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ANNUAL REPORT
2007- 2008

LIPPI SYSTEMS LIMITED
AHMEDABAD

LIPPI SYSTEMS LIMITED

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 M. 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 15th Annual General Meeting of the members of the Company will be held on Tuesday, 30th September, 2008 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:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2008, Profit and loss account for the year ended on that date together with the directors report and and auditors report thereon.
2. To appoint Shri. Sanjay C. Agrawal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Shri. Sankarbhai M. Raval, 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 a special resolution.

RESOLVED THAT pursuant to the provisions of sections 198, 309, 269 including schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the reappointment of Shri Nandlal J. Agrawal, as the Managing Director of the company for a period of five years commencing from 01st October, 2008, on the terms and condition as set in the draft agreement to be entered into with the company and Shri Nandlal J. Agrawal, a copy whereof initialed by a director director for the purpose of identification placed before this meeting.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the company, during the currency of tenure of the Managing Director, the remuneration and perquisites as set out in the aforesaid agreement be paid or granted to Shri Nandlal J. Agrawal, as minimum remuneration, provided however that the total remuneration payable shall not exceed the ceiling prescribed in schedule XIII of the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary the quantum of remuneration and perquisites payable or granted to Shri Nandlal J. Agrawal, provided, however that such variation should be within the limits specified in schedule XIII of the Companies Act, 1956 and should be in conformity with any amendments to the relevant provisions of the Companies Act.

RESOLVED FURTHER THAT pursuant to the provisions of the Articles of Association of the company, the managing director of the company shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Shri Nandlal J. Agrawal be and is hereby authorised, empowered and vested with the substantial powers of management of the company for carrying out the affairs and activities of the company subject to superintendence, control and direction of the Board of Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or any committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary in the best interest of the company.

By Order of the Board of Directors

Place : Ahmedabad
Date : 30th June, 2008

Nandlal J. Agrawal
Chairman Cum Managing Director

LIPPI SYSTEMS LIMITED**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 THE 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 closed from Tuesday, the 23rd September, 2008 to Thursday, the 25th September, 2008 (both Days inclusive).
4. Members are requested to bring their copies of Annual Report at the meeting.

Explanatory statement pursuant to section 173 of the Companies Act

ITEM NO. 5

The board of Directors in its meeting held on 30th June, 2008 decided to propose the reappointment of Shri Nandlal J. Agrawal as Managing Director of the Company for a period of five years commencing from 1st October, 2008 on such terms and conditions as set out in the draft agreement, a copy whereof duly initialed by a director for the purpose of identification and is subject to the approval of members in general meeting. The Board also considered the efforts put by him over a period of time. The terms and conditions governing the appointment and remuneration has also been approved by the Remuneration Committee of the Company.

As per the provisions of Section 269 of the Companies Act, 1956 approval from the Central Government is not required if the appointment is in accordance with terms and conditions as mentioned in Schedule XII of the Companies Act, 1956.

The draft agreement referred to in the concerned resolution of the accompanying notice set out the remuneration and other terms and conditions of appointments of Shri Nandlal J. Agrawal, as Managing Director of the Company. The material terms are as under.

- 1 Salary : Rs. 1,00,000/- per Month or as may be decided by the Board of Directors, payable from 1st October 2008 till the conclusion of his tenure.
- 2 Perquisite: Following perquisite shall be paid in addition to the salary.

Category A:

- i- The Company shall provide equipments and appliances, furniture and fixtures and furnishing at the residence of the Managing Director at entire cost of the Company and the perquisite on these items shall be valued in accordance with income Tax Rules. The expenses of gas, electricity, water etc. shall be reimbursed by the Company on actual basis.
- ii- Medical expenses for self and family shall be reimbursed by the Company.
- iii- The Company shall provide for leave travel fare for the managing director and his family as per Income Tax Rules.
- iv- The Company shall reimburse annual fees for two clubs.
- v- The company shall pay personal accident insurance premium upto Rs. 10000/- per annum.

Category B : Perquisite under this Category shall not be included in the computation of ceiling of remuneration.

- i - The Company shall contribute towards provident fund/superannuation/pension/retirement/annuity fund provided that such contribution either singly or put together shall not exceed maximum prescribed exempted limits prescribed under the Income Tax Act, 1961.
- ii - The Company shall pay gratuity at the rate of half a month's salary for each completed year of service.
- iii - The Managing Director shall be entitled to encashment of leave, as per the rules of the Company.

