



SIP INDUSTRIES LIMITED

**24th
ANNUAL REPORT
2009-2010**

24TH ANNUAL REPORT 2009-2010

ANNUAL GENERAL MEETING

On Thursday, the 30th December 2010

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 24th 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 Thursday, 30th December, 2010 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 2010 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

K .C. RAGHUNATHAN

Chairman & Managing Director

CHENNAI
22.11.2010

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 22.12.2010 to 30.12.2010 (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 24th Annual Report to their Shareholders together with the Audited Accounts for the year ended 30th September 2010.

FINANCIAL RESULTS:

The financial year ended 30th September 2010 resulted in a Net Loss of ₹ 4.70 lakhs as against the Net Loss of ₹ 3.62 lakhs during the previous year.

	2009-2010	2008-2009
	(₹. in lakhs)	
Profit/(Loss) before Depreciation, Interest and Tax	22.74	24.40
Depreciation	27.44	27.84
Interest	NIL	NIL
Profit/(Loss) before taxation	(4.70)	(3.45)
Provision for Taxation	NIL	(0.17)
Net Profit/(Loss) after Tax	(4.70)	(3.62)
Balance brought forward	(381.71)	(387.50)
	<u>(386.41)</u>	<u>(391.12)</u>
Reversal of Prior period excess Interest Payable	NIL	3.11
Transfer from General Reserve	NIL	6.30
Balance carried to Balance Sheet	<u>(386.41)</u>	<u>(381.71)</u>

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 ₹ 118.01 lakhs as against ₹ 103.19 lakhs in the previous year.

You may be happy to note that the Company has managed to achieve slightly higher turnover in the Floriculture Unit than the previous year and a cash profit of ₹ 25.97 lakhs (against

₹ 24.23 lakhs in the previous year). Efforts are being taken to further improve the performance.

As per the audited accounts, the Company's accumulated losses (₹ 386.41 lakhs) as at 30th September 2010 have exceeded 50% of its net worth (₹ 735.74 lakhs).

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:

During the year under review, the Company's Floriculture Unit in Berikai, Krishnagiri Dist., Tamil Nadu has recorded a turnover of ₹ 118.01 lakhs as against ₹ 103.19 lakhs in the previous year.

The Company has managed to achieve slightly higher turnover in the Floriculture Unit than the previous year and a cash profit of ₹ 25.97 lakhs (against ₹24.23 lakhs in the previous year). Efforts are being taken to further improve the performance.

As per the audited accounts, the Company's accumulated losses (₹ 386.41 lakhs) as at 30th September 2010 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.

CHENNAI
22.11.2010

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.

*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

- 25.11.2009
- 28.01.2010
- 30.04.2010 and
- 09.08.2010

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	No
Mr T M Srinivasan	2	No
Mr U Prabhakar Rao	4	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.

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



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 25.11.2009, 28.01.2010, 30.04.2010 and 09.08.2010. 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 25.11.2009, 28.01.2010, 30.04.2010 and 09.08.2010. 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 2009-10

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	₹ 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 vast 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 2009-10, 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 ₹ 62,00,000/- 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.

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 years.

6. GENERAL SHAREHOLDER INFORMATION

Forms part of this report.

On behalf of the Board

Chennai
22.11.2010

K C Raghunathan
Chairman & 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

Ensuing AGM

Date & Time: 30th December 2010, 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
2006-2007	31.12.2007	10.00 AM	A C Muthiah Conference Hall, ICSI-SIRC House, 3 rd Floor, New No.9, Wheat Crofts Road, Nungambakkam, Chennai-600034.

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.

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

Financial Reporting for

- Quarter ended December 31, 2010 14th February 2011
- Half year ended March 31, 2011 15th May 2011
- Quarter ended June 30, 2011 12th August 2011
- Quarter and year ended
September 30, 2011 29th November 2011

4. Book Closure Dates

22nd December 2010 to 30th December 2010. (Both days inclusive)

5. Dividend

Your Directors have not recommended any Dividend for the Financial Year 2009-10.

