



SIP INDUSTRIES LIMITED

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**18th
ANNUAL REPORT
2003-2004**

18th ANNUAL REPORT 2003-2004

ANNUAL GENERAL MEETING

On Thursday the 30th December 2004

at

Bharatiya 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

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

Technical Director

Mr. D.K. Mukherjee

Company Secretary

Mrs. Valliammai Muthiah

Registered Office

6th Floor, Crown Court,
128, Cathedral Road,
Chennai - 600 086.

Floriculture Farm

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

Auditors

P.B. Vijayaraghavan & Company
Chartered Accountants

Registrar & Share Transfer Agents

Cameo Corporate Services Limited
Subramanian Building,
No. 1, Club House Road,
Mount Road,
Chennai-600 002.

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NOTICE

Notice is hereby given that the Eighteenth 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 Thursday, the 30th December, 2004 at 10.00 A.M. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September 2004 and the Profit and Loss Account for the financial year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. 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.
3. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT the vacancy caused by the retirement by rotation of Dr. J. Venkataramana, who has not sought re-appointment, be not filled in at this meeting or at any adjournment thereof".

By Order of the Board

Chennai
26.11.2004

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 meeting. Proxy Form is enclosed.
3. Register of Members and Share Transfer Books of the Company will remain closed from 23.12.2004 to 30.12.2004(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 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.
6. Consequent upon the amendment to Section 205A of the Companies Act, 1956 and insertion of Section 205C by the Companies(Amendment) Act, 1999, the Dividend remaining unpaid/unclaimed in respect of dividend for 1996-97, has been transferred to the Investor Education and Protection (IEP) Fund set up by the Central Government.
7. Members are requested to claim from the Company their unclaimed dividends, if any, in respect of financial year 1999-2000 at the earliest, as the same will be transferred to the credit of IEP Fund of the Central Government under the provisions of Section 205C of the Companies Act, 1956 after seven years. It may please be noted that no claims shall lie against the Company or IEP Fund in respect of the said amount.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.3:

Dr. J. Venkataramana retires by rotation at this Annual General Meeting and is eligible for re-appointment. However, he has informed the Company that he does not seek re-appointment. The Company does not propose to fill up the vacancy at this meeting or any adjournment thereof. Hence, as required under section 256 of the Companies Act, 1956, a resolution is proposed not to fill up the vacancy caused by the retirement of Dr. J. Venkataramana at this meeting or at any adjournment thereof.

By Order of the Board

Chennai
26.11.2004

K.C. RAGHUNATHAN
Chairman & Managing Director

DIRECTORS' REPORT

Your Directors present their 18th Annual Report to their Shareholders together with the Audited Accounts for the year ended 30th September 2004.

FINANCIAL RESULTS:

The financial year ended 30th September 2004 resulted in a net loss of Rs. 123.32 lacs as against the Net Loss of Rs. 296.25 lacs during the previous year.

	2003-04	2002-03
	(Rs. in lakhs)	
Profit/Loss before depreciation, Interest and Tax	(58.27)	(188.17)
Profit/Loss before taxation	(123.32)	(296.25)
Net Profit/(Loss) after Tax	(123.32)	(296.25)
Balance brought forward	(24.18)	43.73
Balance Profit / (Loss) carried to Balance Sheet	(365.14)	(252.52)
Deferred Tax Liability reversal	14.08	10.70
Balance carried to Balance Sheet	(351.06)	(241.82)

DIVIDEND :

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

PERFORMANCE AND PROSPECTS :

The Company has disposed off the Plant and Machinery at the Resin Unit during the current year. As mentioned in the previous year's Directors' Report, disposal of Resin unit at Ranipet has been completed, and the proceeds were utilised for the One Time Settlement with Indian Overseas Bank.

The Company has recorded profit of Rs.5.18 lakhs in the segment of Securities Trading.

In respect of Floriculture division, the Company has recorded an export turnover of 26.32 lakhs and local sale of Rs.31.23 lakhs which has yielded a cash profit of Rs.6.68 lakhs during the year under review.

