



11<sup>th</sup>

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**ANNUAL REPORT**  
**2003-2004**

**LIPPI SYSTEMS LIMITED**  
· AHMEDABAD

# **LIPPI SYSTEMS LIMITED**

## **BOARD OF DIRECTORS**

Shri Nandlal J. Agrawal	Managing Director
Shri Sanjaybhai C. Agrawal	Director
Shri Dineshbhai R. Gupta	Director
Shri Minesh C. Shah	Director
Shri Shankarbhai R. Raval	Director
Shri Kamlesh S. Sharma	Director
Shri Jagdish R. Dave	Director
Shri Yogin M. Patel	Director

## **BANKERS**

Bank of Baroda  
Bhadra,  
Ahmedabad 380 001.

## **AUDITORS**

Ashok Dhariwal & Co.  
Chartered Accountants  
A/602, Narnarayan Complex,  
Navrangpura,  
Ahmedabad-380 009.

## **REGISTERED OFFICE**

3rd Floor, Agrawal Chambers,  
Opp. Town Hall,  
Ellisbridge,  
Ahmedabad 380 006.

**NOTICE**

NOTICE is hereby given that 11<sup>th</sup> Annual General Meeting of the members of the Company will be held on Wednesday, 29<sup>th</sup> September, 2004 at 11.00 a.m. at the registered office of the Company at 3<sup>rd</sup> Floor, Agrawal Chambers, Opp. Town Hall, Ellisbridge, Ahmedabad - 380 006, to transact the following business:-

**ORDINARY BUSINESS :**

1. To receive and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2004, Profit and loss account for the year ended on that date together with the directors report and auditors thereon.
2. To appoint Shri.Sanjay C. Agrawal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Shri.Dinesh R. Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary resolution.

**RESOLVED THAT** Shri Kamlesh S. Sharma, who pursuant to the provisions of section 260 of the Companies Act, 1956 and Articles of Association of the Company has been appointed as an additional director of the company, by the Board of Directors of the company and who holds office upto the date of annual general meeting of the company and being eligible offers himself for reappointment and in respect of whom a notice in accordance with the provisions of Section 257 of the Companies Act, 1956, has been received in writing from a member of the Company, proposing his candidature for the office of directorship, be and is hereby appointed as a director of the Company.

6. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary resolution.

**RESOLVED THAT** Shri Jagdish R. Dave, who pursuant to the provisions of section 260 of the Companies Act, 1956 and Articles of Association of the Company, has been appointed as an additional director of the company, by the Board of Directors of the company and who holds office upto the date of annual general meeting of the company and being eligible offers himself for reappointment and in respect of whom a notice in accordance with the provisions of Section 257 of the Companies Act, 1956, has been received in writing from a member of the Company, proposing his candidature for the office of directorship, be and is hereby appointed as a director of the Company.

7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary resolution.

**ANNUAL REPORT 2003-2004**

**RESOLVED THAT** Shri Yogin M. Patel, who pursuant to the provisions of section 260 of the Companies Act, 1956 and Articles of Association of the Company has been appointed as an additional director of the company, by the Board of Directors of the company and who holds office upto the date of annual general meeting of the company and being eligible offers himself for reappointment and in respect of whom a notice in accordance with the provisions of Section 257 of the Companies Act, 1956, has been received in writing from a member of the Company, proposing his candidature for the office of directorship, be and is hereby appointed as a director of the Company.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF COMPANY.

By Order of the Board of Directors

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2004

**NANDLAL J. AGRAWAL**  
Chairman Cum Managing Director

**NOTES :**

1. The proxies in order to be effective, must be lodged with the company not less than 48 hours before the meeting.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is also annexed.
3. The Register of Members and Share Transfer Books will remain close from Wednesday, the 22<sup>nd</sup> September, 2004 to Wednesday, the 29<sup>th</sup> September, 2004 (both days inclusive).
4. Members are requested to bring their copies of Annual Report at the meeting.

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****ITEM NO. 5 :**

Shri Kamlesh S. Sharma has been appointed as an additional director of the Company by the Board of Directors and the Company has received notice under section 257 of the Companies Act, 1956, from a member proposing his candidature as a director of the Company. A brief resume of Shri Kamlesh S. Sharma is provided in the Corporate Governance Report.

No director other than Shri Kamlesh S. Sharma is interested in the resolution.

**ITEM NO. 6 :**

Shri Jagdish R. Dave has been appointed as an additional director of the Company by the Board of Directors and the Company has received notice under section 257 of the Companies Act, 1956, from a member proposing his candidature as a director of the Company. A brief resume of Shri Jagdish R. Dave is provided in the Corporate Governance Report.

No director other than Shri Jagdish R. Dave is interested in the resolution.