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 2009	7.57	6.25
November 2009	7.94	6.65
December 2009	7.00	4.80
January 2010	6.30	5.09
February 2010	5.28	5.28
March 2010	5.30	4.80
April 2010	4.83	3.99
May 2010	4.41	3.81
June 2010	4.88	3.68
July 2010	5.63	4.50
August 2010	5.45	3.96
September 2010	5.20	4.76

There was no trading in the Equity Shares of the Company in the Madras Stock Exchange for the period from October 1, 2009 to September 30, 2010

8. Share transfer system and Registrar & Transfer Agents

The share transfer committee met almost twice every fortnight during the year 2009-10.

- (i) Name and designation of Compliance Officer : Mrs. Valliammai Muthiah
Company Secretary.
- (ii) No. of Shareholders' complaints received so far : 3
- (iii) No. not solved : NIL
- (iv) No. of pending share transfers: NIL

9. Shareholding pattern/Distribution

Shareholding Pattern as on 30.09.2010

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 30.09.2010

Category (in ₹)	No. of holders	% to total	Share Amount (in ₹)	% to total
Upto 5,000	3645	88.51	5798680	12.41
5,001-10,000	285	6.92	2190560	4.68
10,001- 20,000	89	2.16	1360770	2.91
20,001- 30,000	40	0.97	1015300	2.17
30,001- 40,000	18	0.44	633130	1.35
40,001- 50,000	7	0.17	313770	0.67
50,001-1,00,000	14	0.34	969570	2.07
1,00,001 and above	20	0.49	34482370	73.74
Total	4118	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 27.54% 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

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

K C Raghunathan

22.11.2010

Chairman & 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 30.09.2010 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
22.11.2010

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, 2010 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
Firm Regn. No.: 004721S

Chennai
22.11.2010

K. Rajagopalan
Partner
Membership No. 014523

AUDITOR'S REPORT

AUDITOR'S REPORT TO THE MEMBERS OF SIP INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **SIP INDUSTRIES LIMITED** as at **30th September 2010**, the Profit and Loss Account and also the Cash Flow Statement 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 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 (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose 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 accounts as required by law have been kept by the Company so far as appear from our examination of those books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement 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 representations received from the Directors as on 30th September 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th September 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) The Company has not levied or collected any cess for the purpose of rehabilitation or revival or protection of assets of the sick industrial companies on its annual turnover and has not paid to the credit of the Central Government the said levy as required u/s 441A of the Companies Act as the same has not been notified by the Central Government.
 - (g) 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 Balance Sheet, of the state of affairs of the Company as at 30th September 2010;
 - ii) In the case of the Profit & Loss Account, of the **LOSS** for the year ended on that date;
 - iii) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

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

Place : Chennai
Date : 22.11.2010

K. Rajagopalan
Partner
Membership No. 014523



SIP INDUSTRIES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATED

1) In respect of fixed assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- As per the information and explanation given to us, all the fixed assets have been physically verified by the management at regular intervals, which in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- The Company has not disposed off substantial part of fixed assets during the year.

2) In respect of inventories:

- All the inventories maintained in the Floriculture Division are perishable in nature. Hence, the Company has not taken any value for the closing inventory.
- The Stock In Trade shown under Balance Sheet relates to shares. These shares are valued at lower of the cost or market value.
- The consumables are valued at lower of the cost or market value.
- In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of the above said items are reasonable and adequate in relation to size of the Company and nature of its business.
- In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. There are no material discrepancies noticed on physical verification.