The Company has received a letter dated 16th November 2004 from the SEBI alleging violation of Regulation 6(2), 6(4) and 8(3) under SEBI (Substantial Acquisition of shares and takeovers) Regulations, 1997. The relevant information as required above



SIP INDUSTRIES LIMITED

was submitted to the Stock Exchange in July 2002 itself. The Company is making necessary arrangements to represent before the SEBI in this regard.

DIRECTORS:

Dr. J. Venkataramana, retires from the Board of Directors by rotation but has not sought re-appointment at the forthcoming Annual General Meeting. Accordingly, suitable resolution is being placed before the shareholders for their approval.

The Board records its appreciation of services rendered and valuable contributions made by Dr. J. Venkataramana 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:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- 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.

FIXED DEPOSITS:

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

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.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance along with Auditors' Certificate of the compliance is included as part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion & Analysis Report, as required in terms of Clause 49 (V) (A) of the Listing Agreement.

The Company has been successful in disposing off the Resin Unit in the interest of the Company. As a result of this, the Company was able to complete the OTS scheme with IOB.

With the unstinted efforts, the Company's Floriculture Division was able to achieve, a turnover of Rs. 57.55 lacs for the year 2003-2004 as against Rs. 6.15 lacs during 2002-03. An increase of 25% turnover is projected for the current year. The Company is hopeful of further growth in the future.

Net Loss for the year 2003-04 is Rs. 123.32 lacs as against the Net Loss of Rs. 296.25 lacs during 2002-03.

Adequate internal control system is instituted in the Company and the accounting records provide a true and fair view of the financial condition of the Company.

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
26.11.2004

K.C.RAGHUNATHAN
Chairman & Managing Director

FORM - A

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

CONSERVATION OF ENERGY

The Resin Unit of the company remains closed, hence not given. The Floriculture Unit is an Agricultural Industry and not Energy Intensive.

FORM - B

(A) TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT

Not Applicable as Resin unit is closed.

(B) 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.

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REPORT ON CORPORATE GOVERNANCE

SIP INDUSTRIES LIMITED has implemented the code of Corporate Governance in terms of the Listing Agreement with the Stock Exchanges. Corporate Governance is aimed at serving all the stakeholders and improving shareholders value.

The following is a report on the status and progress on major aspects of Corporate Governance.

1. BOARD OF DIRECTORS

a) Composition

The Board comprises of 5 members from various disciplines like finance and business management.

b) Executive and independent directors

The Board has been constituted in a manner, which will result in an appropriate mix of executive and independent directors.

Executive Directors:

1. Mr K C Raghunathan (Chairman & Managing Director)
2. Mr K C Sukumar (Joint Managing Director)

Independent non-executive directors.

1. Mr.T M Srinivasan
2. Mr. U Prabhakar Rao
3. Dr.J Venkataramana

The independent directors actively participate in the deliberations at the Board meetings and offer their ideas and share their experiences.

There has been no resignation / appointment of directors during the year 2003-2004.

c) Board Meetings

There were seven Board Meetings during the financial year. The Board meetings were held on the following dates

1. 27.11.2003
2. 12.01.2004
3. 29.01.2004
4. 05.04.2004
5. 30.04.2004
6. 27.07.2004
7. 20.08.2004

The attendance of directors at the Board Meetings and last Annual General Meeting is as follows:

Director	Board meetings attended	Last AGM attendance Yes / No / NA
Mr. K C Raghunathan	7	Yes
Mr. K C Sukumar	6	Yes
Mr. T M Srinivasan	4	No
Mr. U Prabhakar Rao	4	Yes
Dr. J Venkataramana	3	Yes

2. BOARD COMMITTEES

In accordance with the code of corporate governance, the Board has set up the following Committees.

(I) AUDIT COMMITTEE

a) Composition

The Audit Committee presently consists of the following three non-executive independent directors.

1. Mr. T M Srinivasan (Chairman of the Committee)
2. Mr U Prabhakar Rao
3. Dr J Venkataramana

Mrs.Valliammai Muthiah, Company Secretary is the Secretary to the Committee.

b) Committee Meetings

The Committee met three times during the year under review i.e. on 27.11.2003, 30.04.2004 and 27.07.2004. The attendance of directors at the committee meetings is as follows:

Member	Committee meetings attended
Mr.T M Srinivasan	3
Dr. J Venkataramana	3
Mr. U Prabhakar Rao	3

(II) INVESTORS' GRIEVANCE COMMITTEE

a) Composition

The Committee comprises of the following Directors.

