



SIP INDUSTRIES LIMITED

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**23rd
ANNUAL REPORT
2008-2009**

23rd ANNUAL REPORT 2008-2009**ANNUAL GENERAL MEETING**

On Thursday, the 31st December 2009

at

6th Floor, Crown Court,
No. 128, Cathedral Road,
Chennai - 600 086.

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.

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Board of Directors

Mr K C Raghunathan
(Chairman & Managing Director)
Mr K C Sukumar (Director)
Mr T M Srinivasan (Director)
Mr U Prabhakar Rao (Director)
Mr D Ravi (Director)

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,
Krishnagiri District,
Tamil Nadu.

Auditors

P B Vijayaraghavan & Company,
Chartered Accountants,
14, (Old No. 27), Cathedral Garden Road,
Nungambakkam, Chennai - 600 034.

Registrar And Share Transfer Agents

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



SIP INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of **SIP INDUSTRIES LIMITED**, will be held at the Registered Office of the Company at 6th Floor, Crown Court, No. 128, Cathedral Road, Chennai - 600 086 on Thursday, 31st December, 2009 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September 2009 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 Mr. U Prabhakar Rao, 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.

By Order of the Board

Chennai

K. C. RAGHUNATHAN

25.11.2009

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 24.12.2009 to 31.12.2009 (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.

DIRECTORS' REPORT

Your Directors present their 23rd Annual Report to their Shareholders together with the Audited Accounts for the year ended 30th September 2009.

FINANCIAL RESULTS:

The financial year ended 30th September 2009 resulted in a Net Loss of Rs. 3.62 lakhs as against the Net Loss of Rs. 34.35 lakhs during the previous year.

	2008-2009	2007-2008
	(Rs. in lakhs)	
Profit/(Loss) before Depreciation, Interest and Tax	24.40	(6.00)
Depreciation	27.84	27.86
Interest	NIL	NIL
Profit/(Loss) before taxation	(3.45)	(33.86)
Provision for Taxation	(0.17)	(0.49)
Net Profit/(Loss) after Tax	(3.62)	(34.35)
Balance brought forward	(387.50)	(377.70)
	(391.12)	(412.05)
Reversal of Prior Period excess Depreciation	NIL	24.55
Reversal of Prior Period excess Interest Payable	3.11	NIL
Transfer from General Reserve	6.30	NIL
Balance carried to Balance Sheet	(381.71)	(387.50)

DIVIDEND:

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

PERFORMANCE AND PROSPECTS:

During the year under review, the Company's Floriculture Unit in Berikai, Krishnagiri Dist., Tamil Nadu has recorded a turnover of Rs. 103.19 lakhs (local sale) as against Rs. 52.33 lakhs (export turnover of Rs. 11.15 lakhs and local sale of Rs. 41.18 lakhs) in

the previous year. Efforts are being taken to improve the performance. The Company has obtained the final exit order from 100% EOU status in December 2008 and henceforth there is no export obligation. Currently the Company is concentrating only on domestic sale.

As you may note from the audited accounts, the Company's accumulated losses (Rs. 381.71 lakhs) as at 30th September 2009 have exceeded 50% of its net worth (Rs. 735.74 lakhs). However, there is a cash profit in this year.

DIRECTORS:

There is no change in the Constitution of the Board.

Mr. U Prabhakar Rao retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

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 have confirmed their eligibility and willingness to accept office, if re-appointed.

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FIXED DEPOSITS:

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

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:

The Company has no activity relating to conservation of energy or technology absorption. There is no foreign exchange earnings and outgo during the year.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance along with Certificate of the compliance from the Auditors 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:

During the year under review, the Company's Floriculture Unit in Berikai, Krishnagiri Dist., Tamil Nadu has recorded a turnover of Rs. 103.19 lakhs (local sale) as against Rs. 52.33 lakhs (export turnover of Rs. 11.15 lakhs and local sale of Rs. 41.18 lakhs) in the previous year. Efforts are being taken to improve the performance. The Company has obtained the final exit order from 100% EOU status in December 2008 and henceforth there is no export obligation. Currently the Company is concentrating only on domestic sale.

As you may note from the audited accounts, the Company's accumulated losses (Rs. 381.71 lakhs) as at 30th September 2009 have exceeded 50% of its net worth (Rs. 735.74 lakhs). However, there is a cash profit in this year.

Adequate internal control system is instituted in the Company. 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
K. C. RAGHUNATHAN
Chairman & Managing Director

CHENNAI
25.11.2009

REPORT ON CORPORATE GOVERNANCE

SIP INDUSTRIES LIMITED has implemented the code of Corporate Governance in terms of the Listing Agreement with the Stock Exchange. Good governance ensures that the Company is managed in a responsible manner by monitoring the internal controls and external aspects such as 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 5 members from various disciplines like finance and business management.