3) In respect of loans, secured or unsecured, taken by the Company from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

- The Company has taken unsecured loan from SIP TECHNOLOGIES & EXPORTS LIMITED.
- The Company is not charging any interest on the said loan. The question of payment of interest on the said loan does not arise as interest is payable as per the arrangement on final settlement on demand along with the principal. All other terms and conditions are prima-facie not prejudicial to the interest of the Company.
- In respect of repayment of principal, the same is repayable on demand. The loans taken and granted by the Company and interest are repayable on demand and hence the question of overdue does not arise.
- The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered 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 nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods. During

the course of audit, no major weakness has been noticed in the internal control.

5) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

- In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, if any, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- In our opinion and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

6) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules there under are not applicable to the Company.

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 the other activities are not significant.

8) No cost audit has been prescribed for the Floriculture Division.

9) In respect of statutory dues:

- According to the information and explanations given to us, the Company is regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund, Income Tax and other statutory dues with the appropriate authority during the year.
- 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 ₹	Forum where dispute is pending and status
Income Tax Act 1961	Interest u/s 234B u/s 234C u/s 220(2) AY 2000-01.	₹ 27 66636/-	Waiver petition before the Commissioner of Income Tax, (Appeal) Chennai.
Income Tax Act 1961	Interest u/s. 234B u/s 220(2) AY 1996-97.	₹ 2719730/- ₹ 992690/-	Waiver petition before Chief commissioner of Income Tax, Chennai.
Industrial Tribunal	Amount deposited in Industrial Tribunal Chennai.	₹ 1 23830/-	Case pending in High Court , Chennai.

24th Annual Report

Industrial Tribunal	Amount deposited in Industrial Tribunal Chennai.	₹ 575000/-	Case pending in High Court, Chennai.
Industrial Tribunal	Amount deposited in Industrial Tribunal Chennai.	₹ 4 69130/-	Case pending in Labour Court, Chennai.

10) The Company's accumulated losses as at 30th September 2010 have exceeded 50% of its net worth. However the Company has not incurred any cash loss during the year and in the immediately preceding financial year.

- 11) The Company has not taken any loan from Banks or any other Financial Institutions. So the question of default in repayment does not arise.
- 12) In our opinion and according to information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other security.
- 13) The Provision of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies is not applicable to the Company.
- 14) The Company is a dealer in shares, debentures etc., and proper records and books of accounts are maintained. Also the Company in its name holds the shares and debentures.
- 15) As per the information and explanation given to us by the

management, the Company has not given any guarantee for loans taken by others from banks or Financial Institutions.

- 16) The Company has not taken any term loan from Banks or Financial Institutions.
- 17) The Company has not acquired any Long Term or Short Term loans. So the question of utilization does not arise.
- 18) The Company has not made any preferential allotment to parties and Companies covered under register maintained under Section 301 of the Companies Act, 1956 during the year.
- 19) No debentures have been issued during the year.
- 20) The Company has not raised money by way of public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

Place : Chennai
Date : 22.11.2010

K. Rajagopalan
Partner
Membership No. 014523



SIP INDUSTRIES LIMITED

BALANCE SHEET AS ON 30th SEPTEMBER, 2010

A SOURCES OF FUNDS	SCHEDULE	₹	₹	₹	₹
SHARE HOLDERS' FUNDS:					
1. Capital	1	46789360		46789360	
2. Reserves and Surplus	2	<u>26785064</u>		<u>26785064</u>	
			73574424		73574424
LOAN FUNDS:					
Unsecured Loans	3		<u>6200000</u>		9400000
TOTAL			<u>79774424</u>		<u>82974424</u>
B APPLICATION OF FUNDS					
FIXED ASSETS:					
1. Assets less depreciation	4		22833470		25826636
INVESTMENTS	5		45110		45110
CURRENT ASSETS, LOANS AND ADVANCES					
1. Inventories	6	49355		245665	
2. Stock in Trade	7	15596000		15596000	
3. Trade Receivables	8	1140328		1224165	
4. Cash and Bank Balances	9	60884		169551	
5. Loans and advances	10	<u>4525725</u>		<u>4479311</u>	
			<u>21372292</u>		<u>21714692</u>
LESS: CURRENT LIABILITIES AND PROVISIONS					
1. Current Liabilities	11	1793183		1458836	
2. Provisions	12	<u>1324166</u>		<u>1324166</u>	
			<u>3117349</u>		<u>2783002</u>
NET CURRENT ASSETS			18254943		18931690
PROFIT AND LOSS ACCOUNT					
- DEBIT BALANCE			38640901		38170988
TOTAL			<u>79774424</u>		<u>82974424</u>

