



**SIP INDUSTRIES LIMITED**

**25th  
ANNUAL REPORT  
2010-2011**



## 25<sup>TH</sup> 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 25<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 Wednesday, 28<sup>th</sup> 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 30<sup>th</sup> 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 25<sup>th</sup> Annual Report to their Shareholders together with the Audited Accounts for the year ended 30<sup>th</sup> September 2011

#### FINANCIAL RESULTS:

The financial year ended 30<sup>th</sup> 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:

- 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 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 30<sup>th</sup> 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

1. 22.11.2010
2. 04.02.2011
3. 28.04.2011 and
4. 05.08.2011

The attendance of directors at the Board Meetings and last Annual General Meeting is as follows:



# SIP INDUSTRIES LIMITED

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., M.Sc. (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

**K C Raghunathan**

25.11.2011

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: 28<sup>th</sup> December 2011, 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-600034

### Last 3 Annual General Meetings

AGM for the year	Date	Time	Venue
2007-2008	31.12.2008	10.00 AM	6 <sup>th</sup> Floor, Crown Court, No.128, Cathedral Road, Chennai – 600086.
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-600034

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

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

### 4. Book Closure Dates

16<sup>th</sup> December 2011 to 28<sup>th</sup> 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/FILs)	2.090
Banks	0.002
Mutual Funds	0.008
Others	35.420
<b>Total</b>	<b>100.000</b>

### 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
<b>Total</b>	<b>4108</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 90.06% 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 Chudar". 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

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

Chennai  
25.11.2011

On behalf of the Board  
**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

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### **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 30<sup>th</sup> 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.

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

Place : Chennai  
Date : November 25, 2011

**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 2011**, 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 30<sup>th</sup> September 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th September 2011 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 2011;
    - 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 : 25.11.2011

**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:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) 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.
- c) The Company has not disposed off substantial part of fixed assets during the year.

### 2) In respect of inventories:

- a) All the inventories maintained in the Floriculture Division are perishable in nature. Hence, the Company has not taken any value for the closing inventory.
- b) The Stock In Trade shown under Balance Sheet relates to shares. These shares are valued at lower of the cost or market value.
- c) The consumables are valued at lower of the cost or market value.
- d) 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.
- e) 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:

- a) The Company has taken unsecured loan from SIP TECHNOLOGIES & EXPORTS LIMITED.
- b) 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 at the time of final settlement that may be on demand along with the principal. All other terms and conditions are prima-facie not prejudicial to the interest of the Company.
- c) In respect of repayment of principal, the agreement between the companies does not specify a fixed repayment schedule. The company has repaid an amount of Rs. 24 lakhs during the financial year under consideration. Considering the above, question of overdue does not arise.
- d) 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.
  - a) 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.
  - b) 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:
  - a) According to the information and explanations given to us, the Company was 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.
  - b) 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.

## 25th Annual Report

Industrial Tribunal	Amount deposited in Industrial Tribunal Chennai.	₹ 1 23830/-	Case pending in High Court Chennai.
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 30<sup>th</sup> September 2011 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 : 25.11.2011

**K. Rajagopalan**  
Partner  
Membership No. 014523



# SIP INDUSTRIES LIMITED

## BALANCE SHEET AS ON 30<sup>th</sup> SEPTEMBER, 2011

A SOURCES OF FUNDS	SCHEDULE	30.09.2011		30.09.2010	
		₹	₹	₹	₹
SHARE HOLDERS' FUNDS:					
1. Capital	1	46789360		46789360	
2. Reserves and Surplus	2	<u>26785064</u>		<u>26785064</u>	
			<b>73574424</b>		<b>73574424</b>
LOAN FUNDS:					
1. Unsecured Loans	3		<u>3800000</u>		<u>6200000</u>
<b>TOTAL</b>			<u><b>77374424</b></u>		<u><b>79774424</b></u>
<b>B APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS:</b>					
1. Assets less depreciation	4		<b>20127664</b>		<b>22833470</b>
INVESTMENTS	5		<b>45110</b>		<b>45110</b>
CURRENT ASSETS, LOANS AND ADVANCES					
1. Inventories	6	<b>115485</b>		49355	
2. Stock in Trade	7	<b>3899000</b>		15596000	
3. Trade Receivables	8	<b>25278</b>		1140328	
4. Cash and Bank Balances	9	<b>57275</b>		60884	
5. Loans and advances	10	<b>4379501</b>		4525725	
		<u><b>8476539</b></u>		<u>21372292</u>	
LESS: CURRENT LIABILITIES AND PROVISIONS					
1. Current Liabilities	11	<b>2508324</b>		1793183	
2. Provisions	12	<b>1324166</b>		<u>1324166</u>	
		<u><b>3832490</b></u>		<u>3117349</u>	
NET CURRENT ASSETS			<b>4644049</b>		<b>18254943</b>
PROFIT AND LOSS ACCOUNT - DEBIT BALANCE			52557601		38640901
<b>TOTAL</b>			<u><b>77374424</b></u>		<u><b>79774424</b></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  
Chennai  
25.11.2011

