



SIP INDUSTRIES LIMITED

**25th
ANNUAL REPORT
2010-2011**

25TH ANNUAL REPORT 2010-2011

ANNUAL GENERAL MEETING

On Wednesday, the 28th December 2011

at

A C Muthiah Conference Hall,
ICSI-SIRC House, 3rd Floor,
New No.9, Wheat Crofts Road,
Nungambakkam, Chennai-600034

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

Old No. 17, New No. 35,
First Main Road,
Raja Annamalaipuram,
Chennai - 600 028.

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 25th Annual General Meeting of the Members of **SIP INDUSTRIES LIMITED**, will be held at A C Muthiah Conference Hall, ICSI –SIRC HOUSE , 3rd Floor , New No.9, wheat Crofts Road , Nungambakkam ,Chennai-600034 , on Wednesday, 28th December, 2011 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 2011 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.T M Srinivasan , 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 the following resolution, as "ORDINARY RESOLUTION":

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, approval of the Company be and is hereby accorded to the re-appointment of Mr. K C Raghunathan as Managing Director of the Company without remuneration for a further period of five Years with effect from 21.08.2011.

By Order of the Board

K.C. RAGHUNATHAN

CHENNAI

25.11.2011

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 16.12.2011 to 28.12.2011 (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.

ANNEXURE TO THE NOTICE

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

Item No.4:

Mr. K.C Raghunathan, a science graduate is one of the co-founders of the SIP group that has operations in Floriculture and Information Technology. He has over 35 years of global business experience in manufacturing industries. He was responsible for identifying IT as a growth area and was instrumental in making SIP Group venture into IT segment in 1995.

He is an executive committee member of The TAMIL NADU GOLF FEDERATION and the Treasurer of the ADDICTS GOLFING SOCIETY OF SOUTHERN INDIA.

Mr .K.C.Raghunathan was re-appointed as Managing Director without remuneration for a period of five years with effect from 21.08.2006 at the Annual General Meeting held on 28.12.2006 and his tenure had come to an end on 20.08.2011

The Board is of the opinion, it is essential at this juncture, that he continues for a further period of 5 years in the interest of the Company. Therefore, the Board reappointed Mr. K C Raghunathan as Managing Director of the Company without remuneration at their meeting held on 05.08.2011 for a further period of 5 years with effect from 21.08.2011. However Mr. K. C. Raghunathan, be entitled to claim from the Company, with effect from 01.10.2011, the actual expenses incurred by him towards conveyance, travelling and other expenses while discharging the official duties, not exceeding Rs. 3,00,000/- (rupees three lakhs only) per annum.

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

None of the Directors except Mr K.C.Raghunathan, Managing Director and Mr.K.C.Sukumar, Director is interested in the resolution .

DIRECTORS' REPORT

Your Directors present their 25th Annual Report to their Shareholders together with the Audited Accounts for the year ended 30th September 2011

FINANCIAL RESULTS:

The financial year ended 30th September 2011 resulted in a Net Loss of ₹139.16 lakhs as against the Net Loss of ₹4.70 lakhs during the previous year.

	2010-2011 (₹ in lakhs)	2009-2010 (₹ in lakhs)
Profit/(Loss) before Depreciation, Interest and Tax	(112.05)	22.74
Depreciation	27.11	27.44
Interest	NIL	NIL
Profit/(Loss) before taxation	(139.16)	(4.70)
Provision for Taxation	NIL	(0.17)
Net Profit/(Loss) after Tax	(139.16)	(4.70)
Balance brought forward	(386.41)	(381.71)
Balance carried to Balance Sheet	(525.57)	(386.41)

You will note that the huge loss is due to the provision made for diminution in value of stock in trade based on the current declining market trend in order to give a true and fair view and the floriculture division has made a profit of ₹ 5 lakhs.

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 division in Beriki, Krishnagiri District, Tamilnadu has recorded a turnover of ₹ 95 lakhs (₹ 118.01 lakhs in the previous year). This lower turnover was due to removal of some variety of roses and replacing them with new varieties, causing loss of production. We hope to achieve better performance in the current year.

DIRECTORS:

There is no change in the Constitution of the Board.

Mr. T. M. Srinivasan 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:

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

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 floriculture division has recorded a turnover of Rs.95 Lakhs. This low turnover was due to removal of some variety of roses and replacing them with new varieties, causing loss of production. We hope to achieve better performance in the current year.

As per the audited accounts, the Company's accumulated losses ₹ 525.57 as at 30th September 2011 have exceeded 50% of its net worth (₹ 735.74 Lakhs)

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
25.11.2011

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

- 22.11.2010
- 04.02.2011
- 28.04.2011 and
- 05.08.2011

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	3	No
Mr T M Srinivasan	2	No
Mr U Prabhakar Rao	4	No
Mr D Ravi	3	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.

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 19.11.2010, 04.02.2011, 28.04.2011 and 05.08.2011. The attendance of directors at the committee meetings is as follows:

Member	Committee Meetings attended
Mr D Ravi	4
Mr T M Srinivasan	2
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 19.11.2010, 04.02.2011, 28.04.2011 and 05.08.2011. 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	3

3. DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2010-11

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	₹ 1500/-	-	-	-
4	Mr. U Prabhakar Rao	₹ 3000/-	-	-	-
5	Mr. D Ravi	₹ 2250/-	-	-	-

4. DIRECTORS

Profile of Director retiring by rotation

Mr. T M Srinivasan is retiring by rotation at the ensuring Annual General Meeting and is eligible for re-appointment. Mr. T M Srinivasan, B.A. (Hons), B.L., MSc. (Econ.), London, Diploma (German), is a Director on the Board of the Company since 08.08.1987. He has held Directorships in various banks such as Indian Overseas Bank, Bharat Overseas Bank and other Industrial Enterprises. He has rich experience in business. His business experience and acumen will benefit the Company.