Notes to the Accounts 16

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

As Per our Report of even date annexed

For and on behalf of the Board

For P.B.Vijayaraghavan & Co.
Chartered Accountants
Firm Regn. No.: 004721S
K.Rajagopalan
Partner
Membership No.014523

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

Chennai
22.11.2010

Valliammai Muthiah (Company Secretary)

24th Annual Report

PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 30th SEPTEMBER, 2010

PARTICULARS	SCHEDULE	30.09.2010	30.09.2009
		₹	₹
INCOME :			
Sales	13	11800676	10319502
Other Income	14	4839	1086161
		<u>11805515</u>	<u>11405663</u>
EXPENDITURE :			
Manufacturing, Selling and Other expenses	15	9531364	8965527
Depreciation		2744064	2784776
		<u>12275428</u>	<u>11750303</u>
Profit / (Loss) before tax		(469913)	(344640)
Less: Provision for taxation		-	(17632)
Profit / (Loss) after tax		(469913)	(362272)
Add : Prior Period - Excess Interest Payable Reversed		-	311308
Balance brought forward		<u>(38170988)</u>	<u>(38750024)</u>
		(38640901)	(38800988)
APPROPRIATION :			
Transferred from General Reserve		-	630000
Balance carried forward		<u>(38640901)</u>	<u>(38170988)</u>
Basic and Diluted Earnings Per Share		(0.10)	(0.07)
Notes to the Accounts	16		

The Schedules referred to above form an integral part of the Profit & Loss Account

For P.B.Vijayaraghavan & Co.
Chartered Accountants
Firm Regn. No.: 004721S
K.Rajagopalan
Partner
Chennai
22.11.2010
Membership No.014523

K.C. Raghunathan (Chairman & Managing Director)
K.C. Sukumar (Director)
T.M.Srinivasan (Director)
U.Prabhakar Rao (Director)
Valliammai Muthiah (Company Secretary)



SIP INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th SEPTEMBER, 2010

SCHEDULE 1	30.09.2010	30.09.2009
	₹	₹
SHARE CAPITAL		
Authorised :		
300000 Preference Shares of ₹ 100/- each.	30000000	30000000
7000000 Equity Shares of ₹ 10/- each.	<u>70000000</u>	<u>70000000</u>
	100000000	100000000
Issued : **		
4681457 Equity Shares of ₹ 10/- each.	<u>46814570</u>	<u>46814570</u>
Subscribed and Paid up:		
4676415 Equity Shares of ₹ 10/- each fully paid up (previous year 4676415 Equity Shares of ₹ 10/- each fully paid up)	46764150	46764150
Less : Calls in Arrears	-	-
Shares forfeited account	<u>25210</u>	<u>25210</u>
	46789360	46789360
** Of the above :		
1753543 Equity Shares of ₹ 10/- each were allotted as fully paid up by way of Bonus Shares from Securities Premium Account on 09-02-1998		
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance sheet	26401784	26401784
Security Premium Account :		
As per last Balance Sheet	383280	383280
SIPCOT State Subsidy	-	630000
Less: Transfer to General Reserve	<u>-</u>	<u>630000</u>
General Reserve :		
Transfer from SIPCOT State Subsidy Account	-	630000
Less: Transfer to Profit & Loss Account	<u>-</u>	<u>630000</u>
	26785064	26785064
SCHEDULE 3		
UNSECURED LOANS		
SIP TECHNOLOGIES & EXPORTS LIMITED	<u>6200000</u>	<u>9400000</u>
	6200000	9400000

