained a certificate from the practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same has been annexed at the end of this report.

**(s). Plant Locations**

Speciality Chemicals	:	Pondicherry, Ghaziabad & Tuticorin
Drums Manufacturing	:	Minjur, Chennai
Boat Building	:	PIPDIC Industrial Estate & Port, Pondicherry

**Plant location of subsidiary Companies:**

Cable Manufacturing	:	Wilson Cables Private Ltd Jurong Industrial Estate, Singapore
Steel Fabrication	:	Danish Steel Cluster Private Ltd Kiadb Industrial Area, Jigani, Bengaluru



# Sicagen India Limited

## Certificate of WTD / CFO

(Under Regulation 17(8) SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

To  
The Board of Directors of  
Sicagen India Limited

We, R.Chandrasekar, Whole Time Director and M.O.Ayyappan, CFO of the Company hereby certify to the Board of Directors of the Company that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2020 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date : 17<sup>nd</sup> June 2020  
Place : Chennai

**R. Chandrasekar**  
Whole Time Director

**M. O. Ayyappan**  
CFO

## **Compliance Certificate on Corporate Governance Report**

Practicing Company Secretary's Certificate

[Under Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

To

The Shareholders of Sicagen India Limited,

We have examined the compliance of the conditions of Corporate Governance by Sicagen India Limited for the year ended 31<sup>st</sup> March 2020 as stipulated Under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance in the aforesaid SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

**R Kannan**

Practicing Company Secretary

FCS No.6718

CP No.3363

Place: Chennai

Date : 17<sup>th</sup> June 2020

## **Declaration from Whole Time Director on Code of Conduct**

The shareholders of Sicagen India Limited,

As provided under Regulation 26(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March 2020.

**R Chandrasekar**

Whole Time Director

Place : Chennai

Date : 17<sup>th</sup> June 2020

**Annual Report 2019-20**

**Accounts - Standalone**



## Independent Auditor's Report

To the Members of **SICAGEN INDIA LIMITED**

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

#### Opinion

We have audited the standalone financial statements of **SICAGEN INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 ("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 March 31, 2020, the profit and total comprehensive Loss, and 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 Companies Act, 2013. Our responsibilities under those Standards 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 Companies Act, 2013 and the Rules there under, 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 attention to Note 1.4 & 24.2 to the financial statements, which describes the uncertainties and the impact of the Covid-19 pandemic on the Company's operations and results as assessed by management. The actual results may differ from such estimates depending on future developments. 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 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

<p style="text-align: center;"><b>Revenue Recognition (IND AS 115)</b></p> <p>Recognition of revenue is complex due to several types of customer contracts across divisions.</p> <p>The application of the new standard on recognition of revenue involves significant judgment and estimates made by the management which includes;</p> <ul style="list-style-type: none"> <li>• Identification of performance obligations contained in contracts.</li> <li>• Determination of the most appropriate method for recognition of revenue relating to the identified performance obligations.</li> <li>• Assessment of transaction price &amp;</li> <li>• Allocation of the assessed price to the individual performance obligations</li> </ul>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>Audit procedure involved review of the Company's IND AS 115 implementation process and key judgments made by management, evaluation of customer contracts in light of IND AS 115 on sample basis and comparison of the same with management's evaluation and assessment of design and operating effectiveness of internal controls relating to revenue recognition.</p> <p>Based on the procedures performed, it is concluded that management's judgments with respect to recognition and measurement of revenue in light of IND AS 115 is appropriate.</p> <p>Furthermore, the appropriateness of the disclosures made in Note 1.7 to the financial statements was assessed.</p>
<p style="text-align: center;"><b>Existence and impairment of Trade Receivables</b></p> <p>Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract terms are in place which impacts the timing of revenue recognition.</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>We performed audit procedures on existence of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received.</p>

# Sicagen India Limited

<p>In calculating the Expected Credit Loss as per Ind AS 109 – “Financial Instruments”, the company has also considered the estimation of probable future customer default and has taken into account an estimation of possible effect from the pandemic relating to Covid-19.</p> <p>Given the magnitude and judgment involved in the impairment assessment of trade receivables, we have identified this as a key audit matter.</p>	<p>Assessing the impact of trade receivables requires judgment and we evaluated management’s assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures.</p> <p>Legal cases have been filed in the case of some debtors and we have analyzed the company’s chances of succeeding in the litigation.</p> <p>Furthermore we assessed the appropriateness of the disclosures made in Note 7 &amp; Note 42 to the financial statements.</p> <p>Our procedures did not identify any material exceptions.</p>
<p style="text-align: center;"><b>Inventory</b></p> <p>Management judgment is required to establish the carrying value of inventory particularly in relation to determining the appropriate level of provisions in relation to obsolete and Surplus items.</p> <p>In view of being a Trading concern this has been identified as a Key Audit Matter.</p> <p>The Company’s operations owing to Covid Related Events result in the Company holding inventory for extended period of time.</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>Physical Verification of Inventory was not conducted on 31<sup>st</sup> March 2020 owing to lock down, accordingly necessary Alternative Audit Procedures have been conducted to conclude that inventory is free of material misstatements. With respect to the Net Realizable value of Inventory, the Company has provided Management Representations that there is no significant impact on account of Covid as all contracts are based on fixed prices.</p> <p>Audit procedures include testing the inventory provisions, we assessed the management control and estimation of inventory provisions and their appropriateness. Future salability of inventory was assessed based on past track records.</p> <p>Based on the audit procedure performed, no material discrepancies were identified.</p>
<p style="text-align: center;"><b>Discussion on investments in subsidiaries</b></p> <p>Investments to the tune of Rs 12,602 lakhs in subsidiaries are identified as a Key Audit Matter owing to the size and its impact in assessing the true and fair view of the Financials statements.</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>Audit Procedures were performed to confirm the value of the investments and testing the same for impairment by reviewing the financial statements of the subsidiaries.</p> <p>Our Audit Procedures did not identify any material exceptions.</p>
<p style="text-align: center;"><b>Contingent Liability</b></p> <p>On assessment of Provisions for taxation, litigations and claims as at 31<sup>st</sup> March 2020 the Company had a provision in respect of possible or actual taxation disputes, litigation and claims to the tune of ₹ 1957 lakhs.</p> <p>These provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various forums.</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>The Audit addressed this Key Audit Matter by;</p> <ul style="list-style-type: none"> <li>• Assessing the adequacy of tax Provisions by reviewing correspondence with tax Authorities.</li> <li>• Discussing significant litigations and claims with the Company’s Internal Legal Counsel.</li> <li>• Reviewing previous judgments made by relevant tax Authorities and opinions given by Company’s advisors &amp;</li> <li>• Assessing the reliability of the past estimates of the management.</li> </ul> <p>Our Audit Procedures did not identify any material exceptions</p>

<p style="text-align: center;"><b>Loans &amp; Advances to Subsidiaries</b></p> <p>Loans &amp; advances to the tune of ₹ 1493 lakhs were given to a subsidiary - Danish Steel Clusters Pvt Ltd which has incurred losses during the year.</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>Audit check done for the Authorization of Loan Advanced and repayment terms and capability of the subsidiary to repay. The Holding Company has made payments to fund the operations of the Subsidiary for a few months as the subsidiary had liquidity issues.</p> <p>Our Audit Procedures did not identify any material exceptions</p>
<p style="text-align: center;"><b>Adoption of IND AS 116 – Leases</b></p> <p>As described in Note 1.11 to the financial statements, the Company has adopted Ind AS 116 - Leases in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit.</p> <p>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. Refer Note 2.1 to 2.5 of financial statements.</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p><b>Our audit procedures on adoption of Ind AS 116 include:</b></p> <ul style="list-style-type: none"> <li>• Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116).</li> <li>• Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;</li> <li>• Evaluated the reasonableness of the discount rates applied in determining the lease liabilities.</li> </ul> <p><b>Upon transition as at 1 April 2019:</b></p> <ul style="list-style-type: none"> <li>• Evaluated the method of transition and related adjustments;</li> <li>• Tested completeness of the lease data by reconciling the Company's operating lease commitments to data used in computing ROU asset and the lease liabilities.</li> </ul> <p><b>On a statistical sample, we performed the following procedures:</b></p> <ul style="list-style-type: none"> <li>• assessed the key terms and conditions of each lease with the underlying lease contracts; and</li> <li>• evaluated computation of lease liabilities and challenged the key estimates such as, discount rates and the lease term.</li> <li>• Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures.</li> </ul>

#### **Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

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

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards Amendment Rules, 2016). 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate

# Sicagen India Limited

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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 standalone 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.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the aforesaid financial statements 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 Companies (Indian Accounting Standards) Amendment Rules, 2016.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 2".
- (g) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) 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 standalone financial statements – Note 39 to the standalone financial statements;
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **SRSV & Associates**  
Chartered Accountants  
F.R. No. 015041S

**V. Rajeswaran**  
Partner

Place: Chennai  
Date : 17<sup>th</sup> June 2020

Membership No. 020881  
UDIN NO. : 20020881AAAADS6239

### **Annexure 1 to the Independent Auditor's Report**

Referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our Report of even date

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- c) According to the information and explanation given to us and on the basis of examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification. However as on 31<sup>st</sup> March 2020 the

physical verification of all branches was not conducted owing to Covid 19 lock down, the Company has employed necessary cut off procedures in this regard. Accordingly, necessary alternative Audit Procedures have been conducted to conclude that inventory is free of material misstatement.

- iii. In our opinion and according to the information and explanations given to us the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. (Based on the above para, matters referred in clause iii(a), iii(b) and iii(c) of paragraph 3 of Companies (Auditors Report) Order 2016 are not applicable).
- 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 Companies Act 2013 in respect of loans, investments, guarantees and security.
- v. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits during the year. Accordingly, reporting under this clause does not arise.



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- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed

statutory dues including provident fund, employees' state insurance, income-tax, goods & service tax, wealth tax, duty of customs, cess and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues outstanding for more than six months.

- b) As at March 31, 2020 according to the records of the Company, the following are the particulars of the disputed dues on account of sales tax, income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of dispute:

S.No	Period	Nature of Dues	Not Paid (₹ In Lakhs)	Forum where Pending
1	AY 2009-10	Income Tax	200	High Court
2	AY 2011-12	Income Tax	1,699	Remanded Back to Assessing Officer by ITAT
3	AY 2015-16	Income Tax	39	CIT(A)
4	FY 2016-17	CST	14	Appellate Deputy Commissioner
5	FY 2017-18	CST	2	Appellate Deputy Commissioner
6	FY 2012-13 & 2013-14	Service Tax	3	Commissioner (Appeals)

- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or debenture holders. Moratorium has been availed on certain loans from the banks as per Covid 19 relief measures announced by the Government of India.
- ix. The Company has not raised money by way of initial public offer or further public offer during the Current year and the term loans were applied for the purposes for which those were raised.
- x. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the financial period.
- xi. In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, clause xii of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
- xiii. In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone

financial statements, as required by the applicable accounting standards.

- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.  
  
(Based on the above Para, matters referred in clause (xiv) of paragraph 3 of Companies (Auditors Report) Order 2016 is not applicable).
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non - cash transactions with directors or persons connected with the Directors. Accordingly, clause xv of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause xvi of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.

For **SRSV & Associates**  
Chartered Accountants  
F.R. No. 015041S

**V. Rajeswaran**  
Partner

Place: Chennai  
Date: 17<sup>th</sup> June 2020

Membership No. 020881  
UDIN NO. : 20020881AAAADS6239

## Annexure 2 to the Independent Auditor's 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 SICAGEN INDIA LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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, 2020, 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 **SRSV & Associates**  
Chartered Accountants  
F.R. No. 015041S

**V. Rajeswaran**

Place: Chennai  
Date: 17<sup>th</sup> June 2020

Partner  
Membership No. 020881  
UDIN NO. : 20020881AAAADS6239

# Sicagen India Limited

## Balance Sheet as at 31<sup>st</sup> March 2020

(₹ in lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
<b>I. ASSETS</b>					
<b>1 Non Current Assets</b>					
(a) Property, Plant and Equipment	2a	3450		3204	
(b) Capital work-in-progress	2b	28		2	
(c) Investment Property	2c	315		321	
(d) Other Intangible assets	2d	89		106	
(e) Right of Use Asset	2e	594		-	
(f) Financial Assets					
(i) Investments	3	14279		14614	
(ii) Loans	4	1736		1660	
(g) Other non-current assets	5	4884	25375	4882	24789
<b>2 Current assets</b>					
(a) Inventories	6	4888		5268	
(b) Financial Assets					
(i) Trade receivables	7	10423		12442	
(ii) Cash and cash equivalents	8	149		980	
(iii) Bank Balance other than (ii) above	9	1019		5221	
(c) Current Tax Assets (Net)	10	575		648	
(d) Other Current Assets	11	2414	19468	1181	25740
	<b>TOTAL</b>		<b>44843</b>		<b>50529</b>
<b>II. Equity and Liabilities</b>					
<b>1 Equity</b>					
(a) Share capital	12	3957		3957	
(b) Other equity	13	33640	37597	34117	38074
<b>Liabilities</b>					
<b>2 Non-current liabilities</b>					
(a) Financial Liabilities					
(i) Lease Liabilities	14	374		-	
(ii) Other financial liabilities	15	10		-	
(b) Provisions	16	36		30	
(c) Deferred Tax Liabilities	17	51	471	31	61
<b>3 Current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	18	3202		6517	
(ii) Trade Payables	19	2467		5142	
(iii) Other financial liabilities	20	231		220	
(iv) Lease Liabilities	21	209		-	
(b) Other current liabilities	22	480		360	
(c) Provisions	23	186	6775	155	12394
	<b>TOTAL</b>		<b>44843</b>		<b>50529</b>
Significant Accounting Policies	1				
Notes on Financial Statements	1 to 43				

As per our Report of even date

For and on behalf of the Board

### For SRSV & ASSOCIATES

Chartered Accountants  
F.R.No.015041S

**V.RAJESWARAN**

Partner

M.No.020881

Place: Chennai

Date: 17<sup>th</sup> June 2020

**ASHWIN C MUTHIAH**

Chairman

**M.O. AYYAPPAN**

Chief Financial Officer

**B. NARENDRAN**

Director

**G.ARUNMOZHI**

Company Secretary

**R.CHANDRASEKAR**

Whole Time Director

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020**

(₹ in lakhs)

Particulars	Note No.	For the year ended 31 <sup>st</sup> Mar 2020	For the year ended 31 <sup>st</sup> Mar 2019
<b>I. INCOME</b>			
Revenue from operations	24	<b>43415</b>	53781
Other income	25	<b>757</b>	993
<b>Total Revenue</b>		<b>44172</b>	54774
<b>II. EXPENSES</b>			
Cost of materials consumed	26	<b>4594</b>	4438
Purchases of Stock-in-Trade	27	<b>34145</b>	44141
(Increase)/Decrease in inventories of finished goods, work-in-progress and Stock in Trade	28	<b>260</b>	252
Employee benefit expense	29	<b>1891</b>	1945
Finance costs	30	<b>600</b>	723
Depreciation and amortization expense		<b>461</b>	179
Other expenses	31	<b>1710</b>	2592
<b>Total expenses</b>		<b>43661</b>	54270
<b>III. Profit before exceptional items and tax</b>		<b>511</b>	504
Tax expense:			
(1) Current tax	36	<b>279</b>	299
(2) Deferred tax		<b>20</b>	(14)
<b>IV. Profit / (Loss) for the period</b>		<b>212</b>	219
<b>V. Other Comprehensive Income</b>	32		
A. (i) Item that will not be reclassified to profit or loss		<b>(498)</b>	(465)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B. (i) Item that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>VI. Total Comprehensive Income for the period (Comprising Profit/ (Loss) and other Comprehensive Income for the Period)</b>		<b>(286)</b>	(246)
<b>VII. Earnings per equity share:</b>	33		
Basic and diluted EPS (₹)		<b>0.54</b>	0.55
Significant Accounting Policies	1		
Notes on Financial Statements	1 to 43		

As per our Report of even date

For and on behalf of the Board

**For SRSV & ASSOCIATES**

 Chartered Accountants  
 F.R.No.015041S

**V.RAJESWARAN**

 Partner  
 M.No.020881  
 Place: Chennai  
 Date: 17<sup>th</sup> June 2020

**ASHWIN C MUTHIAH**  
 Chairman

**M.O. AYYAPPAN**  
 Chief Financial Officer

**B. NARENDRAN**  
 Director

**G.ARUNMOZHI**  
 Company Secretary

**R.CHANDRASEKAR**  
 Whole Time Director

# Sicagen India Limited

## Statement of Changes in Equity

### Share Capital

Particulars	(₹ in lakhs)			
	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 10 each	50000000	5000	50000000	5000
<b>Issued</b>				
Equity Shares of ₹ 10 each	39571684	3957	39571684	3957
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10 each fully paid	39571684	3957	39571684	3957

### Other Equity

PARTICULARS	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings		
<b>Balance as per 1<sup>st</sup> April 2018</b>	2856	29443	200	(2292)	4442	34649
Profit for the year 2018-19				219		219
Other Comprehensive Income for the year 2018-19	-	-	-	(2)	(463)	(465)
Transfer within reserves				(7)	7	-
Dividend and Dividend Tax paid during the year	-	-	-	(286)	-	(286)
<b>Balance at 31<sup>st</sup> March 2019</b>	2856	29443	200	(2368)	3986	34117
Profit for the year 2019-20				212		212
Other Comprehensive Income for the year 2019-20				(27)	(471)	(498)
Dividend and Dividend Tax paid during the year	-	-	-	(191)	-	(191)
<b>Balance at 31<sup>st</sup> March 2020</b>	2856	29443	200	(2374)	3515	33640

