



**SIP INDUSTRIES LIMITED**

**26th  
ANNUAL REPORT  
2011-2012**



## 26<sup>TH</sup> ANNUAL REPORT 2011-2012

### ANNUAL GENERAL MEETING

On Monday, the 31st December 2012

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)

### 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 26<sup>th</sup> Annual General Meeting of the Members of **SIP INDUSTRIES LIMITED**, will be held at A C Muthiah Conference Hall, ICSI –SIRC HOUSE , 3<sup>rd</sup> Floor , New No.9, wheat Crofts Road , Nungambakkam ,Chennai-600034 , on Monday, 31<sup>st</sup> December, 2012 at 10.00 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30<sup>th</sup> September 2012 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**

28. 11.2012

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 21.12.2012 to 31.12.2012 (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 26<sup>th</sup> Annual Report to their Shareholders together with the Audited Accounts for the year ended 30<sup>th</sup> September 2012

### FINANCIAL RESULTS:

The financial year ended 30<sup>th</sup> September 2012 resulted in a Net Loss of ₹63.47 lakhs as against the Net Loss of ₹139 lakhs during the previous year.

	2011-2012 (₹ in lakhs)	2010-2011 (₹ in lakhs)
Profit/(Loss) before Depreciation, Interest and Tax	(36.67)	(111.91)
Depreciation	26.80	27.11
Interest	NIL	NIL
Profit/(Loss) before taxation	(63.47)	(139.02)
Provision for Taxation	NIL	NIL
Net Profit/(Loss) after Tax	(63.47)	(139.02)
Balance brought forward	(257.81)	(118.79)
Balance carried to Balance Sheet	(321.28)	(257.81)

You will note that the loss is due to the poor yield and quality. This is attributed to the sub standard plants, the vagaries in the weather pattern and menacing pest problem.

### DIVIDEND:

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

### PERFORMANCE AND PROSPECTS:

Corrective measures are being taken and your Company hopes to overcome all the difficulties and show improvements in over all performance of the Farm.

### 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.

### 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 ₹ 37.40 lakhs. The low turnover was due to the poor yield and quality of flowers. This is attributed to the sub standard plants and the vagaries in the weather pattern.

Corrective measures are being taken and your Company hopes to overcome all the difficulties and show improvements in over all performance of the Farm in the current year.

As per the audited accounts, the Company's accumulated losses as at 30<sup>th</sup> September 2012 have exceeded 50% of its net worth.

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 Mrs. VALLIAMMAI MUTHIAH, the previous Company Secretary who had served for over two decades. The blemishless performance on Company Law Matters was due to her untiring work and support.

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.

CHENNAI  
28.11.2012

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

## 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 five Board Meetings during the financial year.

The Board Meetings were held on the following dates

- 25.11.2011
- 30.01.2012
- 31.03.2012
- 30.04.2012 and
- 31.07.2012

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	Yes
Mr T M Srinivasan	1	Yes
Mr U Prabhakar Rao	4	Yes
Mr D Ravi	3	No

#### 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

- Mr. D Ravi (Chairman)
- Mr. T M Srinivasan
- Mr. U Prabhakar Rao

On resignation of Mrs. Valliammai Muthiah, there is no Secretary to the Audit 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 25.11.2011, 31.01.2012, 30.04.2012 and 31.07.2012. The attendance of directors at the committee meetings is as follows:

Member	Committee Meetings attended
Mr D Ravi	3
Mr T M Srinivasan	1
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 25.11.2011, 31.01.2012, 30.04.2012 and 31.07.2012. The attendance of directors at the committee meetings is as follows:

Member	Committee Meetings attended
Mr. D Ravi	3
Mr K C Raghunathan	4
Mr K C Sukumar	2

## 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	₹ 750/-	-	-	-
4	Mr. U Prabhakar Rao	₹ 3000/-	-	-	-
5	Mr. D Ravi	₹ 2250/-	-	-	-

## 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 Limited 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. He is also director of SSF Limited.