**SCHEDULE - 4
FIXED ASSETS**

₹

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	AS AT 01.10.2009	ADDITIONS	SALE/ ADJUSTMENTS	AS AT 30.09.2010	AS AT 01.10.2009	FOR THE YEAR	SALE/ ADJUSTMENTS	AS AT 30.09.2010	AS AT 30.09.2010	AS AT 30.09.2009
LAND - FLORICULTURE FARM	3021433	0	0	3021433	0	0	0	0	3021433	3021433
FACTORY BUILDINGS	4686185	0	0	4686185	1966961	156516	0	2123477	2562708	2719224
PLANT & MACHINERY	79883056	0	1396468	78486588	60820413	2433032	833746	62419699	16066889	19062643
VEHICLES	371146	305000	371146	305000	371146	19312	371146	19312	285688	0
FURNITURE AND FITTINGS	451108	6000	0	457108	437632	5184	0	442816	14292	13476
OFFICE EQUIPMENT	520089	0	0	520089	363379	24708	0	388087	132002	156710
AIR CONDITIONERS	134312	0	0	134312	85801	6384	0	92185	42127	48511
ELECTRICAL INSTALLATIONS	1912991	2620	0	1915611	1142579	90864	0	1233443	682168	770412
COMPUTERS	35800	0	0	35800	18739	5388	0	24127	11673	17061
ELECTRONIC PABX	56375	0	0	56375	39209	2676	0	41885	14490	17166
TOTAL	91072495	313620	1767614	89618501	65245859	2744064	1204892	66785031	22833470	25826636

30.09.2010

₹

30.09.2009

₹

**SCHEDULE 5
INVESTMENTS**

(Quoted At Cost)

 4511 Equity Shares of ₹ 10/- each
 fully paid in M/s. SIP Florals Pvt. Ltd.
45110451104511045110
**SCHEDULE 6
INVENTORIES**

(as valued and certified by the management)

Stores and consumables

4935524566549355245665
**SCHEDULE 7
STOCK IN TRADE**

 1559600 Equity Shares of ₹ 10/- each
 fully paid in M/s.SIP Technologies & Exports
 Limited, (Unquoted)
15596000155960001559600015596000
**SCHEDULE 8
TRADE RECEIVABLES**

Debts outstanding for a period

Exceeding Six months

Less than Six months

-

30043

1140328119412211403281224165



SIP INDUSTRIES LIMITED

	30.09.2010	30.09.2009
	₹	₹
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash in hand and in Transit	9700	17506
Balances with scheduled banks :		
in Current Account	51184	76002
in Deposit Account	-	76043
	<u>60884</u>	<u>169551</u>
SCHEDULE 10		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	1597919	1551505
Advances to M/s. SIP Florals Pvt. Ltd., (Maximum amount due during the year ₹ 8700/-)	8700	8700
Advance Income Tax	2919106	2919106
	<u>4525725</u>	<u>4479311</u>
SCHEDULE 11		
CURRENT LIABILITIES		
Sundry Creditors - Others	1078118	806724
Other Liabilities	715065	652112
	<u>1793183</u>	<u>1458836</u>
SCHEDULE 12		
PROVISIONS		
Provision for Taxation	1324166	1324166
	<u>1324166</u>	<u>1324166</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 30th SEPTEMBER, 2010