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

# 25th Annual Report

## PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 30<sup>th</sup> SEPTEMBER, 2011

PARTICULARS	SCHEDULE	30.09.2011 ₹	30.09.2010 ₹
<b>INCOME :</b>			
Sales	13	<b>9426439</b>	11800676
Other Income	14	-	4839
<b>TOTAL</b>		<b><u>9426439</u></b>	<b><u>11805515</u></b>
<b>EXPENDITURE :</b>			
Manufacturing , Selling and Other expenses	15	<b>8934925</b>	9531364
Provision for Diminution in Value of Stock-In-Trade (shares held for trading)		<b>11697000</b>	-
Depreciation		<b>2711214</b>	2744064
<b>TOTAL</b>		<b><u>23343139</u></b>	<b><u>12275428</u></b>
Profit / (Loss) before tax		<b>(13916700)</b>	(469913)
Less: Provision for taxation		-	-
Profit / (Loss) after tax		<b>(13916700)</b>	(469913)
Balance brought forward		<b><u>(38640901)</u></b>	<u>(38170988)</u>
		<b>(52557601)</b>	(38640901)
<b>APPROPRIATION :</b>			
Transferred from General Reserve		-	-
Balance carried forward		<b>(52557601)</b>	(38640901)
Basic and Diluted Earnings per Share		<b><u>(2.97)</u></b>	<u>(0.07)</u>
Notes to the Accounts	16		

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

As Per our Report of even date annexed

For and on behalf of the Board

Chennai  
25.11.2011

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30<sup>th</sup> SEPTEMBER, 2011

SCHEDULE 1	30.09.2011	30.09.2010
	₹	₹

## SHARE CAPITAL

### Authorised :

300000 Preference Shares of Rs. 100/- each.	30000000	30000000
--	----------	----------

7000000 Equity Shares of ₹ 10/- each.	<u>70000000</u>	<u>70000000</u>
---------------------------------------	-----------------	-----------------

<u>100000000</u>	<u>100000000</u>
------------------	------------------

### 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>46764150</u>	<u>46764150</u>
	25210	25210

<b>TOTAL</b>	<u><b>46789360</b></u>	<u><b>46789360</b></u>
--------------	------------------------	------------------------

\*\* 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

TOTAL	<u>26785064</u>	<u>26785064</u>
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## SCHEDULE 3

### UNSECURED LOANS

SIP TECHNOLOGIES & EXPORTS LTD.	3800000	6200000
---------------------------------	---------	---------

<u>3800000</u>	<u>6200000</u>
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**SCHEDULE - 4  
FIXED ASSETS**

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	AS AT 30.09.2010	ADDITIONS	SALE/ ADJUSTMENTS	AS AT 30.09.2011	AS AT 30.09.2010	FOR THE YEAR	SALE/ ADJUSTMENTS	AS AT 30.09.2011	AS AT 30.09.2011	AS AT 30.09.2010
Land - Floriculture Farm	3021433	-	-	3021433	-	-	-	-	3021433	3021433
Factory Buildings	4686185	-	-	4686185	2123477	156519	-	2279996	2406189	2562708
Plant & Machinery	78486588	-	-	78486588	62419699	2389578	-	64809277	13677311	16066889
Vehicles	305000	-	-	305000	19312	28581	-	47893	257107	285688
Furniture And Fittings	457108	-	-	457108	442816	5323	-	448139	8969	14292
Office Equipment	520089	-	-	520089	388087	24705	-	412792	107297	132002
Air Conditioners	134312	-	-	134312	92185	6381	-	98566	35746	42127
Electrical Installations	1915611	-	-	1915611	1233443	90992	-	1324435	591176	682168
Computers	35800	5408	-	41208	24127	6457	-	30584	10624	11673
Electronic Pabx	56375	-	-	56375	41885	2678	-	44563	11812	14490
<b>TOTAL</b>	<b>89618501</b>	<b>5408</b>	<b>-</b>	<b>89623909</b>	<b>66785031</b>	<b>2711214</b>	<b>-</b>	<b>69496245</b>	<b>20127664</b>	<b>22833470</b>

**30.09.2011**

₹

**30.09.2010**

₹

**SCHEDULE 5  
INVESTMENTS**

(Quoted At Cost)

4511 Equity Shares of ₹ 10/- each  
fully paid in M/s. SIP Florals Pvt. Ltd.

**45110**

**45110**

**45110**

**45110**

**SCHEDULE 6  
INVENTORIES**

(as valued and certified by the  
management.)