1. Dr. J Venkataramana (Chairman of the Committee)
2. Mr. K C Raghunathan
3. Mr. K C Sukumar

b) Terms of reference

The Committee looks into various issues relating to shareholders / investors grievances.

c) Committee meetings

The Committee met thrice during the year under review i.e. on 27.11.2003, 30.04.2004 and 27.07.2004. The attendance of directors at the committee meetings is as follows:

Member	Committee meetings attended
Dr. J Venkataramana	3
Mr. K C Raghunathan	3
Mr. K C Sukumar	2

3. DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2003-04

Sl No	Name	Sitting fees (Per Annum)	Salary/ Allowances (Per Annum)	Contribution to PF & other funds (Per Annum)	Money value of perquisites (Per Annum)
1	Mr. K C Raghunathan	-	Rs.9,60,000/-	Rs.72,000/-	Rs.1,21,356/-
2	Mr. K C Sukumar	-	-	-	-
3	Mr. T M Srinivasan	Rs.4000/-	-	-	-
4	Mr. U Prabhakar Rao	Rs.4000/-	-	-	-
5	Dr. J Venkataramana	Rs.3000/-	-	-	-

4. DIRECTORS

Dr. J. Venkataramana, retires from the Board of Directors by rotation but has not sought reappointment at the forthcoming Annual General Meeting. Accordingly, suitable resolution will be placed before the shareholders for their approval.

5. DISCLOSURES

As per the declarations given by the management to the Board, during the year 2003-04, there were no material, financial and commercial transactions which are in potential conflict with the interest of the Company at large.

6. GENERAL SHAREHOLDER INFORMATION

Forms part of this report.

On behalf of the Board

Chennai
26.11.2004

K.C. RAGHUNATHAN
Chairman & Managing Director



SIP INDUSTRIES LIMITED

GENERAL SHAREHOLDER INFORMATION

- 1. Registered Office of the Company**
6th Floor, Crown Court,
128, Cathedral Road, Chennai 600 086.
- 2. Annual General Meetings**
Ensuing AGM:
Date & Time : 30.12.2004, 10.00 A.M.
Venue : Bharatiya Vidya Bhavan,
37-39, East Mada Street,
Mylapore Chennai-600 004

Last 3 Annual General Meetings

AGM for the year	Date	Time	Venue
2000-2001	24.09.2001	10 A.M.	Bharatiya Vidya Bhavan, Mylapore, Chennai 600 004
2001-2002	23.12.2002	10 A.M.	Bharatiya Vidya Bhavan, Mylapore, Chennai 600 004
2002-2003	31.12.2003	10 A.M.	No. 116, III Floor, Dr. Radhakrishnan Salai, Chennai 600 004

Approval by members through Postal Ballot:

Members' approval was obtained through Postal Ballot for the sale of the Resin Unit of the Company situated at Ranipet.

No Resolution on matters requiring Postal Ballot is placed for shareholders' approval at this meeting.

3. Financial Calendar (tentative and subject to change)

Financial Reporting for

- Quarter ended December 31, 2005	31 st January 2005
- Half year ended March 31, 2005	30 th April 2005
- Quarter ended June 30, 2005	31 st July 2005
- Quarter and year ended September 30, 2005	30 th November 2005

4. Book Closure Dates

23rd December 2004 to 30th December 2004.

5. Dividend

Your Directors have not recommended any Dividend for the Financial Year 2003-04.

6. Listing on stock exchanges & stock code

Stock Exchange	Stock Code
The Stock Exchange, Mumbai	523164
Madras Stock Exchange	SIPINDS
Demat ISIN Number for NSDL & CDSL in Equity Shares	INE186B01017

7. Market price data

Period	Mumbai Stock Exchange	
	High	Low
October 2003	3.36	1.33
November 2003	2.40	1.33
December 2003	4.79	1.98
January 2004	7.25	3.00
February 2004	6.10	1.61
March 2004	4.10	1.93
April 2004	5.20	2.10
May 2004	2.00	1.33
June 2004	4.20	1.55
July 2004	4.30	2.70
August 2004	5.10	3.12
September 2004	5.75	3.70

There was no trading in the Equity Shares of the Company in the Madras Stock Exchange for the period from October 1, 2003 to September 30, 2004.

