



**SIP INDUSTRIES LIMITED**

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**FOURTEENTH  
ANNUAL REPORT  
1999-2000**

**FOURTEENTH ANNUAL REPORT 1999-2000****ANNUAL GENERAL MEETING**

On Wednesday the 20th September 2000

at

Bharathiya Vidya Bhavan  
37-39 East Mada Street, Mylapore,  
Chennai - 600 004.

at 10.00 A.M.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

**BOARD OF DIRECTORS**

K.C. Raghunathan  
(Chairman & Managing Director)  
K.C. Sukumar (Joint Managing Director)  
T.M. Srinivasan (Director)  
N. Raghunathan (Director)  
U. Prabhakar Rao (Director)  
Dr. J. Venkataramana (Director)

**Technical Director**

D.K. Mukherjee

**Company Secretary**

Valliammai Muthiah

**REGISTERED OFFICE**

116, Dr. Radhakrishnan Salai,  
III Floor, Chennai - 600 004.

**CONTENTS**

	Page
Notice and Notes	2
Directors' Report	3
Auditor's Report	8
Annexure to the Auditor's Report	9
Balance Sheet	11
Profit and Loss Account	12
Schedules to the Accounts	13
Notes forming Part of Accounts	22

**SUBSIDIARY COMPANY**

SIP Florals Ltd.	33
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**FACTORY**

Plot No. 46  
SIPCOT Industrial Complex  
Ranipet, Tamil Nadu  
Pin Code - 632 403

**FLORICULTURE FARM**

Suligunta Village  
Berikai, Firka, Hosur Taluk,  
Dharmapuri District, Tamil Nadu

**BANKERS**

Indian Overseas Bank  
Indian Bank

**AUDITORS**

P.B. Vijayaraghavan & Company  
Chartered Accountants



## NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of **SIP INDUSTRIES LIMITED**, will be held at Bharatiya Vidya Bhavan, 37-39, East Mada Street, Mylapore, Chennai 600 004, on Wednesday, the 20th September, 2000 at 10 A.M. to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2000 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To approve the interim dividend.
3. To appoint a Director in place of Mr U Prabhakar Rao, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint and fix remuneration of Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting. The retiring auditors M/s. P.B. Vijayaraghavan & Co., being eligible, offer themselves for reappointment.

CHENNAI  
31.07.2000

By Order of the Board  
**K.C. RAGHUNATHAN**  
CHAIRMAN & MANAGING DIRECTOR

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Duly completed Proxy Form in order to be effective, should be deposited at the Registered Office of the company not less than forty-eight hours before the time fixed for the commencement of the meeting. Proxy Form is enclosed.
3. Register of Members and Share Transfer Books of the Company will remain closed from 15.09.2000 to 20.09.2000 (both days inclusive).
4. Members are requested to immediately inform the Company if there is any change in their addresses.
5. Members are requested to bring the enclosed attendance slip duly filled in and hand over to the representative of the Company at the entrance of the Meeting Hall.
6. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Share Department enclosing their Share Certificates, to enable the Company consolidate their holdings in one folio.

It may please be noted that the Share/Debenture Registry is being handled in-house at the Company itself.

## Fourteenth Annual Report

### DIRECTORS' REPORT

Your Directors present their Fourteenth Annual Report to the Share Holders together with the Audited Accounts for the year ended 31st March, 2000.

#### FINANCIAL RESULTS:

The year ended March 31, 2000 resulted in profit of Rs.968.61 lakhs as against the loss of Rs.515.40 lakhs during the previous year.

