



**SIP INDUSTRIES LIMITED**

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**FIFTEENTH  
ANNUAL REPORT  
2000-2001**

**FIFTEENTH ANNUAL REPORT 2000-2001****ANNUAL GENERAL MEETING**

On Monday the 24th September 2001

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))  
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.

**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

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## NOTICE

Notice is hereby given that the Fifteenth 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 Monday, the 24th September, 2001 at 10.00 A.M. to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2001 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 appoint a Director in place of Dr. J Venkataramana, who retires by rotation and, being eligible, offers himself for re-appointment.
3. 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., are eligible for re-appointment.

### SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification(s), the following as "ORDINARY RESOLUTIONS" :
  - i) "RESOLVED that pursuant to the provisions of Section 269, 198, 309, 310 and other applicable provisions, if any, and Schedule XIII of the Companies Act, 1956, (including any statutory modifications and / or re-enactments of the Companies Act, 1956 and / or any notification which the Central Government may issue from time to time) approval of the Company be and is hereby accorded to the re-appointment of Mr K C Raghunathan as Managing Director of the Company for a further period of five years from 21.08.2001 on the existing terms and conditions as detailed below.
    - I. Salary: A fixed monthly salary of Rs.50,000/- only.
    - II. Commission: 2% of the net profit of the Company as computed under Section 309(5) of the Companies Act, 1956.
    - III. Perquisites:
 

Category - A

      1. Housing I: The expenditure by the Company on hiring unfurnished accommodation for the appointee will be subject to a ceiling of 60% of the salary, over and above 10% payable by the appointee.
      - Housing II: In case the accommodation is owned by the Company, 10% of the salary of the appointee shall be deducted by the Company.
      - Housing III: In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.
    2. Medical Reimbursement : Reimbursement of expenses incurred for self and the family.
    3. Leave travel Concession: For self and family once in a year incurred in accordance with the rules of the Company.
    4. Club Fees: Subject to a maximum of two clubs, admission and life membership fees not being allowed.
    5. Personal Accident Insurance: Premium not exceeding Rs.4000/- per annum.

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6. Telephone: Provision of Telephone at residence will not be considered as a perquisite but personal long distance calls shall be billed by the Company.
7. Car: Provision of car with driver for use on Company's business.
8. Gas, Electricity, Water, Furnishings: The Company shall provide gas, electricity, water and furnishings free of cost.

FURTHER RESOLVED THAT the Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling of remuneration mentioned hereinabove:

**Category - B**

- a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961,
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- c. Encashment of leave at the end of the tenure.

In the event of loss or inadequacy of profit, in any financial year, the Managing Director shall be paid minimum remuneration by way of salary and perquisites as specified above.

- ii) RESOLVED that pursuant to the provisions of Section 269, 198, 309, 310 and other applicable Provisions, if any, and Schedule XIII of the Companies Act, 1956, (including any statutory modifications and / or re-enactments of the Companies Act, 1956 and / or any notification which the Central Government may issue from time to time) approval of the Company be and is hereby accorded to the reappointment of Mr. K C Sukumar as Joint Managing Director of the Company, for a further period of five years from 21.8.2001 and he shall be paid remuneration by way of commission @ 2% on the net profits of the Company for each financial year computed as per Section 349 and 350 of the Companies Act, 1956.

CHENNAI  
20.08.2001

By Order of the Board

**K. C. RAGHUNATHAN**  
Chairman & Managing Director

### ANNEXURE TO NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SEC.173(2) OF THE COMPANIES ACT 1956

**Item no 4**

- i) Mr K.C.Raghunathan was reappointed as Managing Director for a period of five years with effect from 21.8.96 at the Annual General Meeting held on 27.9.96 and his tenure had come to an end on 20.8.2001. The Board is of the opinion, it is essential at this juncture, that he continues for a further period of 5 years in the best interest of the Company. Therefore the Board reappointed Mr K C Raghunathan as Managing Director of the Company at their meeting held on 20.8.2001 for a further period of 5 years with effect from 21.8.2001 on the existing terms and conditions as detailed in the resolutions subject to the approval of the members.
- ii) Mr K C Sukumar was reappointed as Joint Managing Director for a period of five years with effect from 21.8.96 at the Annual General Meeting held on 27.9.96 and continued as Joint Managing



Director without remuneration with effect from 1st May, 2000 till his tenure ended on 20.8.2001. The Board is of the opinion that it is essential and helpful at this juncture, that he continues for a further period of five years in the best interest of the Company. Therefore the Board reappointed Mr K C Sukumar as Joint Managing Director of the Company at the meeting held on 20.8.2001 for a further period of five years with effect from 21.8.2001 as per the terms and conditions as detailed in the resolutions subject to the approval of the members.

The Board recommends the resolutions to the members for their approval.

None of the Directors except Mr K.C.Raghunathan, Managing Director and Mr.K.C.Sukumar, Joint Managing Director, who are related to each other, is interested in the resolution.

The aforesaid may be treated as an abstract of their appointment and memorandum of interest pursuant to section 302 of the Companies Act, 1956.