		30.09.2010		30.09.2009
	₹	₹	₹	₹
SCHEDULE 13				
SALES				
Sale of Cut Stem Flowers	11800676		10319502	
		<u>11800676</u>		<u>10,319,502</u>
SCHEDULE 14				
OTHER INCOME				
Creditors Write Back	-		1076161	
Interest on Deposits	4839		-	
Sale of Fixed Assets	-		10000	
		<u>4839</u>	<u>1086161</u>	
SCHEDULE 15				
MANUFACTURING, SELLING AND OTHER EXPENSES				
Stores and Consumables :				
Stores and consumables	2417694		2384629	
Packing materials consumed	529616		533136	
		<u>2947310</u>		<u>2917765</u>
Power, Fuel and Water :				
Power & Fuel		750592		699618
Salaries, Wages and Amenities :				
Directors Salary	-		-	
Salaries,wages and bonus	1368550		1460293	
Contribution to Provident and other funds	125702		116088	
Staff welfare	111635		91888	
	<u>1605887</u>		<u>1668269</u>	
Repairs and Maintenance :				
Other assets		2450259		2281420
Rent		252000		159000
Rates and taxes		49090		82592
Insurance		48503		28194
Travelling and Conveyance		315274		273069
Postage,Telegrams,Telephones & Telex		34296		32447
Printing and Stationery		80039		80425
Advertisement		54524		71566
Selling Expenses		11500		17762
Bad Debts Written off		90963		-
Bank charges		7881		7676
Donation		7500		6000



SIP INDUSTRIES LIMITED

Audit Fee	44120		40000	
Tax Audit	<u>22060</u>	66180	<u>20000</u>	60000
Miscellaneous expenses **		436844		579724
Loss on Sale of Fixed Assets		322722		-
		<u>9531364</u>		<u>8965527</u>

Notes: Miscellaneous Expenses Includes:

Director's Sitting Fees	7500	8250
-------------------------	------	------

SCHEDULE 16

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) FIXED ASSETS AND DEPRECIATION :

Expenditure of capital nature are capitalised at cost which comprises of purchase price and any cost directly attributable to bring the asset to its working condition for the intended use.

Depreciation is provided from the date the assets have been put to use and on straight line basis at the rates specified in accordance with Schedule XIV of the Companies Act, 1956, Including extra shift allowance wherever applicable. The Value of Mother Plants for the Floriculture Division, is charged off considering the estimated useful life of the Plants.

(b) INVESTMENTS :

Investments are valued at cost of acquisition. Investments held as stock in trade are valued at lower of cost or market value.

(c) REVENUE RECOGNITION :

Revenue is recognised on accrual basis.

(d) RETIREMENT BENEFITS :

Provident Fund is administered through Regional Provident Fund Commissioner. The Company has taken a Group Gratuity Policy for the employees with Life Insurance Corporation of India. The contributions to Provident Fund and the premiums paid to Life Insurance Corporation of India are charged against revenue. Encashment of leave is at the discretion of the management and is charged to Revenue in the year of payment.

(e) INVENTORY :

Raw Materials, Finished Goods, Stores and Spares and Packing Materials are valued at lower of cost or market value.

2. DIRECTOR'S REMUNERATION

Mr. K.C. Raghunathan continues as Managing Director without remuneration w.e.f 1st January 2006

3. MANAGERIAL REMUNERATION: Nil

4. CAPACITY AND PRODUCTION :

CUT STEM FLOWERS	Million Numbers per Annum 2009 - 2010	Million Numbers per Annum 2008 - 2009
Installed Capacity	5.00	5.00
Actual Production	5.34	4.15

5. ADDITIONAL INFORMATION RELATING TO TURNOVER:

	2009 - 2010			2008 - 2009	
	UNIT	QUANTITY	VALUE ₹	QUANTITY	VALUE ₹
Cut Stem Flowers	Millions	5.34	11800676	4.15	10319502

6. PARTICULARS REGARDING OPENING, CLOSING STOCK:

STOCK IN TRADE	2009 - 2010 ₹	2008 - 2009 ₹
1559600 Equity Shares of ₹ 10/- each fully paid in M/s.SIP Technologies & Exports Limited,	15596000	15596000
TOTAL	15596000	15596000

7. The disputed liabilities towards Income Tax including interest ₹ 64.79 lacs and Sales Tax Nil pending disposal of appeals / representations / waiver petitions have not been provided for. Similar refund claims of the Company are pending with the Department.
8. No provision has been made towards Tax in view of the Loss incurred by the Company.
9. The Company created Employees' Gratuity Trust and Group Gratuity Policy has been taken with Life Insurance Corporation of India. The Annual Premium calculated by LIC as per actuarial assessment has been charged to revenue. During the year the Company has not made any payment from Gratuity fund.
10. Sundry Debtors and Sundry Creditors and Advances are as per books subject to confirmation and reconciliation.

