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**ANNUAL REPORT**  
**2005- 2006**

**LIPPI SYSTEMS LIMITED**  
**AHMEDABAD**

# **LIPPI SYSTEMS LIMITED**

## **BOARD OF DIRECTORS**

Shri Nandlal J. Agrawal	Managing Director
Shri Sanjaybhai C. Agrawal	Director
Shri Dineshbhai F. 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**

Indian Overseas Bank.  
Stadium Road Branch,  
Ahmedabad - 380 009.

## **AUDITORS**

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

## **REGISTERED OFFICE**

3rd Floor, Satya Complex,  
Opp. IOC Petrol Pump,  
132ft Ring Road, Satellite,  
Ahmedabad - 380 015.

**NOTICE**

NOTICE is hereby given that 13th Annual General Meeting of the members of the Company will be held on Thursday, 28<sup>th</sup> September, 2006 at 11.30 a.m. at the registered office of the Company at 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132ft Ring Road, Satellite, Ahmedabad 380 015, to transact the following business:-

1. To receive and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2006, Profit and loss account for the year ended on that date together with the directors report and and auditors report thereon.
2. To appoint a director in place of Shri. Jagdish R. Dave, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri. Kamlesh Sharma, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

By Order of the Board of Directors

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2006

**Nandlal J. Agrawal**  
Chairman Cum 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 A PROXY NEED NOT BE A MEMBER OF COMPANY.
2. The proxies in order to be effective, must be lodged with the company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books will remain close from Thursday, the 14th September, 2006 to Thursday, the 21st September, 2006 (both Days inclusive).
4. Members are requested to bring their copies of Annual Report at the meeting.

**DIRECTORS REPORT**

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

Your Directors have pleasure in presenting their the 13<sup>th</sup> Annual Report together with the Audited Accounts for the year ended on 31<sup>st</sup> March, 2006.

**FINANCIAL RESULTS:****Amt. (Rs. in lacs)**

<b>Particulars</b>	<b>2005-06</b>	<b>2004-05</b>
Net Sales	907.81	758.29
Other Income	11.50	7.42
Interest	40.43	33.01
Depreciation	175.08	157.93
Income Tax Provision(MAT)	43.88	07.14
Deferred Tax Liability	-7.59	30.26
Net Profit	75.18	43.79

**OPERATIONS:**

Your directors are pleased to report that as a result of efficient and aggressive marketing Efforts, during the year under report, your company has been able to achieve turnover Of Rs.907.81 lacs as compared to Rs. 758.29 lacs of the previous year and the net profit of the company, for the under review has been increased to Rs. 75.18 lacs from Rs. 43.79 lacs for the preceding year.

Your directors expect 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.

**AUDIT COMMITTEE :**

Pursuant to Section 292 A of the Companies Act, 1956 the Board of Directors has constituted an audit committee. The audit committee comprises of Shri Jagdish Dave, Shri Dinesh Gupta and Shri Kamlesh Sharma.

**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 on 31<sup>st</sup> March, 2006 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) They have 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. A certificate from the auditors of the company regarding compliance with corporate governance norms is annexed to the report on corporate governance.

**DIRECTORS:**

Shri Jagdish R. Dave and Shri Kamlesh Sharma retire by rotation and being eligible offer themselves for reappointments.

**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. The Board proposes to reappoint them.

**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 and agencies for their continued support.

Place : Ahmedabad

For and on Behalf of Board of Directors

Date : 30<sup>th</sup> June, 2006

**NANDLAL J. AGRAWAL**

Chairman Cum Managing Director

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**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

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

<b>Electricity :</b>	<b>Year ended 2005-2006</b>	<b>Year ended 2004-2005</b>
a) Purchased		
Units Nos.	1226508	976068
Total Amt. (Rs.)	5577353	4526828
Rate per Unit (Rs.)	4.38	4.64
b) Own Generation		
Through Diesel Generation Set		
Units	18878	21435
Unit per Litre of Diesel Oil	3.04	4.29
Cost per Unit	11.18	6.29

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

<b>Consumption per square meter of Production</b>	<b>2005-2006</b>	<b>2004-2005</b>
Electricity (No. of Units)	348.583	345.898

**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.

**REPORT ON CORPORATE GOVERNANCE****COMPANY'S 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 8.04.2005, 30.06.2005, 30.07.2005, 4.10.2005, 10.10.2005, 31.10.2005, 12.12.2005, 31.01.2006 and 24.03.2006.

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 System Ltd.	No. Of Committee/ membership @held other than Lippi System Ltd.
1	Shri Nandlal Agrawal	Managing Director-Chairman	9	Yes	3	None
2	Shri Sanjay Agrawal	Non-executive	8	Yes	4	None
3	Shri Dinesh Gupta	Non-executive	8	Yes	4	None
4	Shri Shankar Raval	Independent	3	Yes	Nil	None
5	Shri Minesh Shah	Executive	9	Yes	Nil	None
6	Shri Kamlesh Sharma	Independent	7	Yes	1	None
7	Shri Jagdish Dave	Independent	8	Yes	1	None
8	Shri Yogin Patel	Independent	8	Yes	Nil	None



@ Only Remuneration Committee, Shareholders/ Investors Grievance Committee and Audit Committee are considered for the purpose.

The information required to be given for the Directors seeking appointment / reappointment at the Annual General Meeting as per clause 49 (VI) is as :

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

Shri Kamlesh S. Sharma, is commerce graduate, aged about 38 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.

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:**

The Company has constituted an audit committee. The audit committee comprises of Shri Jagdish Dave ( Chairman), Shri Dinesh Gupta 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 30.06.2005, 30.07.2005, 31.10.2005, 31.01.2006. The minutes of the Audit committee are circulated to the Board members.

#### **REMUNERATION COMMITTEE:**

The remuneration committee consists of Shri Kamlesh Sharma (Chairman), Shri Dinesh Gupta and Shri Yogin M. Patel

The Remuneration Committee has been constituted to recommend / review the remuneration package of the Managing / whole time Directors.

#### **Share Transfer-cum-investors Grievances Committee:**

The Board has constituted Share Transfer cum Investors Grievances Committee consisting of Shri Dinesh Gupta ( Chairman) Shri Minesh Shah, and Shri Jagdish Dave. The terms of reference of the Committee are as specified in clause 49 of the Listing agreement The members of Share transfer cum investors Grievances Committee normally meets twice in every month. No complaint was pending as on 31<sup>st</sup> March, 2006.