



**16 th**  
**ANNUAL REPORT**  
**2008 - 2009**

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

# **LIPPI SYSTEMS LIMITED**

## **BOARD OF DIRECTORS**

Shri Nandlal J. Agrawal	Managing Director
Shri Sanjaybhai C. Agrawal	Director
Ms. Neha N. Agrawal	Executive 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 16th Annual General Meeting of the members of the Company will be held on Tuesday, 29<sup>th</sup> September, 2009 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 31<sup>st</sup> March, 2009, Profit and loss account for the year ended on that date together with the directors report and auditors thereon.
2. To appoint Shri Jagdish R. Dave, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Shri Minesh C. Shah, 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** Ms. Neha Agrawal, 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 this annual general meeting of the company and being eligible offers herself 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 her 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 a special resolution.

**RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and schedule XIII to the Companies Act, 1956, the consent / approval of the company be and is hereby accorded to the appointment of Ms. Neha N. Agrawal, as executive director of the Company for a period of five years, commencing from 01.07.2009, at a remuneration of Rs. 15,000/- (Rupees Fifteen Thousands) per month.

**RESOLVED FURTHER THAT** the Board of Directors or any committee thereof be and is hereby authorised to vary, modify the terms and conditions of appointment and remuneration of the said executive director, from time to time, looking the nature of services provided by her to the company,

By Order of the Board of Directors

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2009

**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 of the Company will remain close from Tuesday, the 22nd September, 2009 to Thursday, the 24th September, 2009 (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.

**ON ITEM NO. 5**

Ms. Neha Agrawal 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 Ms. Neha Agrawal is provided in the Corporate Governance Report.

Except Shri Nandlal J. Agrawal, Shri Sanjay C. Agrawal and Ms. Neha Agrawal no any other director is interested or concerned in this resolution.

**ON ITEM NO. 6**

The Board of directors of the Company, subject to the approval of members of the Company at general meeting, has appointed Ms. Neha Agrawal as Executive Director of the Company w.e.f. 01.07.2009.

The main terms of appointment of Ms. Neha Agrawal as Executive director are as under:-

Tenure:- The present terms of appointment is for a period of five years commencing 01.07.2009.

Remuneration :- Rs. 15,000/- (Rupees Fifteen Thousands) per month.

In the event of loss or inadequacy of profits in any financial year of the company, during the currency of tenure of appointment, the aforesaid remuneration be paid 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.

Nature of duties : - The Executive director shall devote her whole time and attention to the business of the Company and shall carry out such duties as may be entrusted to her by the Managing Director and / or the Board of directors, from time to time, and exercise such powers as may be assigned to her, subject to the superintendence, control and direction of the Board of directors.

Other terms and conditions of her appointment are as set in the draft agreement to be entered into by the company with Ms. Neha Agrawal, a copy whereof initialed by the chairman for the purpose of identification placed before this meeting.

The terms and condition of the appointment of the appointee may be altered or varied from time to time, by the Board as it may, in its discretion deem fit, in the interest of the Company.

A brief resume of Ms. Neha Agrawal is provided in the Corporate Governance Report.

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 hereinabove is open for inspection by the members of the Company at the registered office of the Company between 11.00 a.m. to 4.00 p.m. on any working day, upto the date of ensuing annual general meeting of the company.

Except Shri Nandlal J. Agrawal, Shri Sanjay C. Agrawal and Ms. Neha Agrawal no any other director is interested or concerned in this resolution.

By Order of the Board of Directors

**Nandlal J. Agrawal**

Chairman Cum Managing Director

Place : Ahmedabad

Date : 30<sup>th</sup> June, 2009

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

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

Your Directors have pleasure in presenting their 16<sup>th</sup> Annual Report together with the Audited annual accounts for the year ended on 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS :**

Amt. (Rs. in lacs)

Particulars	2008-09	2007-08
Net Sales	2535.88	1106.43
Other Income	40.82	30.70
Interest	84.63	61.39
Depreciation	235.82	260.94
Income Tax Provision	9.34	53.97
Deferred Tax Liability	-16.22	-25.59
Net Profit	2.30	57.66

**OPERATIONS :**

Your directors are pleased to report that during the year under review, the net turnover of the your Company has been increased considerably and the company has achieved net turnover of Rs. 2535.88 lacs as compared to Rs. 1106.43 lacs during the previous year. The increased turnover is mainly attributable to commencement of trading business by the Company. However, the profit margins are under pressure and due to higher interests and expenses, for the year under report, the Company could achieve a net profit of Rs. 2.30 lacs as compared to Rs. 57.66 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.

**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 Kamlesh Sharma and Ms. Neha Agrawal.

**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 judgments 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, 2009 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 :**

- 1. Shri Dinesh R. Gupta, resigned as a director of the Company and the Board of directors of the Company has appointed Ms. Neha N. Agrawal, as an additional director of the Company.
- 2. Shri Jagdish R. Dave and Shri Minesh C. Shah 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 propose 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 or agencies for their continued support.