11. Earnings Per Share (EPS) is calculated as under:

	2009 - 2010	2008 - 2009
a) Numerator - Net Loss as disclosed in Profit & Loss account	(469913)	(344640)
b) Denominator - Weighted average number of Equity Shares outstanding - Basic	4678936	4678936
c) Earnings Per Share	(0.10)	(0.07)
d) Nominal value of Shares (in ₹)	10	10

12. Deferred Tax for the Year 2009-2010

Deferred Tax Asset has not been created in respect of Losses including depreciation incurred by the Company during the year on a conservative basis.

13. Disclosure in respect of related parties pursuant to Accounting Standard 18 : Associates

- a) SIP Technologies & Exports Limited
- b) SIP Florals Private Limited



SIP INDUSTRIES LIMITED

Key Managerial Personnel :

K.C. Raghunathan, Chairman & Managing Director

Particulars	SIP Florals	SIP Tech	TOTAL
	₹	₹	₹
Deposit Balance at the end of the year - Dr.	8700	-	8700
Loan at the end of the year - Cr.	-	6200000	6200000

- Investment in SIP Florals Private Limited has been valued at cost. The decline in value of investment is temporary and non-significant, hence not provided for.
- Previous year's figures have been regrouped and reclassified wherever necessary.
- Figures have been rounded off to the nearest Rupee.

SCHEDULE 17

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 30.09.2010

I Registration Details

Registration No. 12752 State Code 18

Balance Sheet Date 30 09 2010

Date Month Year

II Capital raised during the year (Amount in Rs.Thousands)

<p>Public Issue</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> N I L</div> <p>Bonus Issue</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> N I L</div>	<p>Rights Issue</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> N I L</div> <p>Private Placement</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> N I L</div>
--	--

III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

<p>Total Liabilities</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 7 9 7 7 4</div> <p>Sources of Funds</p> <p>Paid-up Capital</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 4 6 7 8 9</div> <p>Secured Loans</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> N I L</div> <p>Application of Funds</p> <p>Net Fixed Assets</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 2 2 8 3 3</div> <p>Net Current Assets</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 1 8 2 5 5</div> <p>Accumulated Losses</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 3 8 6 4 1</div>	<p>Total Assets</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 7 9 7 7 4</div> <p>Reserves & Surplus</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 2 6 7 8 5</div> <p>UnSecured Loans</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 6 2 0 0</div> <p>Investments</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 4 5</div> <p>Misc. Expenditure</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> N I L</div>
--	--

IV Performance of the Company (Amount Rs.in Thousands)

<p>Turnover</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 1 1 8 0 6</div> <p>+ - Profit/Loss before Tax</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> - 4 6 9</div> <p>Earnings Per Share in Rs.</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> - 0 . 1 0</div>	<p>Total Expenditure</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> 1 2 2 7 5</div> <p>+ - Profit/Loss after Tax</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> - 4 6 9</div> <p>Dividend Rate</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 100%;"> N I L</div>
--	--

V Generic names of three principal Products / Services of the Company (as per monetary terms)

Item Code No (ITC Code) 06031000

Cut Stem Flowers CUTFLOWERS & FLOWER

BUDS.. FRESH

Signatures to Schedules 1 to 17

As Per our Report of even date annexed

For and on behalf of the Board

For P.B.Vijayaraghavan & Co.
Chartered Accountants
Firm Regn. No.: 004721S
K.Rajagopalan
Partner
Membership No.014523