	1999-2000	1998-99
	(Rs. in lacs)	
Profit before depreciation, Interest and tax	1437.56	12.33
<b>Less:</b>		
Interest	142.78	330.10
Depreciation	125.53	130.37
Profit/(Loss) before taxation	1169.25	(448.14)
Income tax paid	200.64	(67.26)
Net Profit/(Loss) after tax	968.61	(515.40)
Transfer from Debenture Redemption Reserve	—	50.00
Transfer from General Reserve	—	59.70
Balance brought forward	(239.49)	166.21
Balance Profit/(Loss) carried to Balance Sheet	—	(239.49)
Amount available for appropriation	729.12	—

#### APPROPRIATION:

General Reserve	87.70	—
Dividend interim (20%) & taxes thereon	103.82	—
Balance carried to Balance Sheet	537.60	—
	729.12	—

#### DIVIDEND:

Taking into consideration the sizable profits made by the Company on account of sale of part of the investments made in SIP Technologies and Exports Ltd (SIPTECH), an interim dividend of 20% was paid during May, 2000 for the financial year 1999-2000 aggregating to Rs.93,52,830/-. The Board decided that the interim dividend already paid be recommended to the shareholders as the dividend for the financial year 1999-2000 to be approved at the ensuing Annual General Meeting.

#### PERFORMANCE AND PROSPECTS :

##### Resins :

The Resin operation shows a similar pattern to that of the previous year. Dumping of Epoxy Resins by the multinational companies resulted in lower operation. However, in view of the all round growth of the economy, the Company is actively exploring the possibility of increasing the overall profitability of its operations.



**Floriculture:**

The entire debt has been settled with the financial institutions under one time settlement scheme. This was possible due to our divesting investment in the information technology company, SIP TECH.

The Company has already taken necessary steps to improve its performance.

**Wind Mills:**

Subsequent to the approval of the shareholders pursuant to Section 293(1)(a) of the Companies Act, 1956, at the Extra Ordinary General Meeting held on 22.05.2000, the sale of windmill division is almost complete except for the approval of the Electricity Board which is expected shortly.

**DIRECTORS:**

Mr U Prabhakar Rao retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. Mr K C Sukumar continues as Joint Managing Director of the Company without remuneration with effect from 1st May 2000 for the rest of his tenure.

**AUDITORS:**

M/s.P B Vijayaraghavan & Company, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**COST AUDIT:**

The Government of India has ordered the Cost Audit of records relating to Resins division of the Company for every year under Section 233B of the Companies Act, 1956. Pursuant to this M/s GEEYES & COMPANY, Cost Accountants, have been appointed to conduct audit of the Cost Accounts.

**SIP TECHNOLOGIES & EXPORTS LIMITED**

It ceases to be a subsidiary of your Company with effect from 31.03.2000 consequent on the disinvestment during the year.

**SUBSIDIARY :**

**SIP FLORALS LIMITED**

The Company is yet to commence its activities.

**PARTICULARS OF EMPLOYEES:**

The statement concerning the employees as required by Sub-section 2A of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is attached and forms part of this report.

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

Particulars as to (a) Conservation of Energy, (b) Technology Absorption and (c) Foreign Exchange Earnings and Outgo, as required by Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are attached and form part of this report.

**Y2K COMPLIANCE :**

The rollover to the new millenium for the Company was very smooth.

**ACKNOWLEDGEMENTS:**

Your Directors thank the Bankers and Financial Institutions for their continued support to the Company.

The Directors also wish to place on record their appreciation for the hard work put in by the employees, at all levels.

CHENNAI  
31.07.2000

By Order of the Board  
**K.C. RAGHUNATHAN**  
Chairman & Managing Director

## Fourteenth Annual Report

### FORM - A

Form for disclosure of particulars with respect to conservation of energy.

#### CONSERVATION OF ENERGY

Company's operations involve moderate energy consumption. Wherever possible, energy conservation measures have been taken.

#### (A) Power and Fuel Consumption:

##### ELECTRICITY:

(a) Purchased	Current Year	Previous Year
Units/(KWH)	139069	98437
Total Amount (Rs.)	629809	440745
Rate/Unit (Rs.)	4.52	4.48
(b) Own Generation		
(i) Through Diesel Generator Unit	11458	30706
Units per ltr. of Diesel Oil	2.10	2.32
Cost/Unit (Rs.)	6.06	4.72
(ii) Through Wind Mill		
No. of Units (KWH)	285804	272472
Value (Rs.)	919382	846771

##### FURNACE OIL/LDO

Qty. (K. Ltrs.)	118.779	109.987
Total Amount (Rs.)	1231987	1016300
Average Rate (Rs.)	10372	9240