As per our Report of even date

For and on behalf of the Board

### For SRSV & ASSOCIATES

Chartered Accountants  
F.R.No.015041S

#### V.RAJESWARAN

Partner  
M.No.020881

Place: Chennai  
Date: 17<sup>th</sup> June 2020

#### ASHWIN C MUTHIAH

Chairman

M.O. AYYAPPAN  
Chief Financial Officer

#### B. NARENDRAN

Director

G.ARUNMOZHI  
Company Secretary

#### R.CHANDRASEKAR

Whole Time Director

**Statement of Cash Flow for the year ended 31<sup>st</sup> March 2020**

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>A Cash Flow from Operating Activities</b>		
Profit before tax	511	504
Adjustments for		
Depreciation	461	179
(Profit)/Loss on Disposal of Fixed Assets(net)	(31)	151
Interest Income	(246)	(284)
Dividend Income	-	(184)
Diminution in the Value of Investment	44	-
Investment in Preference Shares	(180)	-
Provision for Trade Receivables Under ECL Model	127	77
Interest Expenditure	546	627
<b>Operating Profit before Working Capital Changes</b>	<b>1232</b>	<b>1070</b>
<b>Adjustments for</b>		
Trade and Other Receivables	1892	636
Other Current & Non Current Assets	(1363)	(671)
Inventories	380	46
Trade Payables and Other Liabilities	(5692)	53
Cash Generated from Operations	<b>(3551)</b>	<b>1134</b>
Less: Tax Paid	153	508
<b>Net Cash from Operating Activities</b>	<b>(3704)</b>	<b>626</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property Plant & Equipment including Change in WIP	(469)	(239)
Proceeds from Sale of Property Plant & Equipment	58	4455
Investment in Subsidiary- Wilson Cables Pte Ltd	-	(517)
Movement in Fixed Deposits	4164	(4101)
Interest Income Received	256	116
Dividend Income Received	-	286
<b>Net Cash used in Investing Activities</b>	<b>4009</b>	<b>-</b>
<b>C Cash Flow from Financing Activities</b>		
Payment of lease liabilities	(280)	-
Repayment of Term Loan	(120)	160
Interest Paid	(546)	(627)
Dividend paid (Including Dividend Tax)	(190)	(286)
<b>Net Cash used in Financing Activities</b>	<b>(1136)</b>	<b>(753)</b>
<b>D Net Increase /(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(831)</b>	<b>(127)</b>
Cash and Cash Equivalents as at 1 <sup>st</sup> April 2019	980	1107
Cash and Cash Equivalents as at 31 <sup>st</sup> March 2020	<b>149</b>	<b>980</b>

As per our Report of even date

For and on behalf of the Board

**For SRSV & ASSOCIATES**

 Chartered Accountants  
 F.R.No.015041S

**V.RAJESWARAN**

 Partner  
 M.No.020881  
 Place: Chennai  
 Date: 17<sup>th</sup> June 2020

**ASHWIN C MUTHIAH**

Chairman

**M.O. AYYAPPAN**

Chief Financial Officer

**B. NARENDRAN**

Director

**G.ARUNMOZHI**

Company Secretary

**R.CHANDRASEKAR**

Whole Time Director

# Sicagen India Limited

## 1. Significant Accounting Policies

### 1.1 Brief description of the Company

Sicagen India Limited (the Company) is a public limited company, incorporated and domiciled in India whose shares are publicly traded. The registered office is located at SPIC House , Guindy , Chennai - 600032, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a diversified operating segments such as trading of Building materials, Sales & Servicing Power & controls systems , manufacturing of MS barrels and manufacture of water treatment chemicals and boats. The subsidiary Companies are into manufacture of Cables, precision steel fabrication and property development.

### 1.2 Statement of compliance

The company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with sub-section (1) of Section 210A of the Companies Act, 1956, (1 of 1956). In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

The financials for the year ended March 31, 2020 were authorized and approved for issue by the Board of Directors at their meeting held on 17<sup>th</sup> June 2020.

### 1.3 Basis of accounting

The Company maintains accounts on accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS. The carrying value of all the items of property, plant and equipment and investment property as on date of transition is considered as the deemed cost.

### FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.

All assets and liabilities for which fair value is measured and disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.

For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

#### Investments

The fair value of investments in equity is determined by reference to their quoted prices at the reporting date. In the absence of the quoted price, the fair value of the equity is measured using valuation techniques.

#### Trade Receivables

The fair value of trade and other receivables is estimated as the present value of the future cash flows, discounted at the market rate of interest at the reporting date. However, the fair value generally approximates the carrying amount due to the short term nature of such assets and for others difference of carrying amount and fair value is not material for disclosure.

### 1.4 Use of estimates and judgement

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

## Significant Estimates and judgments

The areas involving critical estimates or judgments are:

- i) Defined benefit obligation - (Refer Note 37 )
- ii) Estimation of useful life of Property, Plant and Equipment - Refer Note 1.10
- iii) Estimation and evaluation of provisions and contingencies relating to tax litigations – (Refer Note- 39)

### Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, property plant & equipment and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, as at the date of approval of these financial statements has used internal and external sources of information and based on current estimates. The Company expects that the carrying amount of these assets will be recovered.

## 1.5 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 (“the Act”). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

## 1.6 Current and non-current classification

Operating cycle for the business activities of the company covers the duration of the specific project/contract/product line/service including the defect liability period wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

## 1.7 Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty. Revenue is

measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances. Effective from 01.04.2018, the company adopted Ind AS 115, Revenue from Contracts with Customers and the effect of adoption of Ind AS 115 was insignificant. The Standard requires identification of performance obligations for the transfer of goods and services in each contract with customers. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

### Revenue from contracts for sale of products or services

Revenue from contracts with customers for the sale of products is recognised at a point in time when the control of the asset is transferred to the customer which is usually upon shipment or delivery of goods as per the terms of the each contract and where there is no uncertainty as to measurement or collectability of consideration.

Revenue from contracts with customers for the sale of services is recognised when a customer obtains control of the services, which is upon completion of service.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset (Receivables) based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability (referred as deferred revenue).

### 1.7.1 Other operational revenue

This represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract upon satisfaction of performance obligations.

### 1.7.2 Other income

Interest income is accrued on a time basis by reference to the principal outstanding and recognised using the effective interest rate method. (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Dividend income is accounted in the period in which the right to receive the same is established. (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.



# Sicagen India Limited

## 1.8 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the company is treated as an exceptional item and the same is disclosed in the notes to accounts

## 1.9 Property, plant and equipment (PPE)

### 1.9.1 Tangible Assets

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company.

PPE not ready for the intended use on the date of the Balance Sheet is disclosed as "capital work-in-progress". (Also refer to policies on leases, borrowing costs, impairment of assets and foreign currency transactions infra).

### 1.9.2 Investment Property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item is measured reliably.

### 1.9.3 Depreciation and amortization

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined

S.No.	Category of the Assets	Life
1	Factory Building	30 years
2	Office Building	60 years
3	Plant & Machinery	15 years
4	Electrical Equipments*	10-15 years
5	Computer & Accessories	3 years
6	Office Equipments	5 years
7	Furniture & Fixtures	10 years
8	Motor Car	8 years

\*For few assets useful life is determined by technical evaluation.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Freehold land is not depreciated.

### 1.9.4 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost, less accumulated amortisation and cumulative impairment.

### 1.9.5 Research and development expenditure on new products:

Expenditure on research is expensed under respective heads of account in the period in which it is incurred. Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

### 1.9.6 Impairment of assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, intangible assets and investments in subsidiary, associate and joint venture companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use;
- (ii) in the case of a cash generating unit (a group of assets that generates or are identified with independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

## 1.10 Employee Benefits

### 1.10.1 Short term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

### 1.10.2 Post-employment benefits:

- i) Defined contribution plans: The state governed provident fund scheme, employee state insurance scheme and the company's superannuation scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
- ii) Defined benefit plans: The employees' gratuity fund scheme managed by board of trustees established by the company represents the defined benefit plan. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Defined benefit employee costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefits expense. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost.

Gains or losses on settlement of any defined benefit plan are recognised in profit or loss when such settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the company recognises related restructuring costs or termination benefits.

## 1.11 Leases

### Adoption of Ind AS 116

Effective April 1, 2019, the company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate prevailing on the date of application and the Right of Use asset equivalent to the Lease Liability and the cumulative effect of initially applying this standard on Retained Earnings was Nil.

### **Initial Recognition**

#### Company As a Lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i the contract involves the use of an identified asset
- ii the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- iii the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

## Transition

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and the Right of Use asset equivalent to the Lease Liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

The adoption of the new standard resulted in recognition of 'Right of Use asset and lease liability at a value of ₹ 863 lakhs on the date of transition.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and

finance cost for interest accrued on lease liability. The following is the summary of practical expedients elected on initial application:

Applied a single discount rate to a portfolio of leases of similar assets.

Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

Applied the practical expedient to grandfather the assessment of which transactions are leases.

## **1.12 Financial instruments**

Financial assets and/or financial liabilities are recognised when the company becomes party to a contract embodying the related financial instruments. All financial assets and financial liabilities are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. In case of interest free or concession loans given to subsidiary companies, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

The financial assets and financial liabilities are offset and presented on net basis in the Balance Sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

### **1.12.1 Financial assets:**

All recognised financial assets are subsequently measured in their entirety at amortised cost or at fair value depending on the classification of the financial assets as follows:

- 1 Investments in debt instruments – at amortised cost, subject to following conditions:
  - i) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - ii) The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- 2 Investment in equity instruments issued by subsidiary, associates and joint ventures are measured at cost less impairment.
- 3 Investment in preference shares of associate companies are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption

of such investments. Investment in preference shares not meeting the aforesaid conditions are classified as debt instruments at FVTPL.

- 4 Investments in equity instruments are classified at FVTPL, unless the related instruments are not held for trading and the company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income. The Company has chosen the option to measure the fair value changes in the equity Instruments through FVTOCI on initial recognition and all subsequent measurement.
- 5 For financial assets that are measured at FVTOCI, income by way of interest, dividend and exchange difference (on debt instrument) is recognised in profit or loss and changes in fair value (other than on account of such income) are recognised in Other Comprehensive Income and accumulated in other equity. On disposal of debt instruments measured at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit or loss. In case of equity instruments measured at FVTOCI, such cumulative gain or loss is not reclassified to profit or loss on disposal of investments.
- 6 The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27.

**De recognition:**

A financial asset is primarily derecognized when:

1. the right to receive cash flows from the asset has expired, or
2. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and
  - a) the company has transferred substantially all the risks and rewards of the asset, or
  - b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in profit or loss.

**Impairment of financial assets:**

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit

loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

**1.12.2 Financial liabilities:**

- i) Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

- ii) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.
- iii) The company designates certain hedging instruments, such as derivatives, embedded derivatives and in respect of foreign currency risk, certain non-derivatives, as either fair value hedges or cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges.

- a. Fair value hedges: Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

- b. Cash flow hedges: In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'hedging reserve'. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception

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of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

In case of time period related hedges, the forward element and the spot element of a forward contract is separated and only the change in the value of the spot element of the forward contract is designated as the hedging instrument. Similarly, wherever applicable, the foreign currency basis spread is separated from the financial instrument and is excluded from the designation of that financial instrument as the hedging instrument in case of time period related hedges. The changes in the fair value of the forward element of the forward contract or the foreign currency basis spread of the financial instrument is accumulated in a separate component of equity as 'cost of hedging'. The changes in the fair value of such forward element or foreign currency basis spread are reclassified to profit or loss as a reclassification adjustment on a straight line basis over the period of the forward contract or the financial instrument.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

## 1.13 Inventories

Inventories are valued after providing for obsolescence, as under:

- a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- b) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.
- c) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.

Assessment of net realisable value is made in each subsequent period and when the

circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to the extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.

## 1.14 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

## 1.15 Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalized / inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 1.16 Foreign currencies

### Functional and presentation currency

The financial statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Company.

### Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

### 1.17 Accounting and reporting of information for Operating Segments

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the company. In addition, the following specific accounting policies have been followed for segment reporting:

- i) Segment revenue includes sales and other operational revenue directly identifiable with/ allocable to the segment including inter segment revenue.
- ii) Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result.
- iii) Most of the centrally incurred costs are allocated to segments mainly on the basis of their respective expected segment revenue estimated at the beginning of the reported period.
- iv) Income which relates to the company as a whole and not allocable to segments is included in "unallocable corporate income".
- v) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the company.
- vi) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole.
- vii) Segment non-cash expenses forming part of segment expenses includes the fair value of the employee stock options which is accounted as employee compensation cost and is allocated to the segment.

- viii) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer prices which are either determined to yield a desired margin or agreed on a negotiated basis.

### 1.18 Taxes on income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences including the temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

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## 1.19 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

- a) the company has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Warranties:

Provisions for expected cost of warranty obligations under legislation governing sale of goods are recognised on the date of sale of the relevant products at the Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments .

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Contingent liability is disclosed in case of:

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- b) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

## 1.20 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) uncalled liability on shares and other investments partly paid;
- c) funding related commitment to subsidiary, associate and joint venture companies; and
- d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

## 1.21 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

## 1.22 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of:

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### 1.23 Key sources of estimation

The preparation of financial statements in conformity with Ind AS requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

### 1.24 Related Party Transaction

#### **Terms and conditions of transactions with the related parties**

- 1) Transactions with the related parties are made on normal commercial terms and conditions and at market rates.
- 2) The Company is seconding its personnel to Subsidiary Companies as per the terms and conditions agreed between the Companies. The cost incurred by the group towards superannuation and employee benefits are recovered from these Companies.
- 3) Outstanding balances (other than loan) of Subsidiaries and Associate at the year - end, are unsecured and interest free.

This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



## 2. Property, Plant & Equipment as at 31.03.2020

(₹ In Lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1 <sup>st</sup> April 2019	Additions	Disposals / Adjustments	Balance as at 1 <sup>st</sup> April 2019	Depreciation charged for the year	Disposals / Adjustments	Balance as at 31 <sup>st</sup> March 2020	Balance as at 31 <sup>st</sup> March 2019
<b>a Property, Plant &amp; Equipment</b>								
Land - Free hold	1849	-	16	-	-	-	1833	1849
- Lease hold	1	-	-	-	-	-	1	1
Buildings	707	220	4	110	44	-	769	597
Plant and Equipment	449	97	1	96	41	-	408	353
Furniture and Fixtures	189	8	9	42	19	3	130	147
Vehicles	43	8	1	11	6	1	34	32
Office Equipment	167	20	1	60	25	1	102	107
Trucks	5	-	-	4	-	-	4	1
Lease hold improvements	150	1	2	85	16	1	49	65
Electrical Equipments	68	77	-	16	6	-	123	52
<b>Total</b>	<b>3628</b>	<b>431</b>	<b>34</b>	<b>424</b>	<b>157</b>	<b>6</b>	<b>3450</b>	<b>3204</b>
<b>b Capital Work In Progress</b>								
	2	71	45	-	-	-	28	2
<b>Total</b>	<b>2</b>	<b>71</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>2</b>
<b>c Investment Property</b>								
	332	-	-	11	6	-	315	321
<b>Total</b>	<b>332</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>6</b>	<b>-</b>	<b>315</b>	<b>321</b>
<b>d Intangible Assets</b>								
Computer software	155	12	-	49	29	-	89	106
<b>Total</b>	<b>155</b>	<b>12</b>	<b>-</b>	<b>49</b>	<b>29</b>	<b>-</b>	<b>89</b>	<b>106</b>
<b>Grand Total</b>	<b>4117</b>	<b>514</b>	<b>79</b>	<b>484</b>	<b>192</b>	<b>6</b>	<b>3882</b>	<b>3633</b>

**2 Right of Use Asset as at 31.03.2020** (₹ In Lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1 <sup>st</sup> April 2019	Additions	Disposals / Adjustments	Balance as at 1 <sup>st</sup> April 2019	Depreciation charged for the year	Disposals / Adjustments	Balance as at 31 <sup>st</sup> March 2020	Balance as at 31 <sup>st</sup> March 2019
<b>e Right of Use Asset</b>								
Office Building	855	-	-	855	267	-	267	588
Furniture	8	-	-	8	2	-	2	6
<b>Total</b>	863	-	-	863	269	-	269	594

2.1 Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and on initial application valued the Lease Liability at the present value of the remaining lease payments and discounted using the incremental borrowing rate at the date of Initial application and recognised the Right of Use Asset at the same value as the Lease Liability is recognised and the cumulative effect of initially applying this standard on Retained Earnings was Nil. The Company has recognized a right-of-use asset and Lease Liability of ₹ 863 lakhs on the transition date.

2.2 The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 12.55%.

2.3 Rental Expenditure related to short-term leases and leases of low-value assets amounts to ₹ 75.64 lakhs.

2.4 Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted as the company has adopted modified retrospective approach.

2.5 Rental Income derived from Investment Property recognised in Statement of Profit & Loss is ₹ 12.76 lakhs (FY 2018-19- ₹ 13.56 lakhs).