K.C. Raghunathan (Chairman & Managing Director)
K.C. Sukumar (Director)
T.M.Srinivasan (Director)
U.Prabhakar Rao (Director)
Valliammai Muthiah (Company Secretary)

Chennai
22.11.2010



SIP INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th SEPTEMBER, 2010

PARTICULARS	Year Ended 30th September 2010		Year Ended 30th September 2009	
	Rs.in lacs	Rs. in lacs	Rs in lacs	Rs in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before Tax and Extraordinary items	(4.70)		(3.45)	
Add : Non Cash Expenditure				
Depreciation	27.44		27.85	
Miscellaneous expenses written off	-		-	
Loss/(Profit) on sale of Fixed Assets	3.23		-	
Interest Payable Reversed	-		3.11	
Cash Flow Before Working Capital Changes	<u>25.97</u>		<u>27.51</u>	
Changes in Working Capital				
(Increase)/Decrease in Inventories	1.96		(0.80)	
(Increase)/Decrease in Trade Receivables	0.84		(7.19)	
(Increase)/Decrease in Loans and Advances	(1.46)		0.71	
(Increase)/Decrease in Stock in Trade	-		-	
Increase/(Decrease) in Current Liabs. & Provisions	<u>3.34</u>		<u>(23.39)</u>	
Cash Flow After Working Capital Changes	30.65		(3.15)	
Less : Direct taxes paid	-		<u>(0.18)</u>	
Net Cash Flow From Operating Activities		30.65		(3.32)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(3.14)		(0.17)	
Sale of Fixed Assets	2.40		-	
Net Cash Flow from Investing Activities		(0.74)		(0.17)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds for Long Term Borrowings	-		-	
Repayment of Long Term Borrowings	<u>(31.00)</u>		<u>(4.00)</u>	
Net Cash from Financing Activities		(31.00)		(4.00)
D. NET CASH FLOWS DURING THE YEAR (A+B+C)		(1.08)		(7.49)
Cash & Cash Equivalents as at the Commencement of the year		1.70		9.19
Cash & Cash Equivalents as at the Close of the year		0.61		1.70

As Per our Report of even date annexed

For and on behalf of the Board

Chennai
22.11.2010

For P.B.Vijayaraghavan & Co.
Chartered Accountants
Firm Regn. No.: 004721S
K.Rajagopalan
Partner
Membership No.014523

K.C. Raghunathan (Chairman & Managing Director)
K.C. Sukumar (Director)
T.M.Srinivasan (Director)
U.Prabhakar Rao (Director)
Valliammai Muthiah (Company Secretary)

SIP INDUSTRIES LIMITED

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

ATTENDANCE SLIP

Name of the Shareholder/Proxy :
(In Block Letters)

Folio Number/
Client ID :

I/ We hereby record my/our presence at the 24th ANNUAL GENERAL MEETING at AC Muthiah Conference Hall, ICSI-SIRC House, 3rd Floor, New No.9, Wheat Crofts Road, Nungambakkam, Chennai - 600034 on Thursday, 30th December, 2010 at 10. A.M

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.

Signature of the Shareholder(s) 1. _____ 2. _____
3. _____ 4. _____
Signature of Proxy Holder 1. _____ 2. _____

SIP INDUSTRIES LIMITED

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

PROXY FORM

I/We _____

being a Member/Members of SIP INDUSTRIES LIMITED hereby appoint _____
_____ of _____

(or failing him) _____ of _____

(or failing him) _____ of _____

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Thursday, 30th December, 2010 at 10 A.M. and at any adjournment thereof.

AS WITNESS my hand/our hands signed this _____ day of _____ 2010.

Signature



NOTE: The Proxy Form duly completed and signed must be deposited at the Company's Registered Office not less than 48 hours before the time fixed for holding the meeting.

UNDER CERTIFICATE OF POSTING (UCP)

BOOK- POST

If undelivered please return to :

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