For and on Behalf of Board of Directors

Place : Ahmedabad  
Date : 30<sup>th</sup> June, 2009

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

**ANNEXURE TO DIRECTORS 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 :**

	<b>Year ended</b>	<b>Year ended</b>
	<b><u>2008-2009</u></b>	<b><u>2007-2008</u></b>
<b>1) Electricity :</b>		
<b>a) Purchased</b>		
Units Nos.	1246671	1281243
Total Amt. (Rs.)	6343798	5996696
Rate per Unit (Rs.)	5.08	4.68
<b>b) Own Generation</b>		
Through Diesel Generation Set		
Units	29736	51336
Unit per Litre of Diesel Oil	2.80	3.29
Cost per Unit	14.41	11.76

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

Consumption per square meter of Production	<b><u>2008-2009</u></b>	<b><u>2007-2008</u></b>
Electricity (No. of Units)	257.981	261.647

**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 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.

**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 ten meetings of the Board were held. The Board of directors were met on 24.04.2008, 10.05.2008, 30.06.2008, 31.07.2008, 25.08.2008, 12.09.2008, 22.09.2008, 25.10.2008, 31.01.2009 and 20.03.2009.

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
1	Shri Nandlal Agrawal	Managing Director-Chairman	10	Yes	3	None
2	Shri Sanjay Agrawal	Non-executive	5	Yes	9	None
3	Shri Dinesh Gupta	Non-Executive	10	Yes	8	None
4	Shri Shankar Rawal	Independent	5	Yes	Nil	None
5	Shri Minesh Shah	Executive	9	Yes	Nil	None
6	Shri Kamlesh Sharma	Independent	7	N.A	1	None
7	Shri Jagdish Dave	Independent	9	N.A	1	None
8	Shri Yogin Patel	Independent	9	N.A	Nil	None



**LIPPI SYSTEMS LIMITED**

@ 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 / re-appointment at the Annual General Meeting as per clause 49 (VI) is as :

Shri Jagdish R. Dave has education of B.Com, aged about 50 years. He is not a director in any other company. He is an independent director on the Board. He possess good experience in the field of finance and accounts.

Shri Minesh C. Shah is diploma in production engineering, aged about 42 years. He has in-depth experience in the field of production, marketing and business administration.

Ms. Neha Agrawal is commerce graduate and professional education of designing. She is aged 25 years. She is not a director in any other company. She is a promoter director on the Board of the Company. Looking to the her professional qualification in designing, the Board of directors of the Company has appointed her as an executive director of the Company.

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 :**

Audit committee comprises of Shri Jagdish Dave ( Chairman), Shri Kamlesh Sharma and Ms. Neha N. Agrawal. 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 30.06.2008, 31.07.2008, 25.10.2008 and 31.01.2009. The minutes of the Audit committee are circulated to the Board members.

**REMUNERATION COMMITTEE :**

The remuneration committee consists of Shri Kamlesh Sharma (Chairman), Shri Yogin M. Patel and Ms. Neha N. Agrawal

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 Minesh Shah (Chairman), Ms. Neha N. Agrawal 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, 2009.

**Details of remuneration to Directors during the year ending on 31<sup>st</sup> March, 2009 :**

During the year company has paid an amount of Rs. 3.60 lacs and Rs. 2.40 lacs to Shri Nandlal J. Agrawal and Shri Minesh C. Shah, respectively. The Company is neither paying any sitting fees nor providing any perquisite to its non-executive director.

**GENERAL BODY MEETINGS :**

Last Three AGMs were held at the registered office of the Company at 3<sup>rd</sup> Floor, Satya Complex, Nr. Ashwamegh IV, 132ft ring Road, Satellite, Ahmedabad, at 11.30 a.m. on Thursday, 28<sup>th</sup> September, 2006 , at 11.30 a.m. on Saturday, 29<sup>th</sup> September, 2007 and at 11.30 a.m. on Tuesday, 30<sup>th</sup> September, 2008 for the year 2005-06, 2006-07, 2007-08, respectively.

The Company has passed a special resolution pursuant to Section 293 (1) (d) of the companies, 1956, at the annual general meeting held on 29<sup>th</sup> September, 2007 and has also passed a special resolution, for according consent of the company to the re-appointment of Shri Nandlal J. Agrawal, as managing director of the Company and approving the terms and conditions of his appointment, at the annual general meeting held on 30<sup>th</sup> September, 2008.

No resolution is propose to be passed through postal ballot during the ensuing meeting.

**Disclosures :**

-No transaction of material nature has been entered into by the company with its promoters, Directors or management or relatives etc. that may have potential conflict with the interest of the company.

-There were no instances of non-compliance or penalty imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

**Means of Communication :**

During the year, the quarterly / six monthly / yearly Results of the company were submitted to the Stock Exchanges immediately after the meeting of the Board and were also published in newspapers .

Management Discussion and Analysis Report forms a part of this Annual Report.

**General Shareholder Information :****Annual General Meeting :**

The ensuing Annual General Meeting ("the AGM") of the company will be held on Tuesday, 29<sup>th</sup> September, 2009 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.

**Financial Calendar**

The Financial year of the company is for a period of 12 months from 1<sup>st</sup> April to 31<sup>st</sup> March. The financial results of the company is scheduled to be published as under:

Results for the first quarter ending on 30<sup>th</sup> June, 2009, for the second quarter ending 30<sup>th</sup> September, 2009, for the third quarter ending 31<sup>st</sup> December, 2009 and (Audited) for the financial year ending 31<sup>st</sup> March, 2010 will be published by end of, July, 2009, October, 2009, January, 2010 and by end of June, 2010, respectively and the Annual General Meeting for the year ending March, 2010 will be held by end of September, 2010.