## Property, Plant & Equipment as at 31.03.2019

(₹ In Lakhs)

Particulars	Gross Block				Accumulated Depreciation			Net Block				
	Balance as at 1 <sup>st</sup> April 2018	Additions	Transfer	Disposals / Adjustments	Balance as at 31 <sup>st</sup> March 2019	Balance as at 1 <sup>st</sup> April 2018	Depreciation charged for the year	Transfer	Disposals / Adjustments	Balance as at 31 <sup>st</sup> March 2019	Balance as at 31 <sup>st</sup> March 2018	
<b>a Property, Plant &amp; Equipment</b>												
Land - Free hold	6308	-	-	4459	1849	-	-	-	-	-	1849	6308
- Lease hold	1	-	-	-	1	-	-	-	-	-	1	1
Buildings	1073	18	(249)	135	707	86	42	(6)	12	110	597	987
Plant and Equipment	394	63	-	8	449	65	36	-	5	96	353	329
Furniture and Fixtures	224	14	-	49	189	32	18	-	8	42	147	192
Vehicles	64	-	-	21	43	11	6	-	6	11	32	53
Office Equipment	135	44	-	12	167	40	22	-	2	60	107	95
Trucks	5	-	-	-	5	4	-	-	-	4	1	1
Lease hold improvements	136	15	-	1	150	59	26	-	-	85	65	77
Electrical Equipments	63	1	-	(4)	68	5	6	-	(5)	16	52	58
<b>Total</b>	<b>8403</b>	<b>155</b>	<b>(249)</b>	<b>4681</b>	<b>3628</b>	<b>302</b>	<b>156</b>	<b>(6)</b>	<b>28</b>	<b>424</b>	<b>3204</b>	<b>8101</b>
<b>b Capital Work In Progress</b>												
	28	40	-	66	2	-	-	-	-	-	2	28
<b>Total</b>	<b>28</b>	<b>40</b>	<b>-</b>	<b>66</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>28</b>
<b>c Investment Property</b>												
	-	83	249	-	332	-	5	6	-	11	321	-
<b>Total</b>	<b>-</b>	<b>83</b>	<b>249</b>	<b>-</b>	<b>332</b>	<b>-</b>	<b>5</b>	<b>6</b>	<b>-</b>	<b>11</b>	<b>321</b>	<b>-</b>
<b>d Intangible Assets</b>												
Computer software	128	27	-	-	155	31	18	-	-	49	106	97
<b>Total</b>	<b>128</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>155</b>	<b>31</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>106</b>	<b>97</b>
<b>Grand Total</b>	<b>8559</b>	<b>305</b>	<b>-</b>	<b>4747</b>	<b>4117</b>	<b>333</b>	<b>179</b>	<b>-</b>	<b>28</b>	<b>484</b>	<b>3633</b>	<b>8226</b>

## 3. Non Current Investments

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> Mar 2020	As at 31 <sup>st</sup> Mar 2019
<b>Trade Investments</b>		
(a) Investment in Equity Instruments	13099	13614
(b) Investment in Preference Shares	1180	1000
<b>Total</b>	<b>14279</b>	<b>14614</b>
Aggregate amount of quoted investments	496	967
Aggregate amount of unquoted investments	13783	13647
<b>Total</b>	<b>14279</b>	<b>14614</b>

3.1 Details of Trade Investments											
Sl No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Fair Value		
			2020	2019			2020	2019	2020	2019	
			(4)	(5)			(6)	(7)	(8)	(9)	(10)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
<b>(a) Investment in Equity Instruments</b>											
	Southern Petrochemicals Industries Corporation Ltd	Others	3017349	3017349	Quoted	Fully Paid	2	2	357	767	
	Mercantile Ventures Ltd	Others	4008205	4008205	Quoted	Fully Paid	3.58	3.58	139	200	
	First Leasing Company of India Ltd (includes bonus shares)	Others	2153649	2153649	Quoted	Fully Paid	9	9	-	-	
	Mitsuba India Pvt Ltd	Others	300000	300000	Unquoted	Fully Paid	-	-	-	-	
	South India House Estates & Properties Ltd.	Subsidiary	10000000	10000000	Unquoted	Fully Paid	100	100	1000	1000	
	Wilson Cables Pte Ltd	Subsidiary	6886216	6886216	Unquoted	Fully Paid	100	100	10401	10401	
	Danish Steel Cluster Pvt Ltd	Subsidiary	7084703	7084703	Unquoted	Fully Paid	100	100	1201	1201	
	EDAC Automation Ltd	Associate	-	449970	Unquoted	Fully Paid	-	50	-	45	
	EDAC Engineering Ltd	Others	9461	-	Unquoted	Fully Paid	-	-	1	-	
	AM Foundation	Others	1600	1600	Unquoted	Fully Paid	16	16	-	-	
<b>(b) Investments in Preference Shares</b>											
	EDAC Engineering Ltd	Others	11800000	10000000	Unquoted	Fully Paid	35	83	1180	1000	
<b>Total</b>								<b>14279</b>	<b>14614</b>		

**3.2** Pursuant to the order of the NCLT, dated 10<sup>th</sup> July, 2019, EDAC Automation Ltd was merged with EDAC Engineering Ltd with effect from 1<sup>st</sup> April 2018. As per the Scheme of Arrangement approved by the NCLT, 449970 equity shares of EDAC Automation Ltd was converted into 9461 shares of EDAC Engineering Ltd.

**3.3** Pursuant to the order of the NCLT, EDAC Engineering Ltd has reissued 1,18,00,000 preference shares amounting to ₹ 1180 lakhs including the dividend accrued thereon amounting to ₹ 180 lakhs for the FY 16-17 & 17-18.

**3.4** All Quoted Investments have been fair valued at the prevailing Market Price as per IND AS.

**3.5** All Investments are fully paid up.

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## 4 Loans (₹ in lakhs)

Particulars	As at 31 <sup>st</sup> Mar 2020	As at 31 <sup>st</sup> Mar 2019
a. Security Deposits		
Unsecured, considered good	243	227
b. Loans and advances to related parties		
Unsecured, considered good	1493	1433
<b>Total</b>	<b>1736</b>	<b>1660</b>

## 5 Other Non-Current Assets

Other advances	11219	11217
Less: Provision for Advances- ECL Model	6335	6335
<b>Total</b>	<b>4884</b>	<b>4882</b>

5.1 The Company has a detailed review mechanism of overdue loans and advances at various levels within organisation to ensure proper attention and focus for realisation. The company is making provisions on Loans & advances where the probability of default is high and the counter party's capacity to meet the obligations is not strong.

## 6 Inventories

a. Raw Materials and components	361	496
b. Work-in-progress	420	100
c. Finished goods	18	35
d. Stock-in-trade	4046	4609
e. Stores and spares	43	28
<b>Total</b>	<b>4888</b>	<b>5268</b>

## 7 Trade Receivables

Unsecured, considered good	10628	12520
Less : Provision for doubtful debts	205	78
<b>Total</b>	<b>10423</b>	<b>12442</b>

7.1 The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. The company is making provisions on trade receivables where the probability of default is high and the counter party's capacity to meet the obligations is not strong.

## 8 Cash and Cash Equivalents

Balances with banks		
Current Accounts	144	966
Cheques, drafts on hand	-	6
Cash on hand	5	8
<b>Total</b>	<b>149</b>	<b>980</b>

<b>9 Bank balance and Others</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>		As at 31 <sup>st</sup> Mar 2019
Margin Money	<b>145</b>		177
Balance with bank (for unpaid dividend)	<b>50</b>		56
Bank Deposits with maturity for more than 3 months but less than 12 months	<b>824</b>		4988
<b>Total</b>	<b>1019</b>		5221

**9.1** Bank Balance and others as at March 31, 2020 and March 31, 2019 include restricted bank balances of ₹ 195 lakhs and ₹ 233 lakhs respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and Unpaid Dividend Account balances.

**9.2** Fixed Deposits of ₹ 498 lakhs are pledged in relation to security granted for Working Capital Facilities from banks and NBFC.

<b>10 Current tax Assets (Net)</b>			
Advance Income tax	<b>2277</b>		3216
Less:			
Provision for Tax	<b>1702</b>		2568
<b>Total</b>	<b>575</b>		648

<b>11 Other Current Assets</b>			
Security Deposit	<b>9</b>		9
Other Advances	<b>6</b>		5
Prepaid expense-unsecured considered good	<b>90</b>		69
Balance with government authorities -			
<b>GST Credit Receivable</b>	<b>241</b>		171
Debit Balance with creditors			
Unsecured, considered good	<b>1972</b>		572
Others	<b>96</b>		355
<b>Total</b>	<b>2414</b>		1181

<b>12 Share Capital</b>		(₹ in lakhs)			
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>		As at 31 <sup>st</sup> Mar 2019		
	Number	₹ in Lakhs	Number	₹ in Lakhs	
<b>Authorised</b>					
Equity Shares of ₹ 10 each	<b>50000000</b>	<b>5000</b>	50000000	5000	
<b>Issued</b>					
Equity Shares of ₹ 10 each	<b>39571684</b>	<b>3957</b>	39571684	3957	
<b>Subscribed &amp; Paid up</b>					
Equity Shares of ₹ 10 each fully paid	<b>39571684</b>	<b>3957</b>	39571684	3957	

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## 12.1 Number of shares and the amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	39571684	3957	39571684	3957
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	39571684	3957	39571684	3957

## 12.2 Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
M/s.Ranford Investments Ltd.	7400649	18.70	7400649	18.70
M/s.Darnolly Investments Ltd.	7276102	18.39	7276102	18.39
M/s.Twinshield Consultants Pvt.Ltd.	3148810	7.96	3148810	7.96

## 12.3 Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

## 13 Other Equity

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> Mar 2020	As at 31 <sup>st</sup> Mar 2019
Capital Reserve	2856	2856
Securities Premium Reserves	29443	29443
General Reserve	200	200
Retained Earnings	(2374)	(2368)
Other Comprehensive Income Reserve	3515	3986
<b>Total</b>	<b>33640</b>	<b>34117</b>

## 14 Lease Liabilities

Particulars	As at 31 <sup>st</sup> Mar 2020	As at 31 <sup>st</sup> Mar 2019
Lease Liabilities*	374	-
<b>Total</b>	<b>374</b>	<b>-</b>

\*On Account of Adoption of Ind As 116.

## 15 Other Financial Liabilities

Advance from Customers	10	-
<b>Total</b>	<b>10</b>	<b>-</b>

## 16 Provisions - Non current

Provision for employee benefits	36	30
<b>Total</b>	<b>36</b>	<b>30</b>

<b>17 Deferred Tax Liability</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>	<b>As at 31<sup>st</sup> Mar 2019</b>	
Opening Balance	31	45	
Provided in Profit & Loss A/c during the year	20	(14)	
<b>Closing Balance</b>	<b>51</b>	<b>31</b>	

<b>18 Borrowings</b>			
<b>Secured</b>			
Working Capital Facility	562	2991	
<b>Unsecured</b>			
From Banks	1471	1921	
From Other Parties	1167	1603	
Trade Deposits	2	2	
<b>Total</b>	<b>3202</b>	<b>6517</b>	

**18.1** Working capital facilities availed were secured by hypothecation of stocks and receivables of all divisions and creation of equitable mortgage by way of deposit of title deeds of certain immovable assets of the company and Fixed Deposits of ₹ 498 lakhs from banks and NBFC.

**18.2** Unsecured Loans includes Term Loan from NBFC for ₹ 240 lakhs repayable in 24 installments commencing from August, 2018. Outstanding as at 31.03.2020- ₹ 40 Lakhs.

**18.3** Moratorium benefit on the Principal & Interest Outstanding as at 31.03.2020 was claimed by the company on the Working Capital Facilities.

<b>19 Trade payables</b>			
Dues to Micro, Small and Medium Enterprises *	542	48	
Dues to enterprises other than Micro, Small and Medium Enterprises	1925	5094	
<b>Total</b>	<b>2467</b>	<b>5142</b>	

**19.1** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management.

**19.2** Dues to Micro, Small and Medium Enterprises \*

<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>	<b>As at 31<sup>st</sup> Mar 2019</b>	
I) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	542	48	
II) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	
III) 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 this Act;	-	-	
IV) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	
V) 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	-	-	



# Sicagen India Limited

<b>20 Other Financial Liabilities</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>	<b>As at 31<sup>st</sup> Mar 2019</b>	
Unpaid Dividend	50	56	
Liability for Expenses	180	163	
Trade/Security Deposit	1	1	
<b>Total</b>	<b>231</b>	<b>220</b>	
<b>21 Lease Liabilities</b>			
Current Maturities of Lease Liability*	209	-	
<b>Total</b>	<b>209</b>	<b>-</b>	
*On Account of Adoption of Ind As 116.			
<b>22 Other Current Liabilities</b>			
Advance from Customers	313	246	
Others	167	114	
<b>Total</b>	<b>480</b>	<b>360</b>	
<b>23 Provisions - Current</b>			
Provision for employee benefits			
Gratuity	20	-	
Performance Link Pay/Bonus	166	155	
<b>Total</b>	<b>186</b>	<b>155</b>	
<b>24 Revenue From Operations</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> Mar 2020</b>	<b>For the year ended 31<sup>st</sup> Mar 2019</b>	
<b>Sale of products</b>			
Traded Goods	37162	47598	
Manufactured Goods	5131	5068	
<b>Sub-Total</b>	<b>42293</b>	<b>52666</b>	
<b>Sale of services</b>	<b>944</b>	<b>905</b>	
<b>Other operating revenues</b>			
Scrap Sales	172	209	
Others	6	1	
<b>Total</b>	<b>43415</b>	<b>53781</b>	

**24.1 Details of Products Sold**

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> Mar 2020	For the year ended 31 <sup>st</sup> Mar 2019
<b>Traded Goods</b>		
Steel Pipes	26930	31537
Steel	5873	8673
PVC Pipes	212	572
Cables	1862	2311
Power & Control Equipment	1411	1780
Spares and Others	874	2725
<b>Sub-Total - (A)</b>	<b>37162</b>	<b>47598</b>
<b>Manufactured Goods</b>		
Drums	3544	3893
Power & Control Equipment	584	373
Chemicals	837	798
Others	166	4
<b>Sub-Total - (B)</b>	<b>5131</b>	<b>5068</b>
<b>Total</b>	<b>42293</b>	<b>52666</b>

**24.2 Impact of COVID-19**

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers.
- prolonged lock-down situation resulting in its inability to deploy resources due to restrictions in mobility.
- customers postponing their discretionary spend due to change in priorities.

The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

**Contracts postponed due to the Impact of COVID-19**

Our Boat Building Division has a contract of delivering 8 fisheries boats to Tamil Nadu fisheries department by April/ May amounting to ₹664 lakhs. Of this, two boats have already been delivered and the revenue arising out of the same has been recognised. The supply of remaining 6 boats were disrupted due to rain and lock down due to COVID-19.

**25 Other Income**

Interest Income	246	284
Dividend Income	-	184
Other non-operating income	511	525
<b>Total</b>	<b>757</b>	<b>993</b>

# Sicagen India Limited

<b>26. Cost of Raw Materials Consumed</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> Mar 2020</b>	<b>For the year ended 31<sup>st</sup> Mar 2019</b>	
Inventory at the beginning of the year	524	318	
Add : Purchases	4474	4644	
Less : Inventory at the end of the year	404	524	
<b>Cost of Raw Materials consumed</b>	<b>4594</b>	<b>4438</b>	
<b>26.1 Details of Raw Material Consumed</b>			
CRCA Coils	2472	3097	
Others	2122	1341	
<b>Cost of Raw Materials consumed</b>	<b>4594</b>	<b>4438</b>	
<b>27. Purchases of Stock-in-Trade</b>			
Steel Pipes	24604	31013	
Steel	5514	6706	
PVC Pipes	206	393	
Cables	1832	2253	
Power & Control Equipment	1422	1659	
Spares and Others	567	2117	
<b>Total</b>	<b>34145</b>	<b>44141</b>	
<b>28. (Increase)/Decrease in inventories of finished goods, work-in-progress and Stock in Trade</b>			
<b>Inventory at the end of the year</b>			
Finished Goods	18	35	
WIP	420	100	
Stock in Trade	4046	4609	
<b>Sub-Total - (A)</b>	<b>4484</b>	<b>4744</b>	
<b>Inventory at the beginning of the year</b>			
Finished Goods	35	19	
WIP	100	58	
Stock in Trade	4609	4919	
<b>Sub-Total - (B)</b>	<b>4744</b>	<b>4996</b>	
<b>(Increase)/Decrease - (B-A)</b>	<b>260</b>	<b>252</b>	
<b>29. Employee benefit expense</b>			
Salaries, Wages and Bonus	1695	1735	
Contribution to Provident Fund and Others	104	107	
Staff Welfare Expense	92	103	
<b>Total</b>	<b>1891</b>	<b>1945</b>	

**30. Finance Cost**

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> Mar 2020	For the year ended 31 <sup>st</sup> Mar 2019
Interest*	546	643
Bank Charges	54	80
<b>Total</b>	<b>600</b>	<b>723</b>

\*On Account of Adoption of IND As 116- Refer Note-1.11

**31. Other Expenses**

Rent*	76	374
Rates & Taxes	43	75
Insurance	46	44
Power & Fuel	140	143
Office Maintenance	292	348
Vehicle Operating Expenses	1	1
<u>Repairs &amp; maintenance</u>		
Plant & Machinery	4	3
Building	3	8
Vehicles	17	24
Others	107	90
Travelling & Conveyance	185	264
Printing & Stationery	27	27
Postage, Telegram & Telephone	49	55
Subscription / Donation/ CSR Expense	6	18
Advertisement, Publicity & Sales Promotion	82	90
Payment to Auditors ( Details given below)	20	23
Legal & Professional Fees	12	21
Freight & Forwarding charges	264	420
Director's Sitting Fee	17	17
Other Selling Expenses	2	3
Consumable Stores & Tools	7	22
Security Service Charges	67	98
Brokerage & Commission	13	98
Loss on sale of Fixed Assets	2	151
Impairment of Investments	44	-
Entertainment Expenses	1	1
Consultancy Fees	34	82
Miscellaneous Expenses	12	13
Testing Fees	-	1
Provision for Doubtful Debtors	127	78
Bad Debts written off	10	-
<b>Total</b>	<b>1710</b>	<b>2592</b>

\*On Account of Adoption of IND As 116- Refer Note-1.11

# Sicagen India Limited

## 31.1 Payment to Auditor

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> Mar 2020	For the year ended 31 <sup>st</sup> Mar 2019
Statutory Audit Fee	12	12
Taxation matters	2	2
Other services	6	9
<b>Total</b>	<b>20</b>	<b>23</b>

## 32. Other Comprehensive Income

Items that will not be reclassified to profit or loss:

Remeasurement of defined benefit plans	(27)	(2)
Equity Instruments through other comprehensive Income	(471)	(463)
<b>Total</b>	<b>(498)</b>	<b>(465)</b>

## 33. Earning Per Share [EPS]

Profit after Tax	212	219
No. of Shares used in computing EPS-Basic	39571684	39571684
Face value per share (₹)	10	10
Weighted Average number of equity shares	39571684	39571684
Basic & diluted earning per share	0.54	0.55

## 34. Expenditure in Foreign Currency during the Financial year:

Travelling Expenses	2	10
Reimbursement of Expenses	59	294
Others	-	8
<b>Total</b>	<b>61</b>	<b>312</b>

## 35. Earnings in Foreign Exchange (Received during the year)

Export of goods	-	64
Others	2	-
<b>Total</b>	<b>2</b>	<b>64</b>

## 36. Income Tax Expense

Tax Expenses		
Current Tax on profits for the year	173	299
Adjustments for tax of prior periods	106	-
Deferred tax charge	20	(14)
Income tax expense reported in the statement of profit or loss	<b>299</b>	<b>285</b>

**36.1 Reconciliation of tax expense and the accounting profit multiplied by India's tax rate** (₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> Mar 2020	For the year ended 31 <sup>st</sup> Mar 2019
Accounting profit before tax	511	504
Corporate Tax Rate	25.17%	34.94%
Tax on Accounting Profit	129	176
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Tax on Exempt Income	-	(64)
Non - Deductible Expenses	66	39
Effect of Income Taxed at Different Rate	(7)	165
Deferred Tax Liability	20	(14)
Tax Adjustments of Prior Periods	106	-
Other Adjustments	(15)	(17)
<b>Income tax expense</b>	<b>299</b>	<b>285</b>

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of income tax assets is based on estimates of taxable income and the period over which income tax assets will be recovered.