Stores and consumables

**1154855**

**49355**

**115,485**

**49355**

**SCHEDULE 7  
STOCK IN TRADE**

1559600 Equity Shares of ₹ 10/- each  
fully paid in M/s.SIP Technologies and Exports  
Limited, (Unquoted)

**15596000**

**15596000**

Less: Provision for Diminution in Value

**11697000**

**-**

**3899000**

**15596000**

**SCHEDULE 8  
TRADE RECEIVABLES**

Debts outstanding for a period

Exceeding Six months

Less than Six months

**-**

**-**

**25278**

**1140328**

**25278**

**1140328**



# SIP INDUSTRIES LIMITED

	30.09.2011	30.09.2010
	₹	₹
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand and in Transit	13139	9700
Balances with scheduled banks :		
in Current Account	44136	51184
in Deposit Account	-	-
	<u>57275</u>	<u>60884</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
Advances recoverable in cash or in kind or for value to be received.	1451695	1597919
Advances to M/s. SIP Florals Pvt. Ltd., (Maximum amount due during the year ₹ 8700/-)	8700	8700
Advance Income Tax	2919106	2919106
	<u>4379501</u>	<u>4525725</u>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors - Others	1717524	1078118
Other Liabilities	790800	715065
	<u>2508324</u>	<u>1793183</u>
<b>SCHEDULE 12</b>		
<b>PROVISIONS</b>		
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 30<sup>th</sup> SEPTEMBER, 2011**

	₹	30.09.2011	₹	30.09.2010	₹
<b>SCHEDULE 13</b>					
<b>SALES</b>					
Sale of Cut Stem Flowers - Domestic	9426439		11800676		
<b>TOTAL</b>	<u>9426439</u>		<u>11800676</u>		<u>11800676</u>
<b>SCHEDULE 14</b>					
<b>OTHER INCOME</b>					
Creditors Write Back	-		-		
Interest on Deposits	-		-		
Sale of Fixed Assets	-		4839		
<b>TOTAL</b>	<u>-</u>		<u>4839</u>		<u>4839</u>
<b>SCHEDULE 15</b>					
<b>MANUFACTURING, SELLING AND OTHER EXPENSES</b>					
<b>Stores and Consumables :</b>					
Stores and consumables	1824653		2417,694		
Packing materials consumed	450825		529616		
	<u>2275478</u>		<u>2947310</u>		
<b>Power, Fuel and Water :</b>					
Power & Fuel		<u>738413</u>		<u>750592</u>	
<b>Salaries, Wages and Amenities :</b>					
Directors Salary	-		-		
Salaries,wages and bonus	1605984		1368550		
Contribution to Provident and other funds	136511		125702		
Staff welfare	275402		111635		
	<u>2017897</u>		<u>1605887</u>		
<b>Repairs and Maintenance :</b>					
Other assets		2577579		2450259	
Rent		310800		252000	
Rates and taxes		20473		49090	
Insurance		21816		48503	
Travelling and Conveyance		338601		315274	
Postage,Telegrams,Telephones& Telex		-		34296	
Printing and Stationery		6000		80039	
Advertisement		43369		54524	
Selling Expenses		11150		11500	
Bad Debts Written off		33163		90963	
Bank charges		4708		7881	
Donation		59224		7500	



# SIP INDUSTRIES LIMITED

Audit Fee	44120		44120	
Tax Audit	<u>22060</u>	<b>66,180</b>	<u>22060</u>	66180
Miscellaneous expenses **		<b>410074</b>		436844
Loss on Sale of Fixed Assets		-		322722
<b>TOTAL</b>		<b><u>8934925</u></b>		<b><u>9531364</u></b>
<b>Notes: Miscellaneous Expenses Includes:</b>				
Director's Sitting Fees		6750		7500