#### 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 meeting. Proxy Form is enclosed.
3. Register of Members and Share Transfer Books of the Company will remain closed from 20.09.2001 to 24.09.2001 (both days inclusive).
4. Members are requested to immediately inform the Company if there is any change in their addresses. Members whose shareholding are in the electronic mode are requested to send the intimation for change of address to their respective Depository Participant.
5. Members can avail of the Nomination facility by filing Form 2B with the Company. Blank Forms will be supplied on request.
6. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies Amendment Act, 1999, the amount of Dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.  
Members who have not encashed the Dividend Warrants for the year ended 31.03.96 and any subsequent dividend payments are requested to make their claim to the Company. Members who have not encashed the Dividend warrant for the earlier years (prior to Dividend for the year ended March 31, 1996) are requested to claim from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, No 26, Haddows Road, Chennai 600 006.
7. Members who hold shares in Dematerialised form, are requested to bring their Depository Account Number (Client ID Number) for easy identification and recording of attendance at the meeting.

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### DIRECTORS' REPORT

Your Directors present their Fifteenth Annual Report to their Share Holders together with the Audited Accounts for the year ended 31st March, 2001.

#### FINANCIAL RESULTS:

The year ended March 31, 2001 resulted in a net loss of Rs. 346.88 lakhs as against the profit of Rs. 968.61 lakhs during the previous year.

	2000-2001	1999-2000
	(Rs. in lakhs)	
Profit / Loss before depreciation, Interest and tax	(115.97)	1437.56
<b>Less:</b>		
Interest	141.05	142.78
Depreciation	<u>89.86</u>	<u>125.53</u>
Profit/(Loss) before taxation	(346.88)	1169.25
Income tax paid	<u>—</u>	<u>200.64</u>
Net Profit/(Loss) after tax	(346.88)	968.61
Balance brought forward	<u>537.60</u>	<u>(239.49)</u>
Balance Profit/(Loss) carried to Balance Sheet	190.72	—
Amount available for appropriation	<u>—</u>	<u>729.12</u>

#### APPROPRIATION:

General Reserve	—	87.70
Dividend interim (20% and taxes thereon)	—	103.82
Balance carried to Balance Sheet	<u>190.72</u>	<u>537.60</u>
	<u>190.72</u>	<u>729.12</u>

#### DIVIDEND :

In the absence of profit during the year, your Directors express their inability to recommend any dividend for the year.

#### PERFORMANCE AND PROSPECTS :

##### Resins:

During the current year there were no operations in the Resin Units from November 2000 to March 2001. Due to labour problems and economic non-viability the Board of Directors had, at their meeting on 13th July, 2001, announced the closure of the units.

*In view of the above cited reasons, the current year performance was substantially affected.*

**Floriculture:**

During the year under review the Floriculture Division has achieved a total turnover of Rs.89.05 lakhs out of which export turnover is Rs 50.36 lakhs which had resulted in a cash profit of Rs 1.64 lakhs. The Company could achieve this export turnover only by directly registering in the International auction house.

**WindMills:**

The sale of Windmill Division was completed during the year under review and the sale proceeds were fully utilised to reduce the Working Capital Term Loan availed from Indian Overseas Bank.

**INVESTMENTS:**

The Investment in SIP Technologies and Exports Limited (SIP TECH) is in good stead. An Interim Dividend of 20% for the year ended 31.03.2001 amounting to Rs 38.99 lakhs has been received by the Company and a Final Dividend of 7% has been recommended by the Board of SIP TECH.

**SUBSIDIARY: SIP FLORALS LIMITED**

The company is yet to commence its activities.

**DIRECTORS:**

Dr J Venkataramana retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment .

Mr N Raghunathan resigned from directorship during the current year. The Board records its appreciation of services rendered and the contributions made by him during his tenure as a Director of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis .

**AUDITORS :**

M/S P.B.Vijayaraghavan & Company, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible 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 application

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has been made to the Cost Audit Department, Department of Company Affairs, New Delhi for appointment of M/s GEEYES&COMPANY, as Cost Accountants to conduct audit of the Cost Accounts of the Company for the year 2001-2002. The approval is awaited.

### EMPLOYEE PARTICULARS:

None of the personnel in the Company was in receipt of remuneration in excess of the limits prescribed in Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules 1975 as amended during the year under review.

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

Particulars as to a) Conservation of Energy b) Technology Absorption 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.

### ACKNOWLEDGEMENTS:

Your Directors thank the Bankers 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 .

By Order of the Board

CHENNAI  
20.08.2001

**K. C. RAGHUNATHAN**  
Chairman & Managing Director





**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:**

<b>(a) Purchased</b>	<b>Current Year</b>	<b>Previous Year</b>
Units/(KWH)	<b>137159</b>	139069
Total Amount (Rs.)	<b>766300</b>	629809
Rate/Unit (Rs.)	<b>5.59</b>	4.52
<b>(b) Own Generation</b>		
(i) Through Diesel Generator Unit	<b>10020</b>	11458
Units per ltr. of Diesel Oil	<b>2.19</b>	2.10
Cost/Unit (Rs.)	<b>7.00</b>	6.06
(ii) Through Wind Mill		
No. of Units (KWH)	<b>159798</b>	285804
Value (Rs.)	<b>431455</b>	919382

**FURNACE OIL/LDO**

Qty. (K. Ltrs.)	<b>72.91</b>	118.779
Total Amount (Rs.)	<b>960593</b>	1231987
Average Rate (Rs.)	<b>13175</b>	10372

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

<b>Product</b>	<b>Unit/M.T.</b>	<b>Current Year</b>	<b>Previous Year</b>
Epoxy Resin :			
Electricity	<b>KWH</b>	<b>506.64</b>	627.48
Furnace Oil	<b>Litres</b>	<b>145.67</b>	170.82
Coal	—	—	—
Others	—	—	—

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### FORM - B

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

In house R&D has been actively pursuing and achieving better cost benefit ratio on the earlier development products.

#### **(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.