**37 Employee Benefit Obligation**

Defined Benefit Plans as per Actuarial Valuation

**Disclosure Report as per Ind As 19**
**1 Principle actuarial assumptions**

(₹ in Lakhs)

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
Discount Rate	5.45% p.a	6.95% p.a	5.45% p.a	6.95% p.a
Salary Growth Rate	6.00% p.a	6.00% p.a	6.00% p.a	6.00% p.a
Withdrawal Rates	20.00% p.a at all ages	20.00% p.a at all ages	20.00% p.a at all ages	20.00% p.a at all ages
Rate of Return on Plan Assets	5.45% p.a	6.95% p.a		
Leave Availment Rate	-	-	2.5% p.a	2.5% p.a
Leave Encashment in Service	-	-	-	-

**2 Profit and loss account for the period**

Service cost:

Current service cost	20	21	6	7
Past service cost and loss/(gain) on curtailments and settlement	-	-	-	-
Net interest cost	(1)	-	2	2
Net value of remeasurements on Obligation & plan assets	-	-	3	2
<b>Total Charge to P&amp;L</b>	<b>19</b>	<b>21</b>	<b>11</b>	<b>11</b>

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## 3 Other Comprehensive Income for the Current Period

(₹ in Lakhs)

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
Components of actuarial gain/losses on obligations:				
Due to Change in financial assumptions	12	2	2.00	-
Due to change in demographic assumption	-	-	-	-
Due to experience adjustments	14	(1)	1	2
Return on plan assets excluding amounts included in interest income	1	1	-	-
	<b>27</b>	<b>2</b>	<b>3</b>	<b>2</b>

## 4 Funded Status of the Plan

Present value of unfunded obligations	-	-	35	30
Present value of funded obligations	274	246	-	-
Fair value of plan assets	(253)	(246)	-	-
<b>Net Liability (Asset)</b>	<b>21</b>	<b>-</b>	<b>35</b>	<b>30</b>

## 5 Reconciliation of Defined Benefit Obligation

Opening Defined Benefit Obligation	246	225	30	29
Transfer in/(out) obligation	-	7	-	-
Current service cost	20	22	6	7
Interest cost	15	16	2	2
Components of actuarial gain/losses on obligations:	-	-	-	-
Due to Change in financial assumptions	12	2	2	-
Due to change in demographic assumption	-	-	-	-
Due to experience adjustments	14	(2)	1	2
Past service cost	-	-	-	-
Loss/(gain) on curtailments	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-	-	-
Benefits paid	(33)	(24)	(6)	(10)
<b>Closing Defined Benefit Obligation</b>	<b>274</b>	<b>246</b>	<b>35</b>	<b>30</b>

**6 Reconciliation of Plan Assets**

(₹ in Lakhs)

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
Opening value of plan assets	246	225	-	-
Transfer in/(out) plan assets	-	7	-	-
Interest Income	16	16	-	-
Return on plan assets excluding amounts included in interest income	(1)	(1)	-	-
Assets distributed on settlements	-	-	-	-
Contributions by employer	25	23	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-	-	-
Exchange differences on foreign plans	-	-	-	-
Benefits paid	(33)	(24)	-	-
<b>Closing value of plan assets</b>	<b>253</b>	<b>246</b>	<b>-</b>	<b>-</b>

**7 Reconciliation of Net Defined Benefit Liability**

Net opening provision in books of accounts	-	-	30	29
Transfer in/(out) obligation	-	7	-	-
Transfer (in)/out plan assets	19	(7)	-	-
Employee Benefit Expense	27	21	11	11
Amounts recognized in Other Comprehensive Income	-	2	-	-
	<b>46</b>	<b>23</b>	<b>41</b>	<b>40</b>
Benefits paid by the Company	-	-	(6)	(10)
Contributions to plan assets	(25)	(23)	-	-
<b>Closing Provision in Books of Accounts</b>	<b>21</b>	<b>-</b>	<b>35</b>	<b>30</b>

**8 Sensitivity to key Assumptions**
**Discount rate Sensitivity**

Increase by 0.5%	270	242	35	30
(% change)	-1.56%	-1.57%	-1.61%	-1.59%
Decrease by 0.5%	279	250	36	31
(% change)	1.62%	1.63%	1.67%	1.65%

**Salary growth rate Sensitivity**

Increase by 0.5%	279	250	36	31
(% change)	1.60%	1.63%	1.65%	1.66%
Decrease by 0.5%	270	242	35	30
(% change)	-1.56%	-1.59%	-1.61%	-1.61%



# Sicagen India Limited

(₹ in Lakhs)

Particulars	GRATUITY		COMPENSATED ABSENCE	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
<b><u>Withdrawal rate (W.R.) Sensitivity</u></b>				
W.R. x 110%	274	246	35	30
(% change)	-0.18%	0.06%	-1.07%	-1.24%
W.R. x 90%	275	245	36	31
(% change)	0.18%	-0.10%	1.22%	1.33%

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

The Expected Contribution for the next year to Defined Benefit Plans (Gratuity- Funded) is ₹ 20.66 lakhs

The Average Outstanding Term of the Obligation (gratuity) as at the Valuation date is 3.29 years

## 38 Related Party Transaction

### a. List of related parties where control exists

#### Name of the Related Party

##### Wholly owned Subsidiary

Wilson Cables Private Limited

South India House Estates & Properties Limited

Danish Steel Cluster Private Limited

##### Enterprise over which a Director is able to exercise significant influence

Firstgen Distribution Private Limited

SIDD Life Sciences Private Limited

Medihub Sciencetec Private Ltd

##### Enterprise over which a Director's Relative is a partner and is able to exercise significant influence

South India Investments & Associates

##### Key Management Personnel

R.Chandrasekar, Whole Time Director

D.Balagopal, Chief Financial Officer (upto 10.12.2019)

M.O.Ayyappan, Chief Financial Officer (w.e.f 07.02.2020)

G.Arunmozhi, Company Secretary

### b. The following transactions were carried out with the related parties during the year 2019-20 (₹ in Lakhs)

#### Sale of Goods/Income from Services Rendered

**Amount**

Firstgen Distribution Private Limited

1,086.66

Danish Steel Cluster Private Limited

0.07

#### Purchase of Goods

SIDD Life Sciences Private Limited

729.67

(₹ in Lakhs)

**Managerial Remuneration**

R.Chandrasekar	51.37
M.O.Ayyappan (w.e.f 07.02.2020)	2.56
D.Balagopal (upto 10.12.2019)	39.94
G.Arunmozhi	18.06

**IT Support Charges**

Wilson Cables Private Limited	28.92
Medihub Sciencetec Private Ltd	6.02

**Rent Received**

Medihub Sciencetec Private Ltd	1.70
Firstgen Distribution Private Limited	2.67

**Reimbursement of Expenses-Payable**

Wilson Cables Private Limited	159.00
Danish Steel Cluster Private Limited	0.38

**Reimbursement of Expenses-Receiveable**

Wilson Cables Private Limited	14.55
Danish Steel Cluster Private Limited	0.39
Firstgen Distribution Private Limited	0.11
South India House Estates & Properties Limited	12.15

**Interest on Loan**

Danish Steel Cluster Private Limited	69.89
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**39 Contingent Liability**

- a Appeals pending at High Court for the Assesment year 2009-10 for a demand of ₹200 lakhs. Appeal filed with CIT (A) for a demand of ₹ 39 lakhs for the Assesment year 2015-16.
- b Appeal filed with ITAT for a demand of ₹1699 Lakhs for the Assessment year 2011-12 allowed on statistical purposes in favour of the assessee and remanded back to Assessing Officer.
- c CST Appeal pending at Appellate Deputy Commissioner for Financial year 2016-17 & 2017-18 for a demand of ₹ 14 lakhs & 2 lakhs respectively.
- d Service Tax appeal pending at CESTAT for FY 2012-13 & 2013-14 for ₹ 3 lakhs.
- e Guarantees given by the bankers for performance of Contracts and others ₹298.14 Lakhs (₹530.03 Lakhs).

## 40 Segment Information for the year ended 31<sup>st</sup> March 2020 Information about Primary Business Segments

Business Segments	2020			2019				
	Trading	Manufacturing	Eliminations	Total	Trading	Manufacturing	Eliminations	Total
<b>REVENUE</b>								
External Sales	38120	5295		43415	48509	5272	(5)	53781
Inter Segment Sales	36	2	(38)	-	3	2	(5)	-
<b>Total Revenue</b>	<b>38156</b>	<b>5297</b>	<b>(38)</b>	<b>43415</b>	<b>48512</b>	<b>5274</b>	<b>(5)</b>	<b>53781</b>
<b>RESULT</b>								
Segment Result	1064	389		1453	1201	442		1643
Unallocated Corporate Expenses net of Unallocated Income				(396)				(496)
Operating Profit				1057				1147
Interest Expense				546				643
Income Taxes(net of def.tax)				299				285
Profit from ordinary activities				212				219
Exceptional items				-				-
Net Profit				212				219
<b>OTHER INFORMATION</b>								
Segment Assets	17361	2521		19882	20686	2213		22899
Unallocated Corporate Assets				24961				27630
<b>Total Assets</b>	<b>17361</b>	<b>2521</b>	<b>-</b>	<b>44843</b>	<b>20686</b>	<b>2213</b>	<b>-</b>	<b>50529</b>
Segment Liabilities	5588	456		6044	8817	197		9014
Unallocated Corporate Liabilities				1202				3441
Total Liabilities	5588	456	-	7246	8817	197	-	12455
Capital Expenditure	359	110		469	177	62		239
Depreciation	389	72		461	126	53		179

## Information about Secondary Business Segments

	India	Rest of the World	Total	India	Rest of the World	Total
Revenue by Geographical Market	43415	-	43415	53717	64	53781
Segment Assets	19882	-	19882	22899	-	22899
Capital Expenditure	469	-	469	239	-	239

## Notes:

- The Company has identified Business Segment as the Primary Segment and Geographic Segment as the Secondary Segment disclosure.
- The Company's Primary segment identified as business segment based on nature of products, returns and Internal Business Reporting System as per Ind AS 108
- The Business Segments identified are Trading and Manufacturing
- The Geographical Segment considered for disclosure are India and Rest of the World. All sales facilities are located in India. Geographical segments are based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.
- Segmental assets include all operating assets used by the respective segment and principally consists of operating cash, debtors, inventories and fixed assets.

#### 41 DISCLOSURE OF FAIR VALUE MEASUREMENT:

41.1 The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to their short term maturities of these instruments.

The carrying value and fair value of financial instruments by category as at 31<sup>st</sup> March, 2020 & 31<sup>st</sup> March 2019 are as follows :

PARTICULARS	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Amortised Cost	FVOCI	Amortised Cost	FVOCI
<b>Financial Assets</b>				
Investments				
- Equity Instruments	1	496	45	967
- Preference Shares	1180		1000	
Investments in Subsidiaries	12602		12602	
Loans	1736		1660	
Trade Receivables	10423		12442	
Cash and cash equivalents	149		980	
Bank Balances other than Cash Equivalents	1019		5221	
<b>Financial Liabilities</b>				
Borrowings	3202		6517	
Trade Payables	2467		5142	
Other Financial Liabilities (Current & Non Current)	241		220	

#### 41.2 Valuation Techniques used for Fair Valuation is as follows:

Particulars	As at 31 <sup>st</sup> March 2020				As at 31 <sup>st</sup> March 2019			
	Carrying Amount	Level of Input used in			Carrying Amount	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Assets</b>								
Investments								
- Equity Instruments	1	496		497	45	967		1012
- Preference Shares	1180			1180	1000			1000
Investments in Subsidiaries	12602			12602	12602			12602
Loans	1736			1736	1660			1660
Trade Receivables	10423			10423	12442			12442
Cash and cash equivalents	149			149	980			980
Bank Balances other than Cash Equivalents	1019			1019	5221			5221
<b>Financial Liabilities</b>								
Borrowings	3202			3202	6517			6517
Trade Payables	2467			2467	5142			5142
Other Financial Liabilities	241			241	220			220

#### Valuation techniques used to determine the fair value

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

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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## 42. Financial risk management

The treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's principal financial liabilities comprise loans and borrowings in domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables.

### 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 resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, cash & cash equivalents and deposits with banks and financial institutions.

### Trade receivables

The Company's customer profile include public sector enterprises, state owned companies and large private corporates. Accordingly, the Company's customer credit risk is moderate. The Company's average project execution cycle is around 12 months.

General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project. In some cases retentions are substituted with bank/corporate guarantees. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

### Impact of Covid-19

Trade receivables forms a significant part of the financial assets carried at amortized cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have evaluated the likelihood of increased credit risk and consequential default considering emerging Covid-19 situation. This assessment considers the current collection pattern across various verticals and the financial strength of customers. The Company is closely monitoring the developments across various business verticals. Basis this assessment, provision made towards ECL is considered adequate.

### Loans and advances

#### Cash and cash equivalents and deposits with banks

The Company has banking operations with highly rated banks including scheduled banks which are owned by Government of India and Private Sector Banks. The risk of default with government controlled entities is considered to be insignificant.

#### Provision for expected credit losses

Loss Allowance is measured using the expected credit loss model on assets where the probability of default is high and the counter party's capacity to meet the obligation is not strong using the expected credit loss model.

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low.

Assets are written off when there is no reasonable expectation of recovery, such as debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

- (i) The company is making provisions on trade receivables based on Expected Credit Loss (ECL) model.

The reconciliation of ECL is as follows:

	(₹ in Lakhs)	
Particulars	31.03.2020	31.03.2019
Opening Balance	78	3598
Loss Allowance based on ECL	127	78
Write off as Bad Debts	-	3598
Closing Balance (as per Note 7)	205	78

- (ii) Trade receivable written off during the year but still enforceable for recovery amounts to NIL (previous year: ₹ 3598 lakhs).

(a) Category-wise classification for applicable financial assets:

I. Measured at amortised cost: (₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Loans	1736	1660
Trade receivables	10423	12442
Cash and cash equivalents	149	980
Bank Balance Other than Cash Equivalents	1019	5221

II. Measured at fair value through Other Comprehensive Income (FVTOCI):

Investment in Equity Instruments (Quoted) (₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Investment in Equity Instruments	496	967

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, 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 risking damage to the Company's reputation.

The Company manages liquidity risk through cash credit limits and undrawn borrowing facilities by continuously monitoring forecast and actual cash flows.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements of the Company. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Working Capital Facility	562	2991
Channel Financing Facility	2598	3364
Term Loan	40	160
<b>Total</b>	<b>3200</b>	<b>6515</b>

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding floating rate debt. While most of the Company's outstanding debt in local currency is on fixed rate basis and hence not subject to interest rate risk.

43. Previous year's figures have been regrouped and rearranged wherever necessary.

**Annual Report 2019-20**

**Accounts - Consolidated**



## Independent Auditor's Report

To the Members of **SICAGEN INDIA LIMITED**

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

#### Opinion

We have audited the accompanying consolidated financial statements of SICAGEN INDIA LIMITED ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

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 (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 consolidated state of affairs of the Company as at March 31, 2020, the consolidated profit, consolidated total comprehensive Loss, consolidated changes in equity and its consolidated 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 Companies Act, 2013. Our responsibilities under those Standards 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 Group in accordance with the Code of Ethics issued by ICAI, 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 attention to Note 1.4 & 27.2 to the financial statements, which describes the uncertainties and the impact of the Covid-19 pandemic on the Company's operations and results as assessed by management. The actual results may differ from such estimates depending on future developments. 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.

