



SIP INDUSTRIES LIMITED

**27th
ANNUAL REPORT
2012 - 2013**

27TH ANNUAL REPORT 2012-2013

ANNUAL GENERAL MEETING

On Monday, the 24th March 2014

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 27th 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 Monday, 24th March 2014 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 2013 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. D Ravi, 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

27.02.2014

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 15.03.2014 to 24.03.2014 (both days inclusive).
4. Members are requested to immediately inform the Company if there is any change in their addresses. Members whose shareholding is 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 27th Annual Report to their Shareholders together with the Audited Accounts for the year ended 30th September 2013.

FINANCIAL RESULTS:

The financial year ended 30th September 2013 resulted in a Net Loss of ₹ 56.17 lakhs as against the Net Loss of ₹ 63.47 lakhs during the previous year.

	2012-2013	2011-2012
		(₹ in lakhs)
Profit/(Loss) before Depreciation, Interest and Tax	(29.86)	(36.67)
Depreciation	26.32	26.80
Interest	0.01	NIL
Profit/ (Loss) before taxation	(56.19)	(63.47)
Provision for Taxation	NIL	NIL
Net Profit/ (Loss) after Tax	(56.19)	(63.47)
Balance brought forward	(321.28)	(257.81)
	<u>(377.47)</u>	<u>(321.28)</u>
Balance carried to Balance Sheet	<u>(377.47)</u>	<u>(321.28)</u>

There was no production during the year and hence there is no revenue

DIVIDEND:

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

PERFORMANCE AND PROSPECTS:

Steps are being taken to dispose off the assets of the Company as it was found that the floriculture operation was not a viable one. In this regard members may recall that a postal ballot was conducted as per section 192A of the Companies Act, 1956, during the present year.

DIRECTORS:

There is no change in the Constitution of the Board.

Mr. D Ravi 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.

Steps are being taken to dispose off the assets of the Company as it was found that the floriculture operation was not a viable

one. In this regard members may recall that a postal ballot was conducted as per section 192A of the Companies Act, 1956, during the present year.

As per the audited accounts, the Company's accumulated losses (₹ 645.28) as at 30th September 2013 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 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

K .C. RAGHUNATHAN

27.02.2014

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 Company's 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 Six board Meetings during the financial year. The Board Meetings were held on the following dates

- 28.11.2012
- 31.01.2013
- 08.03.2013
- 20.04.2013
- 31.07.2013 and
- 10.09.2013

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	6	Yes
Mr K C Sukumar	6	Yes
Mr T M Srinivasan	2	No
Mr U Prabhakar Rao	5	No
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.



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

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 28.11.2012, 31.01.2013, 30.04.2013 and 31.07.2013. The attendance of directors at the committee meetings is as follows:

Member	Committee Meetings attended
Mr D Ravi	4
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 28.11.2012, 31.01.2013, 30.04.2013 and 31.07.2013. 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	4

3. DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2012-2013

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/-	-	-	-

4. DIRECTORS

PROFILE OF DIRECTOR RETIRING BY ROTATION

Mr. D Ravi, is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Mr. D Ravi, B.Sc., FCA, is a renowned Management Consultant. He has more than 35 years of experience at senior level in different types of industries. He is also the Chairman of the Investor Grievance Committee and Audit Committee of the Company.

5. DISCLOSURES

- a) As per the declarations given by the management to the Board, during the year 2012-13, 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 ₹ 33,65,460/- from M/s SIP Technologies & Exports Limited, an Associate Company and ₹ 65,22,000 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.

- b) 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 year.

- c) During the current year, pursuant to Sec.192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the members of the Company have approved Ordinary Resolution u/s 293(1)(a) of the Companies Act, 1956 with requisite and overwhelming majority.

6. GENERAL SHAREHOLDER INFORMATION

Forms part of this report.

On behalf of the Board

Chennai

K C Raghunathan

27.02.2014

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 - 600 028

2. Annual General Meetings

Requisite special permission has been obtained from Registrar for Companies, Tamil Nadu to conduct Annual General Meeting on or before 31st March 2014.

Ensuing AGM

Date & Time: 24th March 2014, 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
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
2010-2011	28-12-2011	10.00 AM	A C Muthiah Conference Hall, ICSI-SIRC House, 3rd Floor, New No.9, Wheatcrofts Road, Nungambakkam, Chennai-600034
2011-2012	30.12.2012	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, 2013	31st January 2014
- Half year ended March 31, 2014	14th May 2014
- Quarter ended June 30, 2014	14th August 2014
- Quarter and year ended September 30, 2014	30th November 2014

4. Book Closure Dates

15th March 2014 to 24th March 2014. (Both days inclusive)

5. Dividend

Your Directors have not recommended any Dividend for the Financial Year 2012-2013.

6. Listing on Stock Exchange & 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 2012	—	—
November 2012	—	—
December 2012	4.99	4.75
January 2013	4.75	4.75
February 2013	4.70	4.69
March 2013	6.69	4.25
April 2013	—	—
May 2013	—	—
June 2013	—	—
July 2013	—	—
August 2013	—	—
September 2013	—	—

There was no trading in the Equity Shares of the Company in the Madras Stock Exchange for the period from October 1, 2012 to September 30, 2013.

8. Share transfer system and Registrar & Transfer Agents

The share transfer committee met almost twice every fortnight during the year 2012-2013.

i. Name and designation of Compliance Officer	Mr. K C Raghunathan Chairman & Managing Director.
ii. No. of Shareholders' 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 30.09.2013

Category	% to total capital
Promoter Group	62.4777
Financial Institutions	—
Non-residents (NRIs/OCBs/FIIs)	2.0957
Banks	0.0021
Mutual Funds	0.0064
Others	35.41570
Total	100.00

Distribution of shareholding as on 30.09.2013

Category (in ₹)	No. of holders	% to total	Share Amount (in ₹)	% to total
Upto 5,000	3624	88.71	5716010	12.22
5,001-10,000	276	6.76	2123230	4.54
10,001- 20,000	83	2.03	1264060	2.70
20,001- 30,000	42	1.02	1085000	2.32
30,001- 40,000	20	0.49	686390	1.46
40,001- 50,000	5	0.12	234030	0.500
50,001-1,00,000	14	0.34	987770	2.11
1,00,001 and above	21	0.51	34667660	74.13
Total	4085	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 90.28% 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 Chudar". 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

Mr. K C Raghunathan, Chairman and 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

By Order of the Board

CHENNAI

K .C. RAGHUNATHAN

27.02.2014

Chairman & Managing Director