## 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 1<sup>st</sup> January 2006

#### 3. MANAGERIAL REMUNERATION: Nil

#### 4. CAPACITY AND PRODUCTION :

CUT STEM FLOWERS	Million Numbers per Annum 2010 - 2011	Million Numbers per Annum 2009 - 2010
Installed Capacity	5.00	5.00
Actual Production	3.20	5.34

### 5. ADDITIONAL INFORMATION RELATING TO TURNOVER:

	2010 - 2011			2009- 2010	
	UNIT	QUANTITY	VALUE (₹)	QUANTITY	VALUE (₹)
Cut Stem Flowers	Millions	3.20	9426439	5.34	11800676

### 6. PARTICULARS REGARDING OPENING, CLOSING STOCK:

STOCK IN TRADE	2010- 2011 (₹)	2009- 2010 (₹)
1559600 Equity Shares of ₹10/- each fully paid in M/s.SIP Technologies & Exports Limited,	15596000	15596000
<b>Less:</b> Provision for Diminution in Value	11697000	-
<b>TOTAL</b>	<b>3899000</b>	15596000

The Company has provided an amount of ₹ 1,16,97,000 as provision for diminution in value of shares held for trading on an estimated basis. The management is of the view that the provision is adequate considering the future prospects of the company.

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:

	2010 - 2011	2009 - 2010
a) Numerator - Net Loss as disclosed in Profit & Loss account	(13916700)	(344640)
b) Denominator - Weighted average number of Equity Shares outstanding - Basic	4678936	4678936
c) Earnings Per Share	(2.97)	(0.07)
d) Nominal value of Shares (in ₹)	10	10

### 12. Deferred Tax for the Year 2010-2011

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

Key Managerial Personnel :

K.C. Raghunathan, Chairman & Managing Director

Particulars	SIP Florals	SIP Tech	TOTAL
Deposit Balance at the end of the year - Dr.	8,700	-	8,700
Loan at the end of the year - Cr.	-	3800000	3800000

- 14. 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.
- 15. Previous year's figures have been regrouped and reclassified wherever necessary.
- 16. 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 30.09.2011

**I Registration Details**

Registration No.	1 2 7 5 2	State Code	1 8
Balance Sheet Date	3 0	0 9	2 0 1 1
	Date	Month	Year

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

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

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

Total Liabilities	7 7 3 7 4	Total Assets	7 7 3 7 4
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Sources of Funds

Paid-up Capital	4 6 7 8 9	Reserves & Surplus	2 6 7 8 5
Secured Loans	N I L	UnSecured Loans	3 8 0 0

Application of Funds

Net Fixed Assets	2 0 1 2 8	Investments	4 5
Net Current Assets	4 6 4 3	Misc. Expenditure	N I L
Accumulated Losses	5 2 5 5 8		

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

Turnover	9 4 2 6	Total Expenditure	2 3 3 4 3
+ — Profit/Loss before Tax	- 1 3 9 1 7	+ — Profit/Loss after Tax	- 1 3 9 1 7
Earnings Per Share in Rs.	- 2 . 9 7	Dividend Rate	N I L

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

Item Code No (ITC Code)	0 6 0 3 1 0 0 0
Cut Stem Flowers	
C U T F L O W E R S & F L O W E R	
B U D S . . F R E S H	

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  
25.11.2011



# SIP INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>th</sup>SEPTEMBER, 2011

PARTICULARS	Year Ended 30th September 2011		Year Ended 30th September 2010	
	₹ In lacs	₹ In lacs	₹ In lacs	₹ In lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before Tax and Extraordinary items	(139.17)		(4.70)	
Add : Non Cash Expenditure				
Depreciation	27.11		27.44	
Miscellaneous expenses written off	-		-	
Loss/(Profit) on sale of Fixed Assets	-		3.23	
Interest Payable Reversed	-		-	
Cash Flow Before Working Capital Changes	<u>(112.05)</u>		<u>25.97</u>	
Changes in Working Capital				
(Increase)/Decrease in Inventories	(0.66)		1.96	
(Increase)/Decrease in Trade Receivables	11.15		0.84	
(Increase)/Decrease in Loans and Advances	1.46		(1.46)	
(Increase)/Decrease in Stock in Trade	116.97		-	
Increase/(Decrease) in Current Liabs. & Provisions	<u>7.15</u>		<u>3.34</u>	
Cash Flow After Working Capital Changes	24.02		30.65	
Less : Direct taxes paid	-		-	
Net Cash Flow From Operating Activities	<u>24.02</u>	24.02	<u>30.65</u>	30.65
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(0.05)		(3.14)	
Sale of Fixed Assets	-		2.40	
Net Cash Flow from Investing Activities	<u>(0.05)</u>	(0.05)	<u>(0.74)</u>	(0.74)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds for Long Term Borrowings	-		-	
Repayment of Long Term Borrowings	(24.00)		(31.00)	
Net Cash from Financing Activities	<u>(24.00)</u>	(24.00)	<u>(31.00)</u>	(31.00)
<b>D. NET CASH FLOWS DURING THE YEAR (A+B+C)</b>		(0.03)		(1.08)
Cash & Cash Equivalents as at the Commencement of the year		0.61		1.70
Cash & Cash Equivalents as at the Close of the year		0.58		0.61