<p style="text-align: center;"><b>Revenue recognition (IND AS 115)</b></p> <p>Recognition of revenue is complex due to several types of customer contracts across divisions.</p> <p>The application of the new standard on recognition of revenue involves significant judgment and estimates made by the management which includes:</p> <ul style="list-style-type: none"> <li>• Identification of performance obligations contained in contracts.</li> <li>• Determination of the most appropriate method for recognition of revenue relating to the identified performance obligations.</li> <li>• Assessment of transaction price.</li> <li>• Allocation of the assessed price to the individual performance obligations.</li> </ul>	<p style="text-align: center;"><b>Audit Procedures</b></p> <p>Audit procedure involved review of the Company's IND AS 115 implementation process and key judgments made by management, evaluation of customer contracts in light of IND AS 115 on sample basis and comparison of the same with management's evaluation and assessment of design and operating effectiveness of internal controls relating to revenue recognition.</p> <p>Based on the procedures performed, it is concluded that management's judgments with respect to recognition and measurement of revenue in light of IND AS 115 is appropriate.</p> <p>Furthermore, the appropriateness of the disclosures made in Note 1.8 to the financial statements was assessed.</p>
<p style="text-align: center;"><b>Existence and Impairment of Trade Receivables</b></p> <p>Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract terms are in place which impacts the timing of revenue recognition.</p>	<p style="text-align: center;"><b>Audit Procedures</b></p> <p>We performed audit procedures on existence of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received.</p>



# Sicagen India Limited

<p>In calculating the Expected Credit Loss as per Ind AS 109 – “Financial Instruments”, the company has also considered the estimation of probable future customer default and has taken into account an estimation of possible effect from the pandemic relating to Covid-19.</p> <p>Given the magnitude and judgment involved in the impairment assessment of trade receivables, we have identified this as a key audit matter.</p>	<p>Assessing the impact of trade receivables requires judgment and we evaluated management’s assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures.</p> <p>Legal cases have been filed in the case of some debtors and we have analyzed the company’s chances of succeeding in the litigation.</p> <p>Furthermore, we assessed the appropriateness of the disclosures made in Note 4,8 &amp; 43 to the financial statements.</p> <p>Our procedures did not identify any material exceptions.</p>
<p style="text-align: center;"><b>Inventory</b></p> <p>Management judgment is required to establish the carrying value of inventory particularly in relation to determining the appropriate level of provisions in relation to obsolete and Surplus items.</p> <p>Being a Trading Concern this is identified as a Key Audit Matter</p> <p>The Company’s operations owing to Covid Related Events result in the company holding inventory for extended period of time</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>Physical Verification of Inventory was not conducted on 31<sup>st</sup> March 2020 owing to lock down, accordingly necessary Alternative Audit Procedures have been conducted to conclude that inventory is free of material misstatements. With respect to the Net Realizable value of Inventory the company has provided Management Representations that there is no significant impact on account of Covid as all contracts are based on fixed prices.</p> <p>Audit procedures include testing the inventory provisions, we assessed the management control and estimation of inventory provisions and their appropriateness. Future salability of inventory was assessed based on past track records.</p> <p>Based on the audit procedure performed, no material discrepancies were identified.</p>
<p style="text-align: center;"><b>Contingent Liability</b></p> <p>On assessment of Provisions for taxation, litigations and claims as at 31<sup>st</sup> March 2020 the Company had a provision in respect of possible or actual taxation disputes, litigation and claims to the tune of ₹ 2,301 Lakhs (including subsidiaries). These provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various forums.</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>The Audit addressed this Key Audit Matter by</p> <ul style="list-style-type: none"> <li>• Assessing the adequacy of tax Provisions by reviewing correspondence with tax Authorities.</li> <li>• Discussing significant litigations and claims with the Company’s Internal Legal Counsel.</li> <li>• Reviewing previous judgments made by relevant tax Authorities and opinions given by Company’s advisors.</li> <li>• Assessing the reliability of the past estimates of the management.</li> </ul> <p>Our Audit Procedures did not identify any material exceptions.</p>

<p style="text-align: center;"><b>Adoption of IND AS 116 – Leases</b></p> <p>As described in Note 1.11 to the financial statements, the Company has adopted Ind AS 116 - Leases in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit.</p> <p>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. Refer Note2.1 to 2.5 of financial statements.</p>	<p style="text-align: center;"><b>Audit Procedure</b></p> <p>Our audit procedures on adoption of Ind AS 116 include:</p> <ul style="list-style-type: none"> <li>Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116).</li> <li>Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;</li> <li>Evaluated the reasonableness of the discount rates applied in determining the lease liabilities.</li> </ul> <p><b>Upon transition as at 1<sup>st</sup> April 2019:</b></p> <ul style="list-style-type: none"> <li>Evaluated the method of transition and related adjustments;</li> <li>Tested completeness of the lease data by reconciling the Company's operating lease commitments to data used in computing ROU asset and the lease liabilities.</li> </ul> <p><b>On a statistical sample, we performed the following procedures:</b></p> <ul style="list-style-type: none"> <li>assessed the key terms and conditions of each lease with the underlying lease contracts; and</li> <li>evaluated computation of lease liabilities and challenged the key estimates such as, discount rates and the lease term.</li> </ul> <p>Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures.</p>
<b>Subsidiary Company (Danish Steel Cluster Private Limited)</b>	
<p style="text-align: center;"><b>Revenue recognition (IND AS 115)</b></p> <p>The Company's sales comprise revenue from the sale of products, services adjusted by sales adjustments which primarily comprise product returns and quality issue charges.</p> <p>Company's most significant revenue is generated from sale of fabricated stainless steel &amp; Galvanized steel for various industries based on customer specifications.</p> <p>Revenue from sale of services primarily includes the installation services associated with sale of some of the fabricated products.</p> <p>Revenue from the sale of goods is recognised in the income statement when the company satisfies a performance obligation by transferring a promised goods or services to a customer and the customer obtains control over the goods or services.</p> <p>There are a few indicators to identify whether customer has obtained control such as transfer of physical possession of the asset or customer has assumed the significant risk and rewards of ownership or has accepted the asset.</p> <p>The risk for revenue being recognised in an incorrect period presents a key audit matter due to the financial significance and nature of net sales in the financial statements.</p>	<p style="text-align: center;"><b>Audit Procedures</b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue Accounting Standard. Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>Evaluation of internal control design over the revenue recognition and testing of key controls for its operating effectiveness by selecting a sample of continuing and new contracts in respect of identification of the distinct performance obligations and determination of transaction price.</li> <li>Comparison of these performance obligations in the contract with that identified and recorded by the Company.</li> <li>Test of the accuracy of cut-off with substantive analytical procedures supplemented with test of details on a transaction level on either side of the Balance Sheet date and by analyzing credit notes issued after the balance sheet date.</li> <li>Assessment of the compliance of company's revenue recognition accounting policies with new Accounting Standard.</li> <li>Test of accounts receivable confirmations received from the customers.</li> </ul>

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## **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and based on the work done/ audit report of other auditors, 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.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its Subsidiaries are responsible for assessing the ability of the Group and of its Subsidiaries 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its subsidiaries are responsible for overseeing the financial reporting process of the Group and of its subsidiaries.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 ability of the Group and its subsidiaries 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 consolidated 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 Group and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated 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.

## Other Matter

The consolidated financial statements include the audited Financial Results of two subsidiaries, whose Financial Statements reflects Group's share of total assets of ₹ 10,610 lakhs as at March 31, 2020, Group's share of total revenue of ₹ 2,162 lakhs and Group's share of total net loss after tax of ₹ 243 lakhs for the year ended March 31, 2020, and net cash outflows of ₹ 81 lakhs for the year ended March 31, 2020, as considered in the consolidated financial statements, which have been audited by their respective independent auditors.

These financial statements / financial information 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, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The consolidated financial statements include the Unaudited Financial Results of two foreign subsidiaries whose Financial Statements/Financial Results/ financial information reflect Group's share of total assets of ₹ 23,788 lakhs as at March 31, 2020, Group's share of total revenue of ₹ 24,726 lakhs and Group's share of total net profit after tax of ₹ 68 lakhs for the year ended March 31, 2020, and net cash outflows of ₹ 103 lakhs for the year ended March 31, 2020, as considered in the consolidated financial statements, out of which limited review has been done for one of the subsidiary by its independent auditor.

These unaudited Financial Statements/Financial Results/ financial information have been furnished to us by the Board of Directors and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited Financial Statements/Financial Results/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements/Financial Results / financial information are not material to the Group.

The consolidated financial statements include the unaudited financial statement of two foreign subsidiaries located outside India whose financial statements and other financial information have been prepared in accordance with the accounting principles generally accepted in their respective countries. The Group's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our conclusion in so far as it relates to the affairs of such subsidiaries located outside India is based solely on the management certified financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements and other financial information are not material to the Group.

# Sicagen India Limited

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 / financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), Consolidated Statement of Changes in Equity, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a Director of that

Company in terms of sub-section 2 of Section 164 of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1".
- (g) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act as amended:

In our opinion and to the best of our information and according to the explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which are not audited by us, remuneration paid by the Holding Company and its subsidiary companies to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 40 to the consolidated financial statements.
  - ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - 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, incorporated in India.

For **SRSV & Associates**  
Chartered Accountants  
F.R. No. 015041S

**V. Rajeswaran**  
Partner

Place: Chennai  
Date: 17<sup>th</sup> June 2020

Membership No. 020881  
UDIN NO. : 20020881AAAADT2831

## Annexure 1 to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of SICAGEN INDIA LIMITED ("the Holding Company"), and its subsidiary companies which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are 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 ("Guidance

Note”) 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 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 Guidance Note, issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 consolidated 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 in terms of their reports and the information and explanation provided by the management 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 consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the consolidated 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, based on the test checks conducted by us, the Holding Company, and its subsidiary companies, which are companies incorporated in India, have, in all material respects, reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were prima facie operating effectively as at March 31, 2020, 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 **SRSV & Associates**  
Chartered Accountants  
F.R. No. 015041S

**V. Rajeswaran**  
Partner

Place: Chennai  
Date: 17<sup>th</sup> June 2020  
Membership No. 020881  
UDIN NO. : 20020881AAAADT2831

# Sicagen India Limited

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2020

(₹ in lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> Mar 2020	As at 31 <sup>st</sup> Mar 2019	
<b>I. ASSETS</b>				
<b>1 Non Current Assets</b>				
(a) Property, Plant and Equipment	2a	14584	14704	
(b) Capital work-in-progress	2b	61	19	
(c) Investment Property	2c	315	321	
(d) Other Intangible assets	2d	98	116	
(e) Right of Use Asset	2e	1783	-	
(f) Financial Assets				
(i) Investments	3	1999	2614	
(ii) Trade receivables	4	-	-	
(iii) Loans	5	1851	2081	
(g) Other non-current assets	6	238	279	20134
<b>2 Current assets</b>				
(a) Inventories	7	13259	11564	
(b) Financial Assets				
(i) Trade receivables	8	20607	26747	
(ii) Cash and cash equivalents	9	544	1560	
(iii) Bank Balance other than (ii) above	10	1128	5838	
(iv) Loans	11	1	1	
(c) Current Tax Assets (Net)	12	663	743	
(d) Other Current Assets	13	3369	1896	48349
<b>TOTAL</b>		<b>60500</b>	<b>68483</b>	
<b>II. Equity and Liabilities</b>				
<b>1 Equity</b>				
(a) Share capital	14	3957	3957	
(b) Other equity	15	33565	34287	38244
<b>Liabilities</b>				
<b>2 Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	16	697	935	
(ii) Lease Liabilities	17	1389	-	
(iii) Other financial liabilities	18	13	-	
(b) Provisions	19	1602	1848	
(c) Deferred Tax Liabilities (Net)	20	290	262	3045
<b>3 Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	21	7205	10863	
(ii) Trade Payables	22	10187	15029	
(iii) Other financial liabilities	23	558	602	
(iv) Lease Liabilities	24	353	-	
(b) Other current liabilities	25	480	530	
(c) Provisions	26	204	170	27194
<b>TOTAL</b>		<b>60500</b>	<b>68483</b>	
Significant Accounting Policies	1			
Notes on Financial Statements	1 - 44			

As per our Report of even date

For and on behalf of the Board

### For SRSV & ASSOCIATES

Chartered Accountants  
F.R.No.015041S

#### V.RAJESWARAN

Partner

M.No.020881

Place: Chennai

Date: 17<sup>th</sup> June 2020

#### ASHWIN C MUTHIAH

Chairman

#### B. NARENDRAN

Director

#### R.CHANDRASEKAR

Whole Time Director

#### M.O. AYYAPPAN

Chief Financial Officer

#### G.ARUNMOZHI

Company Secretary

**Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020**

(₹ in lakhs)

Particulars	Note No.	For the year ended 31 <sup>st</sup> Mar 2020	For the year ended 31 <sup>st</sup> Mar 2019
<b>I. INCOME</b>			
Revenue from operations	27	<b>69886</b>	82034
Other income	28	<b>1104</b>	1677
<b>Total Revenue</b>		<b>70990</b>	83711
<b>II. EXPENSES</b>			
Cost of materials consumed	29	<b>29489</b>	19154
Purchases of Stock-in-Trade	30	<b>34144</b>	53292
(Increase)/Decrease in inventories of finished goods, work-in-progress and Stock in Trade	31	<b>(1614)</b>	618
Employee benefit expense	32	<b>3519</b>	4559
Finance costs	33	<b>881</b>	913
Depreciation and amortization expense		<b>1014</b>	624
Other expenses	34	<b>3216</b>	4267
<b>Total expenses</b>		<b>70649</b>	83427
<b>III. Profit before tax</b>		<b>341</b>	284
Tax expense:			
(i) Current tax		<b>284</b>	299
(ii) Deferred tax		<b>21</b>	(28)
<b>IV. Profit / (Loss) for the period</b>		<b>36</b>	13
<b>V. Other Comprehensive Income</b>			
A. (i) Item that will not be reclassified to profit or loss	35	<b>(781)</b>	(812)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B. (i) Item that will be reclassified to profit or loss		-	1
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>VI. Total Comprehensive Income for the period (Comprising Profit / (Loss) and other Comprehensive Income for the Period)</b>		<b>(745)</b>	(798)
<b>VII. Earnings per equity share:</b>	36		
Basic and diluted EPS (₹)		<b>0.09</b>	0.03
Significant Accounting Policies	1		
Notes on Financial Statements	1 - 44		

As per our Report of even date

For and on behalf of the Board

**For SRSV & ASSOCIATES**

 Chartered Accountants  
 F.R.No.015041S

**V.RAJESWARAN**

 Partner  
 M.No.020881

**ASHWIN C MUTHIAH**

Chairman

**B. NARENDRAN**

Director

**R.CHANDRASEKAR**

Whole Time Director

 Place: Chennai  
 Date: 17<sup>th</sup> June 2020

**M.O. AYYAPPAN**  
 Chief Financial Officer

**G.ARUNMOZHI**  
 Company Secretary



# Sicagen India Limited

## Consolidated Statement of Changes in Equity

### Share Capital

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹10 each	50000000	5000	50000000	5000
<b>Issued</b>				
Equity Shares of ₹10 each	39571684	3957	39571684	3957
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹10 each fully paid	39571684	3957	39571684	3957

### Other Equity

Particulars	Reserves and Surplus				Foreign Currency Translation Reserve	Equity Instruments through Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings			
<b>Balance as per 1<sup>st</sup> April 2018</b>	6186	29443	200	(3495)	(324)	3339	35349
Total Comprehensive Income for the year	-	-	-	13		(811)	(798)
Dividend and Dividend Tax paid during the year	-	-	-	(285)		-	(285)
IFRS 109 Adoption By Subsidiary Company				(138)			(138)
Investment in Subsidiary Company				(517)			(517)
Change in Foreign Currency Translation	752			55	(131)		676
<b>Balance at 31<sup>st</sup> March 2019</b>	6938	29443	200	(4367)	(455)	2528	34287
Total Comprehensive Income for the year	-	-	-	36		(781)	(745)
Dividend and Dividend Tax paid during the year	-	-	-	(191)		-	(191)
Change in Foreign Currency Translation	275			72	(133)	-	214
<b>Balance at 31<sup>st</sup> March 2020</b>	7213	29443	200	(4450)	(588)	1747	33565

As per our Report of even date

For and on behalf of the Board

#### For SRSV & ASSOCIATES

Chartered Accountants  
F.R.No.015041S

**V.RAJESWARAN**  
Partner  
M.No.020881

**ASHWIN C MUTHIAH**  
Chairman

**B. NARENDRAN**  
Director

**R.CHANDRASEKAR**  
Whole Time Director

Place: Chennai  
Date: 17<sup>th</sup> June 2020

**M.O. AYYAPPAN**  
Chief Financial Officer

**G.ARUNMOZHI**  
Company Secretary

**Consolidated Statement of Cash Flow for the year ended 31<sup>st</sup> March 2020**

(₹in lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>A Cash Flow from Operating Activities</b>		
Profit before tax	341	284
Adjustments for		
Depreciation	1014	624
(Profit)/Loss on Disposal of Fixed Assets(net)	(30)	127
Diminution in Value of Investment	44	-
Provision for Expected Credit Loss	127	-
Effect of Exchange Rate Changes	214	676
Interest Income	(184)	(218)
Investment in Preference Shares	(180)	-
Dividend Income	-	(184)
Interest Expenditure	807	813
<b>Operating Profit before Working Capital Changes</b>	<b>2153</b>	<b>1838</b>
<b>Adjustments for</b>		
Trade and Other Receivables	6013	(8427)
Current and Non Current Assets	(1319)	(1223)
Inventories	(1695)	667
Trade Payables and Other Liabilities	(8696)	9315
Cash Generated from Operations	<b>(3544)</b>	<b>2454</b>
Tax (Paid)/Refund	(149)	(493)
Net Cash from Operating Activities	<b>(3693)</b>	<b>1961</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment	(523)	(382)
Sale of Property, Plant & Equipment	58	4712
Movement in Bank Deposits	4673	(4717)
Investment in Foreign Subsidiary	-	(517)
Interest Income Received	264	117
Dividend Income Received	-	286
<b>Net Cash used in Investing Activities</b>	<b>4472</b>	<b>(501)</b>
<b>C Cash Flow from Financing Activities</b>		
Long term Borrowings (net of repayment)	(238)	(222)
Interest Paid	(807)	(813)
Repayment of Term Loan	(120)	160
Payment of lease liabilities	(439)	-
Dividend paid (Including Dividend Tax)	(191)	(285)
Net Cash used in Financing Activities	<b>(1795)</b>	<b>(1160)</b>
<b>D Net Increase /(Decrease) in Cash and Cash Equivalents(A+B+C)</b>	<b>(1016)</b>	<b>300</b>
Cash and Cash Equivalents as at 1 <sup>st</sup> April 2019	1560	1260
Cash and Cash Equivalents as at 31 <sup>st</sup> March 2020	<b>544</b>	<b>1560</b>

As per our Report of even date

For and on behalf of the Board

**For SRSV & ASSOCIATES**

 Chartered Accountants  
 F.R.No.015041S

**V.RAJESWARAN**

 Partner  
 M.No.020881

 Place: Chennai  
 Date: 17<sup>th</sup> June 2020

**ASHWIN C MUTHIAH**

Chairman

**M.O. AYYAPPAN**

Chief Financial Officer

**B. NARENDRAN**

Director

**G.ARUNMOZHI**

Company Secretary

**R.CHANDRASEKAR**

Whole Time Director

# Sicagen India Limited

## 1 SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Brief description of the Company

Sicagen (the Company) is a public limited company, incorporated and domiciled in India whose shares are publicly traded. The registered office is located at SPIC House, Guindy, Chennai - 600032, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a diversified operating segments such as trading of Building materials, Sales & Servicing Power & controls systems , manufacturing of MS barrels and manufacture of water treatment chemicals. The subsidiary Companies are into manufacture of Cables, precision steel fabrication and property development.

### 1.2 Basis of preparation

The company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with sub-section (1) of Section 210A of the Companies Act, 1956, (1 of 1956). In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

The financials for the year ended March 31, 2020 were authorized and approved for issue by the Board of Directors at their meeting held on 17<sup>th</sup> June 2020.

Principles of Consolidation.

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitutes the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee, has the ability to use its power to affect its returns and has power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.

The consolidated Financial Statements have been prepared in accordance with IND AS 110 "Consolidated Financial Statements" and IND AS 28

"Accounting for Investments in Associated companies in the consolidated financial statements.

The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses. Unrealised losses are also eliminated during consolidation unless the transaction provides evidence of an impairment of the transferred asset.

The consolidated Financial Statements have been prepared in accordance with IND AS 110 "Consolidated Financial Statements" and IND AS 28 "Accounting for Investments in Associated companies in the consolidated Financial statements.