## 5. DISCLOSURES

1. As per the declarations given by the management to the Board, during the year 2011-12, 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 ₹ 3400000/- to M/s SIP Technologies & Exports Limited, an Associate Company and ₹ 2042000/- to Managing Director 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  
28.11.2012  
**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: 31<sup>st</sup> December 2012, 10 A.M.  
Venue: A C Muthiah Conference Hall, ICSI-SIRC House, 3<sup>rd</sup> Floor, New No.9, Wheat Crofts Road, Nungambakkam, Chennai - 600 034.

### Last 3 Annual General Meetings

AGM for the year	Date	Time	Venue
2008-2009	31.12.2009	10.00 AM	6 <sup>th</sup> 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, 3 <sup>rd</sup> Floor, New No.9, WheatCrofts Road, Nungambakkam, Chennai - 600 034.

2010-2011    28.12.2011    10.00 AM    A C Muthiah Conference Hall,  
ICSI-SIRC House,  
3<sup>rd</sup> Floor, New No.9,  
WheatCrofts Road,  
Nungambakkam,  
Chennai-600034

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

- Quarter ended December 31, 2012    13<sup>th</sup> February 2013
- Half year ended March 31, 2013    14<sup>th</sup> May 2013
- Quarter ended June 30, 2013    12<sup>th</sup> August 2013
- Quarter and year ended  
September 30, 2013    15<sup>th</sup> November 2013

## 4. Book Closure Dates

21<sup>st</sup> December 2012 to 31<sup>st</sup> December 2012. (Both days inclusive)

## 5. Dividend

Your Directors have not recommended any Dividend for the Financial Year 2011-12.

## 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 2011	-	-
November 2011	3.63	3.46
December 2011	3.80	3.80
January 2012	3.99	3.62
February 2012	3.62	3.44
March 2012	-	-
April 2012	3.40	3.40
May 2012	-	-
June 2012	-	-
July 2012	-	-
August 2012	6.32	3.40
September 2012	5.50	4.99

There was no trading in the Equity Shares of the Company in the Madras Stock Exchange for the period from October 1, 2011 to September 30, 2012.

## 8. Share transfer system and Registrar & Transfer Agents

The share transfer committee met almost twice every fortnight during the year 2011-12.

- (i) Name and designation : Mr. K.C. Raghunathan  
of Compliance Officer    Chairman & Managing Director
- (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 30.09.2012

Category	% to total capital
Promoter Group	62.480
Financial Institutions	-
Non-residents (NRIs/OCBs/FILs)	2.090
Banks	0.002
Mutual Funds	0.006
Others	35.430
<b>Total</b>	<b>100.000</b>

Distribution of shareholding as on 30.09.2012

Category (in ₹)	No. of holders	% to total	Share Amount (in ₹)	% to total
Upto 5,000	3627	88.7665	5740610	12.2756
5,001-10,000	275	6.7302	2111630	4.5154
10,001- 20,000	82	2.0068	1252060	2.6773
20,001- 30,000	42	1.0279	1085000	2.3201
30,001- 40,000	20	0.4894	686390	1.4677
40,001- 50,000	5	0.1223	234030	0.5004
50,001-1,00,000	14	0.3426	933230	1.9956
1,00,001 and above	21	0.5139	34721200	74.2474
<b>Total</b>	<b>4086</b>	<b>100.00</b>	<b>46764150</b>	<b>100.00</b>

## 10. Dematerialisation of shares

The Company's shares can be sold through stock exchanges only in dematerialised form. As on date, shares constituting 90.21% 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](http://www.sipindustries.in). The annual reports are sent by mail to all shareholders.

## 12. Compliance Officer

Mr. K.C. Raghunathan, Chairman & Managing Director  
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  
28.11.2012

**K C Raghunathan**  
Chairman and Managing Director