8. Share transfer system and Registrar & Transfer Agents

The share transfer committee met almost twice every fortnight during the year 2003-04.

M/s. Cameo Corporate Services Limited, Chennai is the Registrar and Share Transfer Agent including electronic Connectivity Agent with effect from March 31, 2003.

9. Shareholding pattern/Distribution

Shareholding Pattern as on 30.09.2004.

Category	% to total capital
Promoter Group	62.48
Financial Institutions	-
Non-residents (NRIs/OCBs/FIIs)	2.08
Banks	0.01
Mutual Funds	0.01
Others	35.42
Total	100.00

Distribution of shareholding as on 30.09.2004.

Category (in Rs.)	No. of holders	% to total	No. of shares	% to total
Upto 5,000	3951	88.80	689210	14.74
5,001-10,000	297	6.68	225742	4.83
10,001- 20,000	102	2.29	154698	3.31
20,001- 30,000	44	0.99	107877	2.31
30,001- 40,000	16	0.36	57548	1.23
40,001- 50,000	7	0.16	33150	0.71
50,001-1,00,000	17	0.38	125996	2.69
1,00,001 and above	15	0.34	3282194	70.18
Total	4449	100.00	4676415	100.00

10. Dematerialisation of shares

The Company's shares can be sold through stock exchanges only in dematerialised form. As on date, shares constituting 24.30 % of the total paid up capital of the Company have been dematerialised.

11. Means of communication

The quarterly, half yearly and yearly financial results are intimated to both the Stock Exchanges where the Company's shares are listed and also published in the English Newspaper "News Today" and Tamil Newspaper "Malai Chudra". The annual reports are sent by mail to all shareholders.

12. Compliance officer

Mrs Valliammai Muthiah, Company Secretary
SIP Industries Limited
Regd Office: 6th Floor, Crown Court
No. 128, Cathedral Road, Chennai 600 086.

13. Contact address for shareholders' assistance

M/s Cameo Corporate Services Limited
"Subramanian Building, No.1 Club House Road,
Mount Road, Chennai 600 002.

On behalf of the Board

Chennai
26.11.2004

K.C.RAGHUNATHAN
Chairman & Managing Director

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AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE CERTIFICATE

We have reviewed the implementation of the Corporate Governance procedure by SIP Industries Limited for the year ended 30th September, 2004 with the relevant records and documents maintained by the Company as furnished to us for our review.

Based on our verification and information and explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

For P B VIJAYARAGHAVAN & Co.
Chartered Accountants

Chennai
26.11.2004

P.B. SANTHANAKRISHNAN
Partner

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SIP INDUSTRIES LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SIP INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of SIP Industries Limited as at 30th September 2004 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report 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 account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

- (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) On the basis of written representation received from the directors, as on 30th September 2004, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th September 2004, from being appointed as a Director U/s. 274 (1)(g) of Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 30th September 2004;
 - ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Chennai
26.11.2004

for **P.B. VIJAYARAGHAVAN & CO**
Chartered Accountants

P.B. SANTHANAKRISHNAN
Partner

ANNEXURE TO AUDITORS' REPORT

(Referred to in our Report U/S 227 (1A) of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) During the year the entire Plant & Machinery of Resin Division has been disposed of in accordance with the approval for such sale by the Ordinary Resolution passed by Postal Ballot on 12.01.2004, as there are no operations in the Resin Division.
2. (a) Physical verification of the inventory of finished / semi-finished goods, and raw materials has been conducted at reasonable intervals by the management.
- (b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) The company has maintained proper records of inventory and there is no material discrepancies were noticed on physical verification.

3. The Company has not taken loan from Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations 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 goods, plant and machinery, equipment and other assets and for the sale of goods.
5. No transactions have been made that need to be entered into a register in pursuance of section 301 of the Act.
6. The Company has not accepted any deposits from the public in terms of the provisions of Section 58A of the Companies Act, 1956.
7. The internal audit for the period has not been carried out even though required, the management informs us that there have been no manufacturing activities during the period and other activities are not significant.