The consolidated financial statements of Sicagen India limited and its subsidiaries have been prepared in accordance with accounting policies and standards applicable to them in the countries in which they are incorporated as stated in the accounting policies in the respective companies and published separately.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. The accounting policies of subsidiaries have been harmonized to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

Minority's share in 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.

The results and financial position of the foreign subsidiaries are translated into the reporting currency as follows:

- (i) Assets and liabilities are translated at the closing rate at the date of that balance sheet.
- (ii) Income and expenses are translated at average exchange rates (unless average rate is not reasonable at the rates prevailing on the transaction dates, in such case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of net investment.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated

statement of changes in equity and balance sheet, respectively.

The carrying amounts of equity accounted investments are tested for impairment in accordance with the policy described in note 1.9.6 below.

The subsidiary companies and associates considered in the consolidated financial statements are:

### 1.2.1 Subsidiary Companies:

SI No	Name of the Company	Country of incorporation	Proportion of ownership voting power -%
1	South India House Estates Private Limited	India	100%
2	Wilson Cables Private Limited	Singapore	100%
3	Danish Steel Cluster Pvt Limited ( DSC )	India	100%
4	Wilson Far East Private Ltd (100% Subsidiary of Wilson Cables)	Singapore	100%

The company "Wilson far East Private limited was formed in April 2018 with a capital of SGD 10,000 totally subscribed by Wilson Cable Private Limited therefore this company is a 100% subsidiary of Wilson Cables Private Limited, Singapore. The nature of business is to carry out general trading - import & export.

#### Associates:

Associates are all entities over which the group has significant influence but not control or joint control. (This is generally the case where the group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

### 1.3 Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and

assumptions are reasonable and prudent. Estimates are based on historical experience, where applicable and other assumption that management believes are reasonable under the circumstances. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

### 1.4 Significant Estimates and judgments

The areas involving critical estimates or judgments are:

- i) Defined benefit obligation.
- ii) Estimation of useful life of Property, Plant and Equipment.
- iii) Estimation and evaluation of provisions and contingencies relating to tax litigations.

#### Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, property plant & equipment and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, as at the date of approval of these financial statements has used internal and external sources of information and based on current estimates. The Company expects that the carrying amount of these assets will be recovered.

### 1.5 Operating cycle for current and non-current classification

Operating cycle for the business activities of the Group covers the duration of the specific sales/ project/ contract/ product line/ service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

### 1.6 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.

All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

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Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e.) based on the lowest level input that is significant to the fair value measurement as a whole.

For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

## Investments

The fair value of investments in equity is determined by reference to their quoted prices at the reporting date. In the absence of the quoted price, the fair value of the equity is measured using valuation techniques.

## Trade Receivables

The fair value of trade and other receivables is estimated as the present value of the future cash flows, discounted at the market rate of interest at the reporting date. However, the fair value generally approximates the carrying amount due to the short term nature of such assets and for others difference of carrying amount and fair value is not material for disclosure.

## 1.7 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

## 1.8 Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured

and recovered with reasonable certainty. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances. Ind AS 115, Revenue from Contracts with Customers requires identification of performance obligations for the transfer of goods and services in each contract with customers. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services..

Revenue from contracts for sale of products or services

Revenue from contracts with customers for the sale of products is recognised at a point in time when the control of the asset is transferred to the customer which is usually upon shipment or delivery of goods as per the terms of the each contract and where there is no uncertainty as to measurement or collectability of consideration.

Revenue from contracts with customers for the sale of services is recognised when a customer obtains control of the services, which is upon completion of service.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset (Receivables) based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability (referred as deferred revenue).

### 1.8.1 Other operational revenue

This represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract upon satisfaction of performance obligations.

### 1.8.2 Other income

- i) Interest income is accrued on a time basis by reference to the principal outstanding and recognised using the effective interest rate method. (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).
- ii). Dividend income is accounted in the period in which the right to receive the same is established. (Provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).
- iii) Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

### 1.8.3 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the company is treated as an exceptional item and the same is disclosed in the notes to accounts.

## 1.9 Property, plant and equipment (PPE)

### 1.9.1 Tangible Assets

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company.

PPE not ready for the intended use on the date of the Balance Sheet is disclosed as "capital work-in-progress".

### 1.9.2 Investment Property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item is measured reliably.

### 1.9.3 Depreciation and amortization

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Serial Number	Category of the Assets	Life
1	Factory Building	30 years
2	Office Building	60 years
3	Plant & Machinery	15 years
4	Electrical Equipments	10-15 years
5	Computer & Accessories	3 years
6	Office Equipments	5 years
7	Furniture & Fixtures	10 years
8	Motor Car	8 years

\*For few assets useful life is determined by technical evaluation.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Freehold land is not depreciated.

### 1.9.4 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost, less accumulated amortisation and cumulative impairment.

### 1.9.5 Research and development expenditure on new products:

Expenditure on research is expensed under respective heads of account in the period in which it is incurred. Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

### 1.9.6 Impairment of assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, intangible assets and investments in subsidiary, associate and joint venture companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use;
- (ii) In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

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For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

## 1.10 Employee Benefits

### 1.10.1 Short term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

### 1.10.2 Post-employment benefits:

- i) Defined contribution plans: The state governed provident fund scheme, employee state insurance scheme and the company's superannuation scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
- ii) Defined benefit plans: The employees' gratuity fund scheme managed by board of trustees established by the company represents the defined benefit plan. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Defined benefit employee costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefits expense. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost.

Gains or losses on settlement of any defined benefit plan are recognised in profit or loss when such settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the company recognises related restructuring costs or termination benefits

## 1.11 Leases

Adoption of Ind AS 116

Effective April 1, 2019, the company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate prevailing on the date of application and the Right of Use asset equivalent to the Lease Liability and the cumulative effect of initially applying this standard on Retained Earnings was Nil.

### Initial Recognition

Company As a Lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i. the contract involves the use of an identified asset.
- ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- iii. the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and the Right of Use asset equivalent to the Lease Liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability. The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets.
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases.

#### 1.12 Financial instruments

Financial assets and/or financial liabilities are recognised when the company becomes party to a contract embodying the related financial instruments. All financial assets and financial liabilities are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. In case of interest free or concession loans given to subsidiary companies, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

The financial assets and financial liabilities are offset and presented on net basis in the Balance Sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

##### 1.12.1 Financial assets:

All recognised financial assets are subsequently measured in their entirety at amortised cost or at fair value depending on the classification of the financial assets as follows:

1. Investments in debt instruments – at amortised cost, subject to following conditions:
  - i) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - ii) The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
    - a. Investment in equity instruments issued by subsidiary, associates and joint ventures are measured at cost less impairment.
    - b. Investment in preference shares of associate companies are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares not meeting the aforesaid conditions are classified as debt instruments at FVTPL.



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- c. Investments in equity instruments are classified as at FVTPL, unless the related instruments are not held for trading and the company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income. The Company has chosen the option to measure the fair value changes in the equity Instruments through FVOCI on initial recognition and all subsequent measurement.
- d. For financial assets that are measured at FVTOCI, income by way of interest, dividend and exchange difference (on debt instrument) is recognised in profit or loss and changes in fair value (other than on account of such income) are recognised in Other Comprehensive Income and accumulated in other equity. On disposal of debt instruments measured at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit or loss. In case of equity instruments measured at FVTOCI, such cumulative gain or loss is not reclassified to profit or loss on disposal of investments.

## Derecognition

A financial asset is primarily derecognised when:

1. The right to receive cash flows from the asset has expired, or
2. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and
  - (a) the company has transferred substantially all the risks and rewards of the asset, or
  - (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in profit or loss.

## Impairment of financial assets:

The company recognises impairment loss on trade receivables using expected credit loss model, which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109.

### 1.12.2 Financial liabilities:

- i) Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

- ii) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.
  - iii) The company designates certain hedging instruments, such as derivatives, embedded derivatives and in respect of foreign currency risk, certain non- derivatives, as either fair value hedges or cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges.
- A. Fair value hedges: Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

- B. Cash flow hedges: In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'hedging reserve'. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

In case of time period related hedges, the forward element and the spot element of a forward contract is separated and only the change in the value of the spot element of the forward contract is designated as the hedging instrument. Similarly, wherever applicable, the foreign currency basis spread is separated from the financial instrument and is excluded from the designation of that financial instrument as the hedging instrument in case of time period related hedges. The changes in the fair value of the forward element of the forward contract or the foreign currency basis spread of

the financial instrument are accumulated in a separate component of equity as 'cost of hedging'. The changes in the fair value of such forward element or foreign currency basis spread are reclassified to profit or loss as a reclassification adjustment on a straight line basis over the period of the forward contract or the financial instrument.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

### 1.13 Inventories

Inventories are valued after providing for obsolescence, as under:

- a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- b) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.
- c) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.

Assessment of net realisable value is made in each subsequent period and when the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to the extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.

### 1.14 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

### 1.15 Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset, are capitalised/ inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 1.16 Foreign currencies

Functional and presentation currency

The financial statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

The management believes that the adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration does not have any significant impact on the standalone financial statements.

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## 1.17 Accounting and reporting of information for Operating Segments

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the company. In addition, the following specific accounting policies have been followed for segment reporting:

- i) Segment revenue includes sales and other operational revenue directly identifiable with/ allocable to the segment including inter segment revenue.
- ii) Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result.
- iii) Most of the centrally incurred costs are allocated to segments mainly on the basis of their respective expected segment revenue estimated at the beginning of the reported period.
- iv) Income which relates to the company as a whole and not allocable to segments is included in “unallocable corporate income”.
- v) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the company.
- vi) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole.
- vii) Segment non-cash expenses forming part of segment expenses includes the fair value of the employee stock options which is accounted as employee compensation cost and is allocated to the segment.
- viii) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer prices which are either determined to yield a desired margin or agreed on a negotiated basis.

## 1.18 Taxes on income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax liabilities are generally recognised for all taxable temporary differences including the temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets relating to unabsorbed depreciation/business losses/ losses under the head “capital gains” are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

## 1.19 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

- a) the company has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when

it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of :

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- b) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

### 1.20 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) uncalled liability on shares and other investments partly paid ;
- c) funding related commitment to subsidiary, associate and joint venture companies;
- d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

### 1.21 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

### 1.22 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is

reported using indirect method, adjusting the net profit for the effects of:

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### 1.23 Key sources of estimation

The preparation of financial statements in conformity with Ind AS requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, expected cost of completion of contracts, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

### 1.24 Related Party Transaction

#### Terms and conditions of transactions with the related parties

- (1) Transactions with the related parties are made on normal commercial terms and conditions and at market rates.
- (2) The Company is seconding its personnel to Subsidiary Companies as per the terms and conditions agreed between the Companies. The cost incurred by the group towards superannuation and employee benefits are recovered from these Companies.
- (3) Outstanding balances (other than loan) of Subsidiaries and Associate at the year-end, are unsecured and interest free.

This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

2. Property Plant & Equipment as at 31.03.2020									
Particulars	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 <sup>st</sup> April 2019	Additions	Disposals / Adjustments	Balance as at 1 <sup>st</sup> April 2019	Depreciation charged for the year	Disposals / Adjustments	Balance as at 31 <sup>st</sup> March 2020	Balance as at 31 <sup>st</sup> March 2019	
<b>a Tangible Assets</b>									
Land - Free hold	8868	-	15	-	-	-	8853	8868	
- Lease hold	1	-	-	-	-	-	1	1	
Buildings	1191	220	3	157	62	-	219	1189	1034
Under Lease	2978	8	1	370	176	-	546	2439	2608
Plant and Equipment	2010	119	4	475	208	4	679	1446	1535
Furniture and Fixtures	266	8	9	65	27	3	89	176	201
Vehicles	163	8	2	48	15	1	62	107	115
Office Equipment	342	21	1	120	45	-	165	197	222
Trucks	5	-	-	4	-	-	4	1	1
Lease hold improvements	150	1	1	84	16	1	99	51	66
Electrical Equipments	68	77		15	6	-	21	124	53
<b>Total</b>	16042	462	36	1338	555	9	1884	14584	14704
<b>b Capital Work In Progress</b>									
<b>Total</b>	19	96	54	-	-	-	-	61	19
<b>c Investment Property</b>									
<b>Total</b>	332	-	-	11	6	-	17	315	321
<b>d Intangible Assets</b>									
Computer software	182	18	-	66	36	-	102	98	116
<b>Total</b>	182	18	-	66	36	-	102	98	116
<b>Grand Total</b>	16575	576	90	1415	597	9	2003	15058	15160

**2 Right of Use Asset as at 31.03.2020** (₹ In Lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1 <sup>st</sup> April 2019	Additions	Disposals / Adjustments	Balance as at 1 <sup>st</sup> April 2019	Depreciation charged for the year	Disposals / Adjustments	Balance as at 31 <sup>st</sup> March 2020	Balance as at 31 <sup>st</sup> March 2019
<b>e Right of Use Asset</b>								
Office Building	1075	1117	-	-	415	-	415	1777
Furniture	8	-	-	-	2	-	2	6
<b>Total</b>	1083	1117	-	-	417	-	417	1783

2.1 Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and on initial application valued the Lease Liability at the present value of the remaining lease payments and discounted using the incremental borrowing rate at the date of Initial application and recognised the Right of Use Asset at the same value as the Lease Liability is recognised and the cumulative effect of initially applying this standard on Retained Earnings was Nil.

2.2 The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 12.55% by Holding Company, 12% by subsidiary company- Danish Steel & 5.25% by Foreign Subsidiary.

2.3 Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted as the company has adopted modified retrospective approach.

2.4 Rental Income derived from Investment Property recognised in Statement of Profit & Loss is ₹ 12.76 lakhs (FY 2018-19- ₹13.56 lakhs).

2.5 Rental Expenditure related to short-term leases and leases of low-value assets amounts to ₹ 76.15 lakhs.

Property Plant & Equipment as at 31.03.2019

Particulars	Gross Block					Accumulated Depreciation					Net Block		
	Balance as at 1 <sup>st</sup> April 2018	Additions	Transfer	Foreign Exchange Fluctuation	Disposals / Adjustments	Balance as at 31 <sup>st</sup> March 2019	Balance as at 1 <sup>st</sup> April 2018	Depreciation charged for the year	Transfer	Foreign Exchange Fluctuation	Disposals / Adjustments	Balance as at 31 <sup>st</sup> March 2019	Balance as at 31 <sup>st</sup> March 2018
<b>a Tangible Assets</b>													
Land - Free hold	13327	-	-	-	4459	8868	-	-	-	-	-	8868	13327
- Lease hold	1	-	-	-	-	1	-	-	-	-	-	1	1
Buildings	1508	59	(249)	8	135	1191	108	59	8	12	157	1034	1400
Under Lease	2978	-	-	-	-	2978	195	175	-	-	370	2608	2783
Plant and Equipment	2219	132	-	25	366	2010	338	238	-	25	475	1535	1881
Furniture and Fixtures	299	14	-	1	48	266	45	27	-	7	65	201	254
Vehicles	182	-	-	1	20	163	37	17	-	6	48	115	145
Office Equipment	296	53	-	5	12	342	73	45	6	4	120	222	223
Trucks	5	-	-	-	-	5	4	0	-	-	4	1	1
Lease hold improvements	136	15	-	-	1	150	59	25	-	-	84	66	77
Electrical Equipments	63	1	-	-	(4)	68	5	6	-	(4)	15	53	58
<b>Total</b>	21014	274	(249)	40	5037	16042	864	592	(6)	39	1338	14704	20150
<b>b Capital Work In Progress</b>													
Capital Work In Progress	29	97	-	-	107	19	-	-	-	-	-	19	29
<b>Total</b>	29	97	-	-	107	19	-	-	-	-	-	19	29
<b>c Investment Property</b>													
Investment Property	-	83	249	-	-	332	-	5	6	-	11	321	-
<b>Total</b>	-	83	249	-	-	332	-	5	6	-	11	321	-
<b>d Intangible Assets</b>													
Computer software	148	34	-	-	-	182	39	27	-	-	66	116	109
<b>Total</b>	148	34	-	-	-	182	39	27	-	-	66	116	109
<b>Grand Total</b>	21191	488	-	40	5144	16575	903	624	39	151	1415	15160	20288
<b>3. Non Current Investments</b>	(₹ in lakhs)												
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>												
<b>Trade Investments</b>	<b>As at 31<sup>st</sup> Mar 2019</b>												
(a) Investment in Equity Instruments													
(b) Investment in Preference Shares													
<b>Total</b>													
Aggregate amount of quoted investments													
Aggregate amount of unquoted investments													

**3.1 Details of Trade Investments**

(₹ in lakhs)

Sl. No	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Fair Value	
			2020	2019			2020	2019	2020	2019
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>SUBSIDIARY COMPANY'S INVESTMENTS</b>										
<b>(a) Investment in Equity Instruments</b>										
	Southern Petrochemicals Industries Corpn.Ltd	Others	1636900	1636900	Quoted	Fully Paid	0.80	0.80	192	416
	First Leasing Company of India Ltd	Others	121718	121718	Quoted	Fully Paid	0.53	0.53	-	-
	Heidelberg Cements India Ltd	Others	700	700	Quoted	Fully Paid	-	-	1	1
	Mercantile Ventures Ltd	Others	3714800	3714800	Quoted	Fully Paid	3.29	3.29	129	185
	Lakshmi Finance & Ind. Corporation Ltd	Others	900	900	Quoted	Fully Paid	0.03	0.03	-	-
	Synthetics & Chemicals Ltd	Others	1125	1125	Quoted	Fully Paid	-	-	-	-
	Birla Power Solutions Ltd	Others	3600	3600	Quoted	Fully Paid	-	-	-	-
	South India Travels Private Ltd	Others	5000000	-	Unquoted	Fully Paid	18.74	-	-	-
	Corn Industries & General Enterprises Ltd	Others	79606	79606	Unquoted	Fully Paid	17.08	17.08	-	-
	Sai Business & Consultancy Systems P Ltd	Others	70350	70350	Unquoted	Fully Paid	17.40	17.40	-	-
	India Radiators Ltd	Others	47188	47188	Unquoted	Fully Paid	5.24	5.24	-	-
	Sri Balajee Leasing Services Ltd	Others	541	541	Unquoted	Fully Paid	-	-	-	-
	Harrington Investments Ltd	Others	3900	3900	Unquoted	Fully Paid	-	-	-	-
	Everest Investments Ltd	Others	10000	10000	Unquoted	Fully Paid	-	-	-	-
	Navia Markets Ltd	Others	10000	10000	Unquoted	Fully Paid	-	-	-	-
	Mac Packaging Ltd	Others	220012	220012	Unquoted	Fully Paid	-	-	-	-
	Profad Ltd	Others	100150	100150	Unquoted	Fully Paid	-	-	-	-
<b>(b) Investments in Preference shares</b>										
	South India Travels Private Ltd	Others	11175646	-	Unquoted	Fully paid	100	-	-	-
<b>(c) Investments in Government or Trust Securities</b>										
	National Savings Certificate (NSC)	Others	-	-	Unquoted	Fully Paid	-	-	-	-
<b>(d) Investments in Partnership Firms</b>										
	South India Investments & Associates	Others	-	-	Unquoted	Fully Paid	-	-	-	-



### 3.1 Details of Trade Investments

Sl. No	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Fair Value	
			2020	2019			2020	2019	2020	2019
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>HOLDING COMPANY'S INVESTMENTS</b>										
<b>(a) Investment in Equity Instruments (Holding Company)</b>										
	Southern Petrochemicals Industries Corporation Ltd	Others	3017349	3017349	Quoted	Fully Paid	2	2	357	767
	EDAC Engineering Ltd	Others	9461	-	Unquoted	Fully Paid			1	
	First Leasing Company of India Ltd (includes bonus shares)	Others	2153649	2153649	Quoted	Fully Paid	9	9	-	-
	Mercantile Ventures Ltd	Others	4008205	4008205	Quoted	Fully Paid	3.58	3.58	139	200
	Mitsuba India Pvt Ltd	Others	300000	300000	Unquoted	Fully Paid	-	-	-	-
	EDAC Automation Ltd	Associate	-	449970	Unquoted	Fully Paid	-	50	-	45
	AM Foundation	Others	1600	1600	Unquoted	Fully Paid	16	16	-	-
<b>(b) Investments in Preference Shares</b>										
	EDAC Engineering Ltd	Others	11800000	10000000	Unquoted	Fully Paid	35	83	1180	1000
<b>Total</b>									<b>1999</b>	<b>2614</b>

**3.2** Pursuant to the order of the NCLT dated 10<sup>th</sup> July, 2019, EDAC Automation Ltd was merged with EDAC Engineering Ltd with effect from 1<sup>st</sup> April 2018. As per the Scheme of Arrangement approved by the NCLT, 449970 equity shares of EDAC Automation Ltd was converted into 9461 shares of EDAC Engineering Ltd.