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  
25.11.2011

**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 **25<sup>TH</sup> ANNUAL GENERAL MEETING** at A C Muthiah Conference Hall, ICSI-SIRC House, 3<sup>rd</sup> Floor, New No.9, Wheatcrofts Road, Nungambakkam, Chennai-600034, on Wednesday, 28<sup>th</sup> December, 2011 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 \_\_\_\_\_

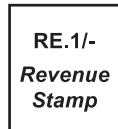
(or failing him) \_\_\_\_\_ of \_\_\_\_\_

(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 25th Annual General Meeting of the Company to be held on Wednesday, 28th December, 2011 at 10 A.M. and at any adjournment thereof.

AS WITNESS my hand/our hands signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

**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 meeting.





**SIP INDUSTRIES LIMITED**  
Regd.Off. Old No. 17, New No. 35, First Main Road,  
Raja Annamalaipuram, Chennai – 600 028.

Dear Shareholders,

**Re : Green Initiative in Corporate Governance**

As a sequel to the initiative about environment protection, initiative by the Ministry of Corporate Affairs (MCA) in sending communication such as annual report and such other documents in electronic mode to the shareholders instead of sending through the conventional postal department, your Company would encourage the same by following the initiative of MCA.

Shareholders are aware that several advantages will fall out by such on initiative, for example, receiving communication promptly, avoid loss in postal transit, conserve valuable paper and save on printing and postage cost. To fully support this, it is proposed to send communication through documents to shareholders by electronic mode through e-mail which include Notice, Audited financial statements, Auditors Report, Directors Report, Corporate Governance Disclosures, etc.

To enable use of electronic mode, it is requested that the e-mail address be registered with the Company / Cameo Corporate Services Pvt. Ltd., (The Registrar and Share Transfer Agents (RTA) in the following manner.

1. By sending e-mail request giving therein your registered folio number / DP ID and CLIENT ID to the e-mail address of the Company at sipshare@sipindustries.in or to its RTA at investor@cameoindia.com
2. By sending a scanned copy of duly filled in attached form through e-mail to the dedicated e-mail address of the Company at sipshare@sipindustries.in or to its RTA at investor@cameoindia.com

Your communication by e-mail in the above manner will kindly be noted as your consent for receiving all the above documents by electronic mode. Should you want to change in future you may write to us a separate letter to send by physical mode.

A fully annual report of the Company will however, be made available on the website of the Company www.sipindustries.in

Your support and co-operation is solicited for the eco-friendly measures encouraged by MCA and followed by the Company.

Yours faithfully,  
For SIP INDUSTRIES LIMITED,  
**Mrs. VALLIAMMAI MUTHIAH**  
Company Secretary

**SIP INDUSTRIES LIMITED**  
Regd.Off. Old No. 17, New No. 35, First Main Road,  
Raja Annamalaipuram, Chennai – 600 028.

**E-Communication Registration Form**

To  
Cameo Corporate Services Limited,  
(Unit : SIP Industries Limited)  
"Subramanian Building",  
No.1, Club House Road,  
Mount Road, Chennai - 600 002.

Dear Sirs,

**Re : Green Initiative in Corporate Governance**

I / We agree to receive all communication from the Company through e-mail. Please register my / our e-mail ID in your records for sending communication. Please note my / our said request in your records.

Registered Folio No. (as given overleaf) .....

Name of the 1<sup>st</sup> Registered Holder .....  
(as given overleaf)

e-mail ID : .....

Date :..... Signature of the first shareholder .....

Note: On registration, all the communication will be sent to the e-mail ID registered in the Folio.





**BOOK- POST**

If undelivered please return to :

**SIP INDUSTRIES LIMITED**

OLD NO. 17, NEW NO. 35,  
FIRST MAIN ROAD,  
RAJA ANNAMALAIPURAM,  
CHENNAI - 600 028.  
INDIA