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

Name of the Director	Category/ Position	Number of other Companies' directorships*, committee* memberships and chairmanship		
		Director	Committee Member	Committee Chairman
Mr K C Raghunathan* (Chairman and Managing Director)	Promoter, Executive	2	Nil	Nil
Mr K C Sukumar*	Promoter, Non-Executive	2	Nil	Nil
Mr. T M Srinivasan	Independent, Non-Executive	1	Nil	Nil
Mr. U Prabhakar Rao	Independent, Non-Executive	1	Nil	Nil
Mr. D Ravi	Independent, Non-Executive	Nil	Nil	Nil

*Relationship among Directors: Mr. K C Raghunathan and Mr. K C Sukumar are brothers. None of the other Directors have any interse relationship.

Other Company directorship do not include directorship in Private Limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.

+ Committee includes only two committees: Audit Committee and Investors Grievance Committee of Public Companies.

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

b) Board Meetings

There were four Board Meetings during the financial year.

The Board Meetings were held on the following dates

- 24.11.2008
- 29.01.2009
- 20.04.2009 and
- 30.07.2009

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	4	Yes
Mr K C Sukumar	2	Yes
Mr T M Srinivasan	3	No
Mr U Prabhakar Rao	4	Yes
Mr D Ravi	4	Yes

c) Code of Conduct:

The Company has adopted the Code of Conduct for Board Members and Senior Management. All the Board Members and Senior Management personnel (as per clause 49 of the Listing Agreement) have affirmed compliance with the Code of Conduct. A declaration to that effect signed by the Managing Director forms part of this Report.



SIP INDUSTRIES LIMITED

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

1. Mr. D Ravi (Chairman)
2. Mr. T M Srinivasan
3. Mr. U Prabhakar Rao

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

b) Terms of Reference

The Audit Committee plays a significant role in the reporting of financial performance and review of internal control procedures.

c) Committee Meetings

The Committee met four times during the year under review i.e. on 24.11.2008, 29.01.2009, 20.04.2009 and 30.07.2009. The attendance of directors at the committee meetings is as follows:

Member	Committee Meetings attended
Mr D Ravi	4
Mr T M Srinivasan	3
Mr U Prabhakar Rao	4

(II) INVESTORS' GRIEVANCE COMMITTEE:

a) Composition

The Committee presently consists of the following three directors

1. Mr. D Ravi (Chairman)
2. Mr K C Raghunathan
3. Mr K C Sukumar

b) Terms of reference

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

c) Committee Meetings

The Committee met four times during the year under review i.e. on 24.11.2008, 29.01.2009, 20.04.2009 and 30.07.2009. The attendance of directors at the committee meetings is as follows:

Member	Committee Meetings attended
Mr. D Ravi	4
Mr K C Raghunathan	4
Mr K C Sukumar	2

3. DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2008-09

Sl No	Name	Sitting fees	Salary/ Allowances	Contribution to PF & other funds	Money value of perquisites
1	Mr. K C Raghunathan	-	-	-	-
2	Mr. K C Sukumar	-	-	-	-
3	Mr. T M Srinivasan	Rs.2250/-	-	-	-
4	Mr. U Prabhakar Rao	Rs.3000/-	-	-	-
5	Mr. D Ravi	Rs.3000/-	-	-	-

4. DIRECTORS

Profile of Director retiring by rotation

Mr. U Prabhakar Rao, is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Mr. U Prabhakar Rao is a graduate of Economics and a Diploma Holder in Business Management. He joined as an officer in The Commercial Credit Corporation(1943) Pvt. Ltd. in 1955 and been a Director since November 1965. He was a Director of Consolidated Credit Co. Pvt. Ltd ,M/s Enfield (India) Limited, Kurlon Products Limited and Viswapriya Finance. He served as Chairman of South India Hire Purchase Association and Motor Vehicles & Allied Industries Association.Mr. U Prabhakar Rao also served as Office Bearer of Tamil Nadu Cricket Association(TNCA), Madras Cricket Club & Madras Boat Club. He was also the president of Madras Cricket Club. At present, Mr. U Prabhakar Rao is the Vice President of TNCA and continues to be a member of Motor Vehicles & Allied Industries Association.

5. DISCLOSURES

1. As per the declarations given by the management to the Board, during the year 2008-09, there were no material, financial and commercial transactions which are in potential conflict with the interest of the Company at large.