**ITEM NO. 7 :**

Shri Yogin M. Patel has been appointed as an additional director of the Company by the Board of Directors and the Company has received notice under section 257 of the Companies Act, 1956, from a member proposing his candidature as a director of the Company. A brief resume of Shri Yogin M. Patel is provided in the Corporate Governance Report.

No director other than Shri Yogin M. Patel is interested in the resolution.

By Order of the Board of Directors

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2004

**NANDLAL J. AGRAWAL**  
Chairman Cum Managing Director

**LIPPI SYSTEMS LIMITED****DIRECTORS REPORT**

To,  
The Members of,  
**LIPPI SYSTEMS LIMITED**

Your Directors have pleasure in presenting their the 11<sup>th</sup> Annual Report together with the Audited Accounts for the year ended on 31<sup>st</sup> March, 2004.

**FINANCIAL RESULTS :**

Particulars	Amt. (Rs. in lacs)	
	2003-04	2002-03
Net Sales	653.17	637.48
Other Income	13.75	13.84
Interest	21.46	23.27
Depreciation	118.00	102.41
Income Tax Provision (MAT)	13.34	12.77
Deferred Tax Liability	29.79	53.11
Net Profit	73.73	85.37

**OPERATIONS :**

Your directors are pleased to report that the expansion project of the company has been successfully completed during the year under review and inspite of adverse market conditions your company has achieved a net sales of Rs. 653.17 lacs as compared to Rs. 637.48 lacs for the previous year. However due to increase in expenses and higher depreciation the operations of the company has been resulted into a net profit of Rs. 73.73 lacs as compared to Rs. 85.37 lacs for the preceding year. Your directors expect some better results for the current year.

**DIVIDEND :**

Considering various factors such as present requirement of long term funds, current market conditions etc., your directors have not recommended any dividend for the year under report.

**FIXED DEPOSITS**

During the year under review your Company has not accepted any fixed deposits from the public and therefore no information is required to be furnished in respect of outstanding deposits.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The particulars in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 217 (1) (e) of the Companies Act read with Companies (Disclosure of particulars in Report of Directors) Rules, 1988 are provided by way of annexure to this Report.

**PARTICULARS OF EMPLOYEES :**

The Company has no employees whose salary exceeds the limits prescribed under Section 217 (2A) of the Companies Act, 1956. Hence the information required to be given under the said section read with Companies (Particulars of Employees) Rules, 1975 do not apply.

## ANNUAL REPORT 2003-2004

### DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors confirm that :

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed.
- (ii) Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the company as at 31<sup>st</sup> March, 2004 and of the profit of the company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the annual accounts on a "going concern basis".

### CORPORATE GOVERNANCE :

A report on Corporate Governance is also enclosed and forms part of the annual report.

### DIRECTORS :

Shri Sanjay C. Agrawal and Shri Dinesh Gupta retire by rotation and being eligible offer themselves for reappointments.

During the year under report Shri Kamlesh Sharma, Shri Jagdish Dave and Shri Yogin Patel have been appointed as additional directors of the Company by the Board of Directors. The Company has received notices under Section 257 of the Companies Act, 1956 proposing their candidature for the office of Directors of the Company, to be elected by the members in the ensuing Annual General Meeting.

During the year under report Shri Pradip Kejariwal resigned as director of the Company.

### AUDITORS :

The Auditors M/s. Ashok Dhariwal & Co., Chartered Accountants retire at the ensuing annual general meeting. The Company has received a certificate from the auditors stating that their appointment, if made, will be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

### ACKNOWLEDGEMENT :

The Board wish to place on record their sincere appreciation and acknowledge with gratitude the efforts put in and co-operation extended by bankers, shareholders, employees at all level and all other associated persons, bodies or agencies for their continued support.

By Order of the Board of Directors

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2004

**NANDLAL J. AGRAWAL**  
Chairman Cum Managing Director

**ANNEXURE TO DIRECTOR'S REPORT**

Information as per Section 217(1) (e) of the Companies Act, 1956.

**(A) CONSERVATION OF ENERGY :**

All possible measures are being taken on regular basis for conservation of energy. Total energy consumption and energy consumption per unit of production

**d) Total Energy Consumption per unit of production in prescribed form :****A) POWER AND FUEL CONSUMPTION IN RESPECT OF :**

	Year ended <b>2003-2004</b>	Year ended <b>2002-2003</b>
<b>1. Electricity :</b>		
a) Purchased		
Units Nos.	750894	704348
Total Amt. (Rs.)	3445760	3598166
Rate per Unit (Rs.)	4.59	5.11
b) <b>Own Generation</b>		
(i) Through Diesel Generation Set		
Units	22531	26748
Unit per Litre of Diesel Oil	4.33	4.31
Cost per Unit	5.54	4.88

**B. CONSUMPTION PER UNIT OF PRODUCTION :**

	<b>2003-2004</b>	<b>2002-2003</b>
Consumption per square meter of Production		
Electricity (No. of Units)	307.522	308.007

**RESEARCH AND DEVELOPMENT :**

The Company has no specific research and development department. However the company has well equipped quality control department to check the quality of its products and effective steps are being taken for its improvement.

**FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The information required to be given in respect of foreign exchange earnings and outgo is provided in the notes forming part of accounts. Members are requested to refer the same.

## CORPORATE GOVERNANCE

### 1) COMPANY PHILOSOPHY ON CODE OF GOVERNANCE :

#### A brief statement on company's philosophy on code of Governance:

The company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as fair and transparent business practices, effective Management Controls at all levels, adequate representation of promoter, executive and independent directors on the board, accountability for performance at all levels, monitoring of executive performance by the Board and transparent and timely disclosure of financial and management information.

#### 1. Board of Directors:

There are eight members of the Board of Directors of the company comprising of Executive Directors and independent directors. There is no institutional nominee on the board. During the year nine meetings of the Board were held. The Board of directors were met on 30.04.2003, 02.05.2003, 05.06.2003, 30.06.2003, 31.07.2003, 30.10.2003, 18.11.2003, 30.01.2004 and 19.03.2004.

The composition and attendance of the Board of Directors are as :

Sl. No.	Name of Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorship held other than Lippi Sysytems Ltd.	No. of Committee/ membership @ held other than Lippi Systems Ltd.
1	Shri Nandlal Agrawal	Managing Director - Chairman	9	Yes	2	None
2	Shri Sanjay Agrawal	Non-executive	9	Yes	5	None
3	Shri Pradip Kejariwal #	Executive	4	Yes	Nil	None
4	Shri Dinesh Gupta	Non-Executive	7	Yes	4	None
5	Shri Shankar Rawal	Independent	7	Yes	Nil	None
6	Shri Minesh Shah	Executive	9	Yes	Nil	None
7	Shri Kamlesh Sharma *	Independent	01	N.A	1	None
8	Shri Jagdish Dave *	Independent	01	N.A	1	None
9	Shri Yogin Patel *	Independent	01	N.A	Nil	None

**LIPPI SYSTEMS LIMITED**

- @ Only Remuneration Committee, Shareholders/ Investors Grievance Committee and Audit Committee are considered for the purpose.
- \* Appointed as directors of the company with effect from 19th March, 2004.
- # Resigned as a director of the company on w.e.f. 01.10.2003

The information required to be given for the Directors seeking appointment / reappointment at the Annual General Meeting as per clause 49.

Shri Sanjay C. Agrawal, is B.Com, aged about 30 years. He is also Director in City Gold Entertainment Ltd., City Gold Media Limited, Agrawal Estate Organiser Ltd., Suryanagri Finlease Ltd., Suryanagri Securities and Investment Ltd. He has great expertise in the matters relating to finance and general administration. He belong to promoter family of the company and associated with the company since its inception.

Shri Dinesh R. Gupta, is S.S.C., aged about 33 years. He is also Director in City Gold Entertainment Ltd., City Gold Media Limited, Suryanagri Finlease Ltd., Suryanagri Securities and Investment Ltd. He possesses indepth knowledge in the field of finance, commerce, business administration and public relation. He has been associated with the Company since last 5 years.

Shri Kamlesh S. Sharma, is commerce graduate, aged about 46 years. He is also Director in Satya Satellite Reality Limited . He is an independent director on the Board. He possesses wide experience in the field of marketing and finance and accounts.

Shri Jagdish Rasiklal Dave, is B.Com, aged about 47 years. He is also Director in Prince Bullion Limited. He is an independent director on the Board. He possesses wide experience in the field of finance and accounts.

Shri Yogin Manubhai Patel, is S.S.C., aged about 44 years. He is an independent director on the Board. He possesses wide experience in the field of marketing, business administration and public relation.

The board of directors of the company has constituted various committees of the members of the board. The terms of reference of these committees have been determined by the board from time to time.

#### **AUDIT COMMITTEE :**

During the financial year under report audit Committee reconstituted comprises of Shri Jagdish Dave ( Chairman), Shri Sankarbhai Raval and Shri Kamlesh Sharma. The company Secretary acts as secretary of the committee.

The terms of reference of the Committee are as is specified in clause 49 of the Listing agreement. During the financial year the Committee met on 30.06.2003, 31.07.2003, 30.10.2003, 30.01.2004. The minutes of the Audit committee are circulated to the Board members.