#### (B) Consumption per unit of Production

Product	Unit/M.T.	Current Year	Previous Year
Epoxy Resin :			
Electricity	KWH	627.48	568.67
Furnace Oil	Litres	170.82	153.57
Coal	-	-	-
Others	-	-	-



**FORM - B**

**(A) TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT**

**TECHNOLOGY ABSORPTION:**

Following Technologies emerged from inhouse R&D:

Developed :

- i. a special powder coating grade Epoxy Resin (EPP-9822FM) which will not need any addition of flow modifier at the formulator's end to achieve special properties;
- ii. a special vacuum casting Epoxy Resin (ESC-2900) with an improvement in filler loading and higher thermal and mechanical properties;
- iii. a low viscous Epoxy Novolac Resin (EPG-5079N) was developed for Export requirement;
- iv. an in-situ system EMA 413/EH 312 for Glued Rail Joints.

**(B) BENEFITS DERIVED:**

- i. Repeat export order of high temperature resistance Novolac Phenolic resin BAN 099;

Commercial marketing has commenced:

- ii. on special powder coating grade Epoxy resin (EPP-9822 FM);
- iii. for low viscous Epoxy Novolac resin (EPG-5079N).

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange Earnings and Outgo are shown in Notes to the Accounts. Members are requested to refer to those Notes.



## Fourteenth Annual Report

### ANNEXURE TO DIRECTORS' REPORT

#### STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Name & Age	Quali- fication	Designation/ Nature of duties	Date of commen- cement of employ- ment	Expe- rience in years	Remune- ration received (Rs.)	Last Employment held	
						Name of the Company	Desig- nation
K.C. Raghunathan 52 Yrs	B.Sc.	Chairman & Managing Director	01.06.87	30	10,82,000	Southern Indl. Polymers P Ltd.	Director
K.C. Sukumar 49 Yrs	B.Sc.	Joint Managing Director	01.06.87	28	10,82,000	Southern Indl. Polymers P Ltd.	Director

#### NOTES:

1. In case of Chairman & Managing Director and Joint Managing Director, nature of employment is contractual.
2. The above remuneration includes HRA, Allowances, reimbursements, contribution to Provident Fund etc.
3. Mr. K.C. Raghunathan and Mr. K.C. Sukumar are related to each other.







## AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SIP INDUSTRIES LIMITED, CHENNAI

We report as follows:

We have examined the attached Balance Sheet of M/s. SIP INDUSTRIES LIMITED, Chennai as at 31st March 2000 and the Profit & Loss Account for the year ended on that date with the books of the Company and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in the paragraph 1 above we state that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of books;
  - c) The Company's Balance Sheet and Profit & Loss Account are in agreement with the books of accounts;
  - d) In our opinion the Profit & Loss Account and Balance Sheet referred to in this report are drawn up so far as to comply with the requirements of the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and schedules thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
    - i) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2000.
    - ii) In the case of Profit and Loss Account, of the PROFIT for the year ended on that date.

for **P.B. VIJAYARAGHAVAN & CO**  
**CHARTERED ACCOUNTANTS**

CHENNAI  
26.05.2000

**P.B. SANTHANAKRISHNAN**  
Partner

## Fourteenth Annual Report

### ANNEXURE TO THE AUDITOR'S REPORT

1. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets. All the assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
4. The procedure for physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
7. The Company has not taken loans, secured or unsecured, from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956, or from Companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956, where the rate of interest and the other terms and conditions are, in our opinion, prima facie prejudicial to the interest of the Company. (Section 370 has since been deleted).
8. The Company has not granted loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, or to Companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956, where, the rate of interest and other terms and conditions are prejudicial to the interest of the company. (Section 370 has since been deleted).
9. In respect of loans and advances in the nature of loans given by the Company, parties/staff have repaid the principal amounts as stipulated and have also been regular in the payment of interest wherever applicable.
10. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. As explained to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and aggregating during the year to Rs.50,000/- or more.
12. As explained to us, the value of unserviceable and damaged stores, raw materials and finished goods are not significant.
13. The Company has not accepted deposits from the public.