List of related party disclosures:

The Company has outstanding loan amount of Rs 94,00,000/- from M/s SIP Technologies & Exports Limited, an Associate Company and the same has been disclosed in the Notes on Accounts as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India.

2. There was no instance of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

6. GENERAL SHAREHOLDER INFORMATION

Forms part of this report.

On behalf of the Board

Chennai
25.11.2009

K C Raghunathan
Chairman and Managing Director

GENERAL SHAREHOLDER INFORMATION

1. Registered Office of the Company

6th Floor, Crown Court,
No.128, Cathedral Road,
Chennai 600 086.

2. Annual General Meetings

Ensuing AGM

Date & Time: 31st December 2009, 10 A.M.

Venue: 6th Floor, Crown Court,
No. 128, Cathedral Road, Chennai - 600 086.

Last 3 Annual General Meetings

AGM for the year	Date	Time	Venue
2005-2006	28.12.2006	10.00 AM	A C Muthiah Conference Hall, ICSI-SIRC House, 3 rd Floor, New No.9, Wheatcrofts Road, Nungambakkam, Chennai-600034

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2006-2007	31.12.2007	10.00 AM	A C Muthiah Conference Hall, ICSI-SIRC House, 3 rd Floor, New No.9, Wheatcrofts Road, Nungambakkam, Chennai-600034
2007-2008	31.12.2008	10.00 AM	6 th Floor, Crown Court, No.128, Cathedral Road, Chennai - 600086.

3. Financial Calendar (tentative and subject to change)

Financial Reporting for

- Quarter ended December 31, 2009	31 st January 2010
- Half year ended March 31, 2010	30 th April 2010
- Quarter ended June 30, 2010	31 st July 2010
- Quarter and year ended September 30, 2010	30 th November 2010

4. Book Closure Dates24th December 2009 to 31st December 2009. (Both days inclusive)**5. Dividend**

Your Directors have not recommended any Dividend for the Financial Year 2008-09.

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 2008	6.00	6.00
November 2008	-	-
December 2008	-	-
January 2009	-	-
February 2009	-	-
March 2009	5.71	5.71
April 2009	5.99	5.23
May 2009	5.00	3.41
June 2009	5.00	3.68
July 2009	5.25	4.55
August 2009	6.66	5.00
September 2009	6.05	5.71

There was no trading in the Equity Shares of the Company in the Madras Stock Exchange for the period from October 1, 2008 to September 30, 2009.

8. Share transfer system and Registrar & Transfer Agents

The share transfer committee met almost twice every fortnight during the year 2008-09.

- (i) Name and designation : Mrs. Valliammai Muthiah
of Compliance Officer Company Secretary.
- (ii) No. of Shareholder's complaints received so far : 4
- (iii) No. not solved : NIL
- (iv) No. of pending share transfers: NIL

9. Shareholding pattern/Distribution

Shareholding Pattern as on 30.09.2009

Category	% to total capital
Promoter Group	62.48
Financial Institutions	-
Non-residents (NRIs/OCBs/FIIs)	2.09
Banks	0.01
Mutual Funds	0.01
Others	35.41
Total	100.00

Distribution of shareholding as on 30.09.2009

Category (in Rs.)	No. of holders	% to total	Share Amount (in Rs.)	% to total
Upto 5,000	3648	88.91	5841610	12.49
5,001-10,000	277	6.75	2135490	4.57
10,001- 20,000	83	2.02	1240840	2.65
20,001- 30,000	34	0.83	866440	1.85
30,001- 40,000	20	0.49	707520	1.51
40,001- 50,000	7	0.17	313770	0.68
50,001-1,00,000	12	0.29	819500	1.75
1,00,001 and above	22	0.54	34838980	74.50
Total	4103	100.00	46764150	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 27.45% of the total paid up capital of the Company have been dematerialised.

11. Means of communicationThe 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. The Financial Results, Shareholding Pattern and Annual Report are also posted on website of the Company www.sipindustries.in.**12. Compliance officer**

Mrs Valliammai Muthiah,
Company Secretary
SIP Industries Limited,
Regd Office: 6th Floor, Crown Court,
No. 128, Cathedral Road, Chennai - 600 086.
E Mail: sipshare@sipindustries.in

13. Contact address for shareholders' assistance

M/s Cameo Corporate Services Limited,
"Subramanian Building",
No.1, Club House Road,
Mount Road, Chennai 600 002.
Telephone: (044) 28460390-94
Fax: (044) 28460129
E Mail: cameo@cameoindia.com

On behalf of the Board

Chennai

25.11.2009

K C Raghunathan

Chairman and Managing Director