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8. The Department of Company Affairs has withdrawn the cost audit order issued u/s. 233B of the Companies Act, 1956 vide letter dated 28.4.2003, in respect of Resin Division and hence the question of maintenance of cost audit records does not arise. No cost audit has been prescribed for the Floriculture Division.
9. (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities India.

There are no arrears of outstanding statutory dues as at 31.03.2004 for a period of more than six months from the date they became payable.

- (b) At the end of the financial year there were no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT IN RS.	FORUM WHERE DISPUTE IS PENDING
Income Tax Act, 1961	Interest U/s. 234B	39,98,745/-	Waiver Petition pending before the Chief
	Asst. Year 1996-97	14,59,526/-	Commissioner of Income Tax
Income Tax Act, 1961	Interest U/s. 234B	26,48,433/-	Waiver Petition pending before the Chief
	U/s. 234C		
	U/s. 220(2) Asst. Year 2000-2001	6,161/-	Commissioner of Income Tax

10. The Company's accumulated losses as at 30th September, 2004 are not more than 50% of its net worth and it has incurred cash losses for the period ended (01.10.2003 to 30.09.2004) on that date. The company had incurred cash losses during the preceding year.
11. According to the records produced, the company has not defaulted in repayment of its dues to any financial

institution or bank during the year.

12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not either a chit fund or nidhi/mutual benefit fund/society and hence the provision of any special statute is not applicable.
14. The company is dealing/trading in shares, debentures etc and proper records and books of accounts are maintained. Also the shares and debentures are held by the company in its name.
15. The company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The company has not availed any term loans during the year.
17. The company has not used the funds raised on short-term basis for long term investments or vice versa, during the year.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
19. No Debentures has been issued during the year.
20. The company has not raised money by public issues during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

for **P.B. VIJAYARAGHAVAN & CO**
Chartered Accountants

P.B. SANTHANAKRISHNAN
Partner

Chennai
26.11.2004



SIP INDUSTRIES LIMITED

BALANCE SHEET AS ON 30TH SEPTEMBER, 2004

		30.09.04		30.09.03	
A. SOURCES OF FUNDS	SCHEDULE	Rs.	Rs.	Rs.	Rs.
SHARE HOLDERS' FUNDS:					
1. Capital	1	46789360		46789360	
2. Reserves and Surplus	2	27415064		8047400	
			74204424		54836760
LOAN FUNDS:					
Secured Loans	3	5000000		15716000	
Unsecured Loans	4	7000000		—	
Deferred Tax Liability	5	868748		2277086	
TOTAL		87073172		72829846	
B. APPLICATION OF FUNDS					
FIXED ASSETS:					
1. Assets less depreciation	6	40882866		51526484	
			40882866		51526484
INVESTMENTS	7		45110		45110
CURRENT ASSETS, LOANS AND ADVANCES					
1. Inventories	8	34613		399586	
2. Stock in Trade	9	15606650		22176257	
3. Trade Receivables	10	725461		696681	
4. Cash and Bank Balances	11	1754046		613578	
5. Loans and advances	12	9941997		10657568	
		28062767		34543670	
LESS: CURRENT LIABILITIES AND PROVISIONS					
1. Current Liabilities	13	5989193		7400473	
2. Provisions	14	7026989		7026989	
		13016182		14427462	
NET CURRENT ASSETS			15046585		20116208
MISCELLANEOUS EXPENDITURE	15	31098611		1142044	
TOTAL		87073172		72829846	
Notes to the Accounts	24				

The Schedules referred to above form an integral Part of the Balance Sheet

As per our Report of even date annexed

For P.B.Vijayaraghavan & Co.,
Chartered Accountants

For and on behalf of the Board

K.C.Ragunathan (Chairman and Managing Director)
K.C.Sukumar (Joint Managing Director)
T.M. Srinivasan (Director)
J. Venkataramana (Director)
Valliammai Muthiah (Company Secretary)

Chennai
26.11.2004

P.B.Santhanakrishnan
Partner