**3.3** Pursuant to the order of the NCLT, EDAC Engineering Ltd has reissued 1,18,00,000 preference shares amounting to ₹ 1180 lakhs including the dividend accrued thereon amounting to ₹ 180 lakhs for the FY 16-17 & 17-18.

**3.4** During the year, South India Travels Pvt Ltd has issued 111,75,646 preference shares to subsidiary company- South India House Estates & Properties Ltd amounting to ₹ 1118 lakhs and 50,00,000 equity shares amounting to ₹ 254 lakhs against the outstanding debts. Provision for Impairment of Investments amounting to ₹ 1372 lakhs has been provided for South India Travels Pvt Ltd shares based on the estimates of the management. (Refer Note 34.2).

**3.5** All Quoted Investments have been fair valued at the prevailing Market Price as per IND AS.

**3.6** All Investments are fully paid up.

<b>4 Trade Receivables</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>	<b>As at 31<sup>st</sup> Mar 2019</b>	
Unsecured, considered good	<b>423</b>	1541	
Less: Provision for trade receivables	<b>423</b>	1541	
<b>Total</b>	<b>-</b>	<b>-</b>	

**4.1** During the year, South India Travels Pvt Ltd has issued 111,75,646 preference shares amounting to ₹ 1118 lakhs against the outstanding debts. Provision for debts created during the transition to IND As has been reversed. (Refer Note-3.4 & 34.2)

**4.2** The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. The company is making provisions on trade receivables where the probability of default is high and the counter party's capacity to meet the obligations is not strong.

## **5 Loans**

### **a. Security Deposits**

Unsecured, considered good	<b>301</b>	279
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### **b. Loans and advances to related parties**

Unsecured, considered good	<b>1033</b>	1032
Less: Provision for Doubtful Loans & Advances	<b>1029</b>	1029
Net Loans & Advances	<b>4</b>	3

### **c. Other loans and advances**

Unsecured, considered good	<b>1546</b>	1799
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<b>Total</b>	<b>1851</b>	2081
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**5.1** The Company has a detailed review mechanism of overdue Loans and Advances at various levels within organisation to ensure proper attention and focus for realisation. The company is making provisions on Loans and Advances where the probability of default is high and the counter party's capacity to meet the obligations is not strong.

## **6 Other Non-Current Assets**

a. Capital Advances	<b>20</b>	21
b. Other Advances	<b>6553</b>	6593
Less: Provision for Advances- ECL Model	<b>(6335)</b>	(6335)
<b>Total</b>	<b>238</b>	279

**6.1** The Company has a detailed review mechanism of overdue loans and advances at various levels within organisation to ensure proper attention and focus for realisation. The company is making provisions on Loans & advances where the probability of default is high and the counter party's capacity to meet the obligations is not strong.

## **7 Inventories**

a. Raw Materials and components	<b>2173</b>	2310
b. Work-in-progress	<b>943</b>	485
c. Finished goods	<b>6054</b>	4132
d. Stock-in-trade	<b>4046</b>	4609
e. Stores and spares	<b>43</b>	28
<b>Total</b>	<b>13259</b>	11564

# Sicagen India Limited

8 Trade Receivables	(₹ in lakhs)	
Particulars	As at 31 <sup>st</sup> Mar 2020	As at 31 <sup>st</sup> Mar 2019
Unsecured, considered good	20950	26985
Less: Provision for Trade receivables	343	238
<b>Total</b>	<b>20607</b>	<b>26747</b>

8.1 The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. The company is making provisions on trade receivables where the probability of default is high and the counter party's capacity to meet the obligations is not strong.

## 9 Cash and Cash Equivalents

Balances with banks		
Current Accounts	493	1452
Cheques, drafts on hand	-	7
Cash on hand	6	11
Bank Deposits with maturity of less than 3 months	45	90
<b>Total</b>	<b>544</b>	<b>1560</b>

## 10 Bank balance and Others

Others		
Margin Money	148	180
Balance with bank (for unpaid dividend)	50	55
Bank Deposits with maturity for more than 3 months but less than 12 months	930	5603
<b>Total</b>	<b>1128</b>	<b>5838</b>

10.1 Bank Balance and others as at March 31, 2020 and March 31, 2019 include restricted bank balances of ₹198 lakhs and ₹235 lakhs respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and Unpaid Dividend Account balances.

10.2 Fixed Deposits of ₹498 lakhs are pledged in relation to security granted for Working Capital Facilities.

10.3 Fixed Deposits of foreign subsidiary amounting to ₹106 lakhs (2 lakhs Singapore Dollars) are pledged in relation to security granted for Term Loan.

## 11 Loans

Security Deposits		
Unsecured, considered good	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

## 12 Current tax Assets (Net)

Advance Income tax	2563	3509
Less:		
Provision for Tax	1900	2766
<b>Total</b>	<b>663</b>	<b>743</b>

**13 Other Current Assets**

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
a. Advances other than capital advances				
Security Deposit		175		83
Other advances		711		573
b. Prepaid expense-unsecured considered good		144		129
c. Balance with govt authorities - unsecured considered good				
GST Credit receivable		243		173
d. Debit Balance with creditors				
Unsecured, considered good		2001		583
e. Others		95		355
<b>Total</b>		<b>3369</b>		<b>1896</b>

**14 Share Capital**

(₹ in lakhs)

Share Capital	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹10 each	50000000	5000	50000000	5000
<b>Issued</b>				
Equity Shares of ₹10 each	39571684	3957	39571684	3957
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹10 each fully paid	39571684	3957	39571684	3957

**14.1 Number of shares and the amount outstanding at the beginning and at the end of the reporting period**

Particulars	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	39571684	3957	-	-
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	39571684	3957	-	-

**14.2 Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at 31 <sup>st</sup> Mar 2020		As at 31 <sup>st</sup> Mar 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
M/s.Ranford Investments Ltd.	7400649	18.70	7400649	18.70
M/s.Darnolly Investments Ltd.	7276102	18.39	7276102	18.39
M/s.Twinshield Consultants Pvt.Ltd.	3148810	7.96	3148810	7.96

**14.3 Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL**

# Sicagen India Limited

<b>15. Other Equity</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>	As at 31 <sup>st</sup> Mar 2019	
Capital Reserve	7213	6938	
Securities Premium Reserves	29443	29443	
General Reserve	200	200	
Retained Earnings	(4450)	(4367)	
Foreign Currency Translation Reserve	(588)	(455)	
Other Comprehensive Income Reserve	1747	2528	
<b>Total</b>	<b>33565</b>	<b>34287</b>	
<b>16 Borrowings</b>			
Term Loans from Banks	697	935	
<b>Total</b>	<b>697</b>	<b>935</b>	
<b>16.1</b> The term loan availed by foreign subsidiary is secured by first legal mortgage over the property at 142 Gul Circle, Jurong Industrial Estate, Singapore and the fixed deposits of ₹ 106 lakhs (2 lakhs Singapore Dollars).			
<b>17 Lease Liabilities</b>			
Lease Liabilities*	1389	-	
<b>Total</b>	<b>1389</b>	<b>-</b>	
*On Account of Adoption of Ind As 116.			
<b>18 Other Financial Liabilities</b>			
Advance from customers	13	-	
<b>Total</b>	<b>13</b>	<b>-</b>	
<b>19 Provisions</b>			
<u>Provision for employee benefits</u>			
Leave Encashment	56	49	
Provision for Loans and Advances	1546	1799	
<b>Total</b>	<b>1602</b>	<b>1848</b>	
<b>19.1</b> The Company has a detailed review mechanism of overdue loans and advances at various levels within organisation to ensure proper attention and focus for realisation. The company is making provisions on loans and advances where the probability of default is high and the counter party's capacity to meet the obligations is not strong.			
<b>19.2</b> Provision for debts created during the transition to IND As by the subsidiary company has been reversed. (Refer Note-3.4 & 34.2)			
<b>20 Deferred Tax Liability</b>			
Deferred Tax Liability	290	262	
<b>Closing Balance</b>	<b>290</b>	<b>262</b>	

No deferred tax assets are recognised by subsidiary company- Danish Steel on the carry forward losses and unabsorbed depreciation, in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

<b>21 Borrowings</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>	As at 31 <sup>st</sup> Mar 2019	
<b>Secured</b>			
Working Capital Facility	562	2991	
Term Loans from Banks	4003	4346	
<b>Unsecured</b>			
From Banks	1471	1921	
From Other Parties	1167	1603	
Deposits	2	2	
<b>Total</b>	<b>7205</b>	<b>10863</b>	

- 21.1** Working capital facilities availed were secured by hypothecation of stocks and receivables of all divisions and creation of equitable mortgage by way of deposit of title deeds of certain immovable assets of the company as collateral security.
- 21.2** Unsecured Loans includes Term Loan from NBFC for 240 lakhs repayable in 24 installments commencing from August,2018. Outstanding as at 31.03.2020- ₹40 Lakhs.
- 21.3** Moratorim benefit on the Principal & Interest Outstanding as at 31.03.2020 was claimed by the company on the Working Capital Facilities
- 21.4** The term loan availed by foreign subsidiary is secured by first legal mortgage over the property at 142 Gul Circle, Jurong Industrial Estate, Singapore and the fixed deposits of ₹106 lakhs (2 lakhs Singapore dollars).

<b>22 Trade payables</b>			
Dues to Micro, Small and Medium Enterprises *	542	135	
Dues to enterprises other than Micro, Small and Medium Enterprises	9645	14894	
<b>Total</b>	<b>10187</b>	<b>15029</b>	

- 22.1** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management.

**22.2 Dues to Micro, Small and Medium Enterprises \***

<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>	As at 31 <sup>st</sup> Mar 2019	
I) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	542	135	
II) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	11	-	
III) 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 this Act;	-	-	
IV) the amount of interest accrued and remaining unpaid at the end of each accounting year; and		1	
V) 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	-	-	

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<b>23 Other Financial Liabilities</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>As at 31<sup>st</sup> Mar 2020</b>	<b>As at 31<sup>st</sup> Mar 2019</b>	
Interest accrued and due on borrowings	266	204	
Unpaid Dividend	50	55	
Other payables	16	26	
Liability for Expenses	180	164	
Statutory remittances	45	95	
Advance from customers	-	3	
Security Deposit	1	1	
Deferred Revenue	-	54	
<b>Total</b>	<b>558</b>	<b>602</b>	
<b>24 Lease Liabilities</b>			
Lease Liabilities*	353	-	
<b>Total</b>	<b>353</b>	<b>-</b>	
*On Account of Adoption of Ind As 116.			
<b>25 Other Current Liabilities</b>			
Advance from Customers	313	369	
Others	167	161	
<b>Total</b>	<b>480</b>	<b>530</b>	
<b>26 Provisions - Current</b>			
Provision for employee benefits			
Gratuity	35	11	
Leave encashment	3	3	
Bonus/Performance pay	166	156	
<b>Total</b>	<b>204</b>	<b>170</b>	
<b>27 Revenue From Operations</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> Mar 2020</b>	<b>For the year ended 31<sup>st</sup> Mar 2019</b>	
<b>Sale of products</b>			
Traded Goods	45117	57691	
Manufactured Goods	23598	23148	
<b>Sub-Total</b>	<b>68715</b>	<b>80839</b>	
<b>Sale of services</b>	<b>958</b>	<b>943</b>	
<b>Other operating revenues</b>			
Scrap Sales	206	249	
Others	7	3	
<b>Total</b>	<b>69886</b>	<b>82034</b>	

**27.1 Details of Products Sold**

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> Mar 2020	For the year ended 31 <sup>st</sup> Mar 2019
<b>Traded Goods</b>		
Steel Pipes	26930	31065
Steel	5873	8673
PVC Pipes	212	572
Cables	9817	12876
Power & Control Equipment	1411	1780
Spares and Others	874	2725
<b>Sub-Total - (A)</b>	<b>45117</b>	<b>57691</b>
<b>Manufactured Goods</b>		
Drums	3544	3894
Power & Control Equipment	584	373
Others	2213	2581
Cables	16420	15502
Chemicals	837	798
<b>Sub-Total - (B)</b>	<b>23598</b>	<b>23148</b>
<b>Total</b>	<b>68715</b>	<b>80839</b>

**27.2 Impact of COVID-19**

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers.
- prolonged lock-down situation resulting in its inability to deploy resources due to restrictions in mobility.
- customers postponing their discretionary spend due to change in priorities.

The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

**Contracts postponed/Cancelled due to the Impact of COVID-19**

Our Boat Building Division has a contract of delivering 8 fisheries boats to Tamil Nadu fisheries department by April/ May amounting to ₹664 lakhs. Of this, two boats have already been delivered and the revenue arising out of the same has been recognised. The supply of remaining 6 boats were disrupted due to rain and lock down due to COVID-19.

**28 Other Income**

Interest Income	185	218
Dividend Income	-	184
Other non-operating income	919	1275
<b>Total</b>	<b>1104</b>	<b>1677</b>



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<b>29 Cost of Raw Materials Consumed</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> Mar 2020</b>	<b>For the year ended 31<sup>st</sup> Mar 2019</b>	
Inventory at the beginning of the year	<b>2368</b>	2620	
Add : Purchases	<b>28854</b>	18895	
Less : Inventory at the end of the year	<b>1733</b>	2361	
<b>Cost of Raw Materials consumed</b>	<b>29489</b>	19154	
<b>29.1 Details of Raw Material Consumed</b>			
CRCA Coils	<b>2472</b>	3096	
Others	<b>3114</b>	2259	
Cables	<b>23903</b>	13799	
<b>Cost of Raw Materials consumed</b>	<b>29489</b>	19154	
<b>30 Purchases of Stock-in-Trade</b>			
Steel Pipes	<b>24604</b>	31013	
Steel	<b>5514</b>	6706	
PVC Pipes	<b>206</b>	393	
Cables	<b>1832</b>	11404	
Power & Control Equipment	<b>1422</b>	1659	
Spares and Others	<b>566</b>	2117	
<b>Total</b>	<b>34144</b>	53292	
<b>31 (Increase)/Decrease in inventories of finished goods, work-in-progress and Stock in Trade</b>			
<b>Inventory at the end of the year</b>			
Finished Goods	<b>5894</b>	4140	
WIP	<b>929</b>	486	
Stock in Trade	<b>4046</b>	4609	
<b>Sub-Total - (A)</b>	<b>10869</b>	9235	
<b>Inventory at the beginning of the year</b>			
Finished Goods	<b>4159</b>	4301	
WIP	<b>487</b>	633	
Stock in Trade	<b>4609</b>	4919	
<b>Sub-Total - (B)</b>	<b>9255</b>	9853	
<b>(Increase)/Decrease - (B-A)</b>	<b>(1614)</b>	618	
<b>32 Employee benefit expense</b>			
Salaries, Wages and Bonus	<b>3029</b>	4006	
Contribution to Provident Fund and Others	<b>277</b>	292	
Staff Welfare Expense	<b>213</b>	261	
<b>Total</b>	<b>3519</b>	4559	

<b>33 Finance Cost</b>	(₹ in lakhs)	
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> Mar 2020</b>	<b>For the year ended 31<sup>st</sup> Mar 2019</b>
Interest*	807	813
Bank Charges	74	100
<b>Total</b>	<b>881</b>	<b>913</b>