5. DISCLOSURES

1. As per the declarations given by the management to the Board, during the year 2010-11, 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 ₹3800000/- to 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

25.11.2011

K C Raghunathan

Chairman and Managing Director

GENERAL SHAREHOLDER INFORMATION

1. Registered Office of the Company

Old No. 17, New No. 35, First Main Road, Raja Annamalaipuram, Chennai-600028.

2. Annual General Meetings

Ensuing AGM

Date & Time: 28th December 2011, 10 A.M.

Venue: A C Muthiah Conference Hall, ICSI-SIRC House, 3rd Floor, New No.9,Wheat Crofts Road, Nungambakkam, Chennai-600034

Last 3 Annual General Meetings

AGM for the year	Date	Time	Venue
2007-2008	31.12.2008	10.00 AM	6 th Floor, Crown Court, No.128, Cathedral Road, Chennai – 600086.
2008-2009	31.12.2009	10.00 AM	6 th Floor, Crown Court, No.128, Cathedral Road, Chennai – 600086.

2009-2010 31.12.2010 10.00 AM A C Muthiah Conference Hall,
ICSI-SIRC House,
3rd Floor, New No.9,
WheatCrofts Road,
Nungambakkam,
Chennai-600034

3. Financial Calendar (*tentative and subject to change*)

Financial Reporting for
- Quarter ended December 31, 2011 13th February 2012
- Half year ended March 31, 2012 14th May 2012
- Quarter ended June 30, 2012 13th August 2012
- Quarter and year ended
September 30, 2012 15th November 2012

4. Book Closure Dates

16th December 2011 to 28th December 2011. (Both days inclusive)

5. Dividend

Your Directors have not recommended any Dividend for the Financial Year 2010-11.

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 Mumbai Stock Exchange

Period	High	Low
October 2010	4.62	4.19
November 2010	4.63	4.00
December 2010	4.62	4.00
January 2011	3.95	3.95
February 2011	4.30	3.76
March 2011	4.20	3.85
April 2011	4.00	4.00
May 2011	4.05	4.00
June 2011	4.00	4.00
July 2011	4.20	3.44
August 2011	3.52	3.35
September 2011	3.64	3.01

There was no trading in the Equity Shares of the Company in the Madras Stock Exchange for the period from October 1, 2010 to September 30, 2011.

8. Share transfer system and Registrar & Transfer Agents

The share transfer committee met almost twice every fortnight during the year 2010-11.

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

9. Shareholding pattern/Distribution

Shareholding Pattern as on 30.09.2011

Category	% to total capital
Promoter Group	62.480
Financial Institutions	-
Non-residents (NRIs/OCBs/FIIs)	2.090
Banks	0.002
Mutual Funds	0.008
Others	35.420
Total	100.000

Distribution of shareholding as on 30.09.2011

Category (in ₹)	No. of holders	% to total	Share Amount (in ₹)	% to total
Upto 5,000	3641	88.6319	5759690	12.32
5,001-10,000	279	6.7916	2144080	4.58
10,001- 20,000	84	2.0447	1280720	2.74
20,001- 30,000	42	1.0223	1079500	2.31
30,001- 40,000	21	0.5111	727920	1.56
40,001- 50,000	8	0.1947	360170	0.77
50,001-1,00,000	13	0.3164	872010	1.86
1,00,001 and above	20	0.4868	34540060	73.86
Total	4108	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 90.06% 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". These results, Shareholding Pattern and Annual Report are also posted on website of the Company www.sipindustries.in. The annual reports are sent by mail to all shareholders.

12. Compliance Officer

Mrs Valliammai Muthiah, Company Secretary
SIP Industries Limited,
Regd Office: Old No. 17, New No. 35, First Main Road,
Raja Annamalaipuram, Chennai - 600 028.
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
25.11.2011

K C Raghunathan
Chairman and Managing Director



SIP INDUSTRIES LIMITED

CERTIFICATION AND DECLARATION UNDER CLAUSE 49(V) AND CLAUSE 49(I)(D) OF THE LISTING AGREEMENT

To
The Board of Directors
SIP Industries Limited
Chennai

This is to certify that:

- a. I have reviewed financial statements for the Financial Year 30.09.2011 and the cash flow statement for the year and that to the best of my 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 my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls. The effectiveness of the internal control systems of the Company has been evaluated and deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps taken or proposed to be taken to rectify these deficiencies have been disclosed to the auditors and the Audit Committee.
- d. I have indicated to the auditors and the Audit committee
 - i. significant changes in internal control during the year, whenever applicable;
 - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. that there were no instances of significant fraud of which I have become aware and the involvement therein, if any, of the managements or an employee having such significant role in the Company's internal control system.
- e. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Chennai
25.11.2011

K C Raghunathan
Chairman & Managing Director

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, 2011 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.

Place : Chennai
Date : November 25, 2011

For P B VIJAYARAGHAVAN & Co.
Chartered Accountants
Firm Regn. No. : 004721S

K RAJAGOPALAN
Partner
Membership No. 014523