Category C :

- i - The Company shall provide a car with driver at the entire cost of the company for use of company's business. Use of car for personal use shall be billed by the Company.
- ii - The Company shall provide telephone and mobile phone for business use of the Company. However personal long distance call shall be treated as perquisite.

Minimum Remuneration :

If in any financial year the Company has no profit or if the profits are inadequate the Company shall pay minimum remuneration and perquisite to the Managing Director, provided that the total remuneration shall not exceed limits specified in Schedule XIII of the Companies Act. 1956.

Sitting Fees :

As long as he continues to act as Managing Director of the Company he shall not be entitled to any sitting fees for attending Board meeting or any committee thereof.

Right to Terminate :

Each party has the right to terminate the Contract by giving three months notice in writing.

Except Shri Nandlal J. Agrawal and Shri Sanjay Agrawal no other director is interested in this resolution.

The Explanatory Statement together with the notice should be treated as an abstract of terms of the draft agreement under Section 302 of the Companies Act. 1956.

The draft agreement referred to in said resolution is open for inspection by members of the company at the registered office of the Company between 11.00 am to 1.00 pm on any working day of the Company upto the date of annual general meeting of the Company.

Your Directors recommends the resolution for your approval.

By Order of the Board of Directors

Place : Ahmedabad
Date : 30th June, 2008

NANDLAL J. AGRAWAL
Chairman cum Managing Director

LIPPI SYSTEMS LIMITED**DIRECTORS REPORT**

To,
The Members
LIPPI SYSTEM LIMITED

Your Directors have pleasure in presenting their 15th Annual Report together with the Audited Accounts for the year ended on 31st March, 2008.

FINANCIAL RESULTS:

Particulars	Amt. (Rs. in lacs)	
	2007-08	2006-07
Net Sales	1091.05	1017.54
Other Income	30.70	44.48
Interest	61.39	47.27
Depreciation	260.94	197.91
Income Tax Provision	53.97	37.29
Deferred Tax Liability	-25.59	12.46
Net Profit	57.66	65.44

OPERATIONS:

Your directors are pleased to report that during the year under review, your company has been able to achieve net turnover of Rs. 1091.05 lacs as compared to Rs. 1017.54 lacs during the previous year. Due to increased Costs of inputs, the cost of production increased which because of prevailing competition, could not be passed on the customers, hence the profit margins remained under pressure and as a result of increased costs of production and higher depreciation, the company could achieve a net profit of Rs. 57.66 lacs as compared of Rs 65.44 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 31st March, 2008 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 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 Sankarbhair R. Raval retire by rotation and being eligible offer themselves for reappointments.

LIPPI SYSTEMS LIMITED**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 wishes 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 : 30th June, 2008.

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 :**

Electricity :	Year ended 2007-2008	Year ended 2006-2007
a) Purchased		
Units Nos.	1281243	1297896
Total Amt. (Rs.)	5996696	6040302
Rate per Unit (Rs.)	4.68	4.65
b) Own Generation		
Through Diesel Generation Set		
Units	51336	30030
Unit per Litre of Diesel Oil	3.29	3.19
Cost per Unit	11.76	11.45

B. CONSUMPTION PER UNIT OF PRODUCTION :

Consumption per square meter of Production	2007-2008	2006-2007
Electricity (No. of Units)	261.647	298.700

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.

LIPPI SYSTEMS LIMITED**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 seven meetings of the Board were held. The Board of directors were met on 30-4-2007, 29-6-2007, 31-7-2007, 25-10-2007, 30-10-2007, 31-01-2008, and 24-03-2008.

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	7	Yes	3	None
2	Shri Sanjay Agrawal	Non-executive	4	Yes	9	None
3	Shri Dinesh Gupta	Non-executive	7	Yes	8	None
4	Shri Shankar Raval	Independent	2	Yes	Nil	None
5	Shri Minesh Shah	Executive	7	Yes	Nil	None
6	Shri Kamlesh Sharma	Independent	6	N.A.	1	None
7	Shri Jagdish Dave	Independent	7	N.A.	1	None
8	Shri Yogin Patel	Independent	7	N.A.	Nil	None