\*On Account of Adoption of IND As 116- Refer Note-1.11

<b>34 Other Expenses</b>		
Rent*	76	490
Rates & Taxes	184	237
Insurance	137	101
Power & Fuel	392	387
Office Maintenance	299	360
Vehicle Operating Expenses	1	1
<u>Repairs &amp; maintenance</u>		
Plant & Machinery	23	84
Building	11	20
Vehicles	19	42
Others	218	194
Travelling & Conveyance	216	347
Printing & Stationery	33	37
Postage, Telegram & Telephone	72	85
Subscription / Donation/ CSR	13	28
Advertisement, Publicity & Sales Promotion	97	113
Payment to Auditors ( Details given below)	41	40
Legal & Professional Fees	130	153
Freight & Forwarding charges	491	687
Director's Sitting Fee	16	23
Brokerage & Commission	13	98
Foreign Exchange Fluctuation	48	13
Other Selling Expenses	2	3
Consumable Stores & Tools	26	55
Bad Debts written off	12	78
Security Service Charges	89	111
Loss on sale of Fixed Assets	3	151
Entertainment Expenses	9	6
Consultancy Fees	34	82
Miscellaneous Expenses	13	40
Testing Fees	55	58
Foreign Workers Levy	101	106
Factory Miscellaneous Expenses	34	37
Provision for Doubtful Debts	264	-
Impairment of Investments	44	-
<b>Total</b>	<b>3216</b>	<b>4267</b>

\*On Account of Adoption of IND As 116- Refer Note-1.11

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## 34.1 Payment to Auditor

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> Mar 2020	For the year ended 31 <sup>st</sup> Mar 2019
Statutory Audit Fee	32	29
Taxation matters	3	3
Other services	6	8
<b>Total</b>	<b>41</b>	<b>40</b>

**34.2** During the year, South India Travels Pvt Ltd has issued 111,75,646 preference shares amounting to ₹ 1118 lakhs and 50 lakhs equity shares amounting to ₹ 254 lakhs against the outstanding debts as per the books of accounts. During the transition to IND As, the outstanding debts were provided for under the ECL model and the same has now been reversed during the current year. Further Provision for Impairment of the Investments issued during the current year has been provided for based on the estimates of the management. Extracts of the same are as follows:

Reversal of Provision for Debts	1372.00	-
Less: Provision for Impairment of Investments	1372.00	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 35 Other Comprehensive Income

(A) Items that will not be reclassified to profit or loss:

Remeasurement of defined benefit plans	(31)	(12)
Equity Instruments through Other comprehensive Income	(750)	(800)
<b>Total</b>	<b>(781)</b>	<b>(812)</b>

(B) Items that will be reclassified to profit or loss:

The effective portion of gains and loss on hedging instruments in a cash flow hedge		1
Others	-	-
<b>Total</b>	<b>-</b>	<b>1</b>

## 36 Earning Per Share [EPS]

Profit after Tax	36	13
No. of Shares used in computing EPS-Basic	39571684	39571684
Face value per share (₹)	10	10
Weighted Average number of equity shares	39571684	39571684
Basic & diluted earning per share	0.09	0.03

## 37 Expenditure in Foreign Currency during the Financial year:

Travelling Expenses	2	10
Reimbursement of Expenses	59	294
Others	-	8
<b>Total</b>	<b>61</b>	<b>312</b>

## 38 Earnings in Foreign Exchange (Received during the year)

Export of goods	407	512
Others	2	-
<b>Total</b>	<b>409</b>	<b>512</b>

**39 Related Party Transaction**
**a. List of related parties where control exists**
**Name of the Related Party**
**Wholly Owned Subsidiary**

Wilson Cables Private Limited  
 South India House Estates & Properties Limited  
 Danish Steel Cluster Private Limited

**Enterprise over which a Director is able to exercise significant influence**

Firstgen Distribution Private Limited  
 SIDD Life Sciences Private Limited  
 Medihub Sciencetec Private Ltd

**Enterprise over which a Director's Relative is a partner and is able to exercise significant influence**

South India Investments & Associates

**b. Other related parties with whom transactions have taken place during the year 2019-20**

Name of the related parties & relationship  
 R.Chandrasekar, Whole Time Director  
 D.Balagopal, Chief Financial Officer (upto 10.12.2019)  
 M.O.Ayyappan, Chief Financial Officer (w.e.f 07.02.2020)  
 G.Arunmozhi, Company Secretary  
 M.Nandakumar

**c. The following transactions were carried out with the related parties during the year 2019-20**

	(₹ In Lakhs)
<b>Sale of Goods/Income from Services Rendered</b>	<b>Amount</b>
Firstgen Distribution Private Limited	1086.66
Danish Steel Cluster Private Limited	0.07
<b>Purchase of Goods</b>	
SIDD Life Sciences Private Limited	729.67
<b>Managerial Remuneration</b>	
R.Chandrasekar	51.37
M.O.Ayyappan (w.e.f 07.02.2020)	2.56
D.Balagopal (upto 10.12.2019)	39.94
G.Arunmozhi	18.06
<b>IT Support Charges</b>	
Wilson Cables Private Limited	28.92
Medihub Sciencetec Private Ltd	6.02
<b>Rent Received</b>	
Medihub Sciencetec Private Ltd	1.70
Firstgen Distribution Private Limited	2.67
<b>Reimbursement of Expenses-Payable</b>	
Wilson Cables Private Limited	159.00
Danish Steel Cluster Private Limited	0.38

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(₹ in Lakhs)  
Amount

## Reimbursement of Expenses-Receiveable

Wilson Cables Private Limited	14.55
Danish Steel Cluster Private Limited	0.39
Firstgen Distribution Private Limited	0.11
South India House Estates & Properties Limited	12.15

## Interest on Loan

Danish Steel Cluster Private Limited	69.89
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## 40 Contingent Liability

- Appeals pending at High Court for the Assessment year 2009-10 for a demand of ₹200 lakhs. Appeal filed with CIT (A) for a demand of ₹ 39 lakhs for the Assessment year 2015-16.
- Appeal filed with ITAT for a demand of ₹1699 Lakhs for the Assessment year 2011-12 allowed on statistical purposes in favour of the assessee and remanded back to Assessing Officer.
- CST Appeal pending at Appellate Deputy Commissioner for Financial year 2016-17 & 2017-18 for a demand of ₹ 14 lakhs & 2 lakhs respectively.
- Service Tax appeal pending at CESTAT for FY 2012-13 & 2013-14 for ₹ 3 lakhs.
- Guarantees given by the bankers for performance of Contracts and others ₹298.14 Lakhs (₹530.03 Lakhs).

## Subsidiary Company

- Appeals pending with High Court for a demand of ₹25.08 Lakhs & ₹34.10 lakhs (Assessment year 2006-07 & 2009-10 respectively).
- Appeals filed with CIT (A) for a demand of ₹285 Lakhs (Assessment year 2013-14).
- Guarantees given by the bankers for performance of Contracts and others ₹2.84 Lakhs (₹2.84 Lakhs).

## 41. DISCLOSURE OF FAIR VALUE MEASUREMENT:

41.1 The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to their short term maturities of these instruments.

The carrying value and fair value of financial instruments by category as at 31<sup>st</sup> March, 2020 & 31<sup>st</sup> March 2019 are as follows :

Particulars	(₹ in Lakhs)			
	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Amortised Cost	FVOCI	Amortised Cost	FVOCI
<b>Financial Assets</b>				
Investments				
- Equity Instruments	1	818	45	1569
- Preference Shares	1180		1000	
Loans	1851		2081	
Trade Receivables	20607		26747	
Cash and cash equivalents	544		1560	
Bank Balances other than Cash Equivalents	1128		5838	
Other Financial Assets-Loans	1		1	
<b>Financial Liabilities</b>				
Borrowings	697		935	
Borrowings- Current	7205		10863	
Trade Payables	10187		15029	
Other Financial Liabilities- Current & Non Current	571		602	

**41.2 Valuation Techniques used for Fair Valuation is as follows:**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2020				As at 31 <sup>st</sup> March 2019			
	Carrying Amount	Level of Input used in			Carrying Amount	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Assets</b>								
Investments								
- Equity Instruments	1	818		819	45	1569	1614	
- Preference Shares	1180			1180	1000		1000	
Loans	1851			1851	2081		2081	
Trade Receivables	20607			20607	26747		26747	
Cash and cash equivalents	544			544	1560		1560	
Bank Balances other than Cash Equivalents	1128			1128	5838		5838	
Other Financial Assets-Loans	1			1	1		1	
<b>Financial Liabilities</b>								
Borrowings	697			697	935		935	
Borrowings- Current	7205			7205	10863		10863	
Trade Payables	10187			10187	15029		15029	
Other Financial Liabilities- Current & Non Current	571			571	602		602	

**Valuation techniques used to determine the fair value**

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

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

## 40 Segment Information for the year ended 31<sup>st</sup> March 2020 Information about Primary Business Segments

Business Segments	2020			2019			
	Trading	Manufacturing	Eliminations	Total	Manufacturing	Eliminations	Total
<b>REVENUE</b>							
External Sales	46074	23812	-	69886	22961	-	82034
Inter Segment Sales	36	2	(38)	-	473	(476)	-
<b>Total Revenue</b>	<b>46110</b>	<b>23814</b>	<b>(38)</b>	<b>69886</b>	<b>23434</b>	<b>(476)</b>	<b>82034</b>
<b>RESULT</b>							
Segment Result	1052	492	-	1544	397	-	1593
Unallocated Corporate Expenses net of Unallocated Income				(396)			(496)
Operating Profit				1148			1097
Interest Expense				807			813
Income Taxes(net of def.tax)				305			271
Profit from ordinary activities				36			13
Exceptional items				-			-
Net Profit				36			13
<b>OTHER INFORMATION</b>							
Segment Assets	23732	17945	-	41677	19333	-	46924
Unallocated Corporate Assets				18823			21559
<b>Total Assets</b>	<b>23732</b>	<b>17945</b>	<b>-</b>	<b>60500</b>	<b>19333</b>	<b>-</b>	<b>68483</b>
Segment Liabilities	7179	14597	-	21776	16137	-	26798
Unallocated Corporate Liabilities				1202			3441
Total Liabilities	7179	14597	-	22978	16137	-	32339
Capital Expenditure	359	164		523	204		381
Depreciation	395	619		1014	492		624

### Information about Secondary Business Segments

	India	Rest of the World	Total	India	Rest of the World	Total
Revenue by Geographical Market	45105	24781	69886	55456	26578	82034
Segment Assets	41677	-	41677	46924	-	46924
Capital Expenditure	523	-	523	381	-	381

### Notes:

- The Company has identified Business Segment as the Primary Segment and Geographic Segment as the Secondary Segment disclosure. The Company's Primary segment identified as business segment based on nature of products, returns and Internal Business Reporting System as per Ind As 108.
- The Business Segments identified are Trading, Manufacturing and Discontinuing.
- The Geographical Segment considered for disclosure are India and Rest of the World. All sales facilities are located in India. Geographical segments are based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.
- Segmental assets include all operating assets used by the respective segment and principally consists of operating cash, debtors, inventories and fixed assets.

#### **43. Financial risk management**

The treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's principal financial liabilities comprise loans and borrowings in domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables.

##### **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 resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, cash & cash equivalents and deposits with banks and financial institutions.

##### **Trade receivables**

The Company's customer profile include public sector enterprises, state owned companies and large private corporates. Accordingly, the Company's customer credit risk is moderate. The Company's average project execution cycle is around 12 months.

General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 90 days and certain retention money to be released at the end of the project. In some cases retentions are substituted with bank/corporate guarantees. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

##### **Impact of Covid-19**

Trade receivables forms a significant part of the financial assets carried at amortized cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have evaluated the likelihood of increased credit risk and consequential default considering emerging Covid-19 situation. This assessment considers the current collection pattern across various verticals and the financial strength of customers. The Company is closely monitoring the developments across various business verticals. Basis this assessment, provision made towards ECL is considered adequate.

##### **Loans and advances**

##### **Cash and cash equivalents and deposits with banks**

The Company has banking operations with highly rated banks including scheduled banks which are owned by Government of India and Private Sector Banks. The risk of default with government controlled entities is considered to be insignificant.

##### **Provision for expected credit losses**

Loss Allowance is measured using the expected credit loss model on assets where the probability of default is high and the counter party's capacity to meet the obligations is not strong using the expected credit loss model.

The Company has assets where the counter - parties have sufficient capacity to meet the obligations and where the risk of default is very low.

Assets are written off when there is no reasonable expectation of recovery, such as debtor declaring bankruptcy or failing to engage in a repayment plan with the Company.

Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.



# Sicagen India Limited

- (i) The company is making provisions on trade receivables based on Expected Credit Loss (ECL) model.

The reconciliation of ECL is as follows: (₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Opening Balance	238	3661
IFRS 109 Adopted	-	126
Loss Allowance based on ECL	304	184
Reversal of ECL Loss Allowance	(39)	(84)
Write off as Bad Debts	(164)	(3650)
Translation Exchange Difference	4	1
Provision for Doubtful Debts (as per Note 8)	343	238

- (a) Category-wise classification for applicable financial assets:

I. Measured at amortised cost: : (₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Loans	1851	2081
Trade receivables	20607	26747
Cash and cash equivalents	544	1560
Bank Balance Other than Cash Equivalents	1128	5838
Other Financial Assets-Loans	1	1

- II. Measured at fair value through Other Comprehensive Income (FVTOCI):

(i) Investment in Equity Instruments (Quoted) : (₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Investment in Equity Instruments	818	1569

## Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, 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 risking damage to the Company's reputation.

The Company manages liquidity risk through cash credit limits and undrawn borrowing facilities by continuously monitoring forecast and actual cash flows.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements of the Company. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

## Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period: :

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Working Capital Facility (Andhra Bank)	562	2991
Channel Financing Facility	2598	3364
Term Loan- Current & Non Current	4740	5441
<b>Total</b>	<b>7900</b>	<b>11796</b>

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(1) Foreign currency risk management:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by the Management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows

<b>As at 31-Mar-20</b>	<b>Currency</b>	<b>Gross Exposure</b>	<b>Exposure hedged using derivatives</b>	<b>Net Exposure</b>
Assets	DKK	16,35,595	-	16,35,595
Liabilities	NA	-	-	-

<b>As at 31-Mar-19</b>	<b>Currency</b>	<b>Gross Exposure</b>	<b>Exposure hedged using derivatives</b>	<b>Net Exposure</b>
Assets	DKK	9,95,764	-	9,95,764
Assets	DKK	14,457	-	14,457
Liabilities	EURO	582	-	582

### Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding floating rate debt. While most of the Company's outstanding debt in local currency is on fixed rate basis and hence not subject to interest rate risk.

44. Previous year's figures have been regrouped and rearranged in line with IND AS wherever necessary.

(₹ in lakhs)

## Additional Information of Subsidiary and Associate Companies

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
1	2	3	4	5	6	7	8	9
<b>Parent</b>								
Sicagen India Limited	100%	37,597	589%	212	65%	(498)	38%	(286)
<b>Subsidiaries</b>								
<b>Indian</b>								
South India House Estates and Properties Limited	0%	134	-31%	(11)	36%	(279)	39%	(290)
Danish Steel Cluster Private Limited	1%	189	-644%	(232)	1%	(4)	32%	(236)
<b>Foreign Subsidiary</b>								
Wilson Cables Private Limited*	-1%	(398)	186%	67	-	-	-9%	67
<b>Associates</b> (Investment as per the equity method)								
Indian	NA		NA		NA		NA	
<b>Joint Ventures</b> (as per proportionate consolidation/ investment as per the equity method)	NA		NA		NA		NA	
<b>TOTAL</b>	<b>100%</b>	<b>37,522</b>	<b>100%</b>	<b>36</b>	<b>100%</b>	<b>(781)</b>	<b>100%</b>	<b>(745)</b>

\* The Figures includes the consolidation of its 100% subsidiary Wilson Far East Private Ltd.

As per our Report of even date

For and on behalf of the Board

### For SRSV & ASSOCIATES

Chartered Accountants  
F.R.No.015041S

### V.RAJESWARAN

Partner  
M.No.020881

Place: Chennai

Date: 17<sup>th</sup> June 2020

### ASHWIN C MUTHIAH

Chairman

### B. NARENDRAN

Director

### R.CHANDRASEKAR

Whole Time Director

### M.O. AYYAPPAN

Chief Financial Officer

### G.ARUNMOZHI

Company Secretary

**Attachment to the Financial Statement**
**FORM AOC - 1**
**Statement containing salient features of the financial statement of subsidiaries/associate companies**
**(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules 2014)**
**Part "A" : Subsidiaries**

Sl. No.	Particulars	Indian Subsidiaries		Foreign Subsidiary	
		South India House Estates and Properties Ltd	Danish Steel Cluster Pvt Ltd.	Wilson Cables Pvt Limited*	
		₹ In lakhs	₹ In lakhs	Amount in SGD	₹ In lakhs
1	The date of when subsidiary was acquired	01.10.2006	28.12.2017	31.03.2011	
2	Reporting currency and Exchange rate as on last date of the relevant financial year in the case of foreign subsidiary	INR	INR	INR 53.0017/ SGD	
3	Share Capital	1000	708	6886216	3650
4	Reserves and Surplus	134	338	13100026	6353
5	Total Assets	7370	3239	45995198	23788
6	Total Liabilities	7370	3239	45995198	23788
7	Investments	323	-	-	-
8	Turnover	36	2126	47930016	24726
9	Profit before taxation	(13)	(226)	131635	68
10	Provision for taxation	(2)	6	887	1
11	Profit after taxation	(11)	(232)	130748	67
12	Proposed Dividend	-	-	-	-
13	% of Shareholding	100%	100%	100%	

\* The Figures includes the consolidation of its 100% subsidiary Wilson Far East Private Ltd.

Notes : 1 Subsidiaries which are yet to commence operations - NIL

2 Subsidiaries which have been liquidated or sold during the year - NIL

**Part "B" : Associates**
**NA**

Notes : 1 Associates which are yet to commence operations - NIL

2 Associates which have been liquidated or sold during the year - NIL

3 During the year, EDAC Automation Pvt Ltd (Associate Company) merged with EDAC Engineering Pvt Ltd as per NCLT order and EDAC Automation ceases to be an associate company.

As per our Report of even date

For and on behalf of the Board

**For SRSV & ASSOCIATES**

Chartered Accountants

F.R.No.015041S

**V. RAJESWARAN**

Partner

M.No.020881

Place: Chennai

Date: 17<sup>th</sup> June 2020

**ASHWIN C MUTHIAH**

Chairman

**M. O. AYYAPPAN**

Chief Financial Officer

**B. NARENDRAN**

Director

**G. ARUNMOZHI**

Company Secretary

**R. CHANDRASEKAR**

Whole Time Director



*If undelivered, please return to:*

**Sicagen India Limited**

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