



15 th
ANNUAL REPORT
2007- 2008

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 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

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.

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

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 <u>2007-2008</u>	Year ended <u>2006-2007</u>
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	<u>2007-2008</u>	<u>2006-2007</u>
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.

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

@ 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 under :

Shri Sanjay C. Agrawal has education of B.Com, aged about 35 years. He is a promoter director on the Board. He possesses wide experience in the field of finance, accounts, and business administration.

Shri Shankarbhai Raval is an independent director on the Board of the Company. His educational qualification is M.A. L.L.B. He possesses wide experience in the field of legal matters.

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 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 29.06.2007, 31.07.2007, 30.10.2007, 31.01.2008. 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 31st March, 2008.

Details of remuneration to Directors during the year ending on 31st March, 2008 :

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 then the registered office of the company at 3rd Floor, Agarwal Chamber, Nr. Town Hall, Ellis bridge, Ahmedabad, at 11.00 a.m. on Tuesday, 27th September, 2005, and at the registered office of the Company at 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132ft ring Road, Satellite, Ahmedabad, at 11.30 a.m. on Thursday, 28th September, 2006 and at 11.30 a.m. on Saturday, 29th September, 2007, for the year, 2004-05, 2005-06, 2006-07 respectively.

The company has passed a special resolution pursuant to section 293 (1) (d) of the companies act, 1956, at the annual general meeting held on 29th September, 2007. No resolution is proposed 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, 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.

Financial Calendar

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

Results for the first quarter ending on 30th June, 2008, for the second quarter ending 30th September, 2008, for the third quarter ending 31st December, 2008 and (Audited) for the financial

January, 2009 and by end of June, 2009, respectively and the Annual General Meeting for the year ending March, 2009 will be held by end of September, 2009.

Dates of Book Closure: The Register of Members and Share Transfer Books of the company will remain closed from Tuesday, 23th September, 2008 to Thursday, 25th, September, 2008 (both days inclusive).

Dividend Payment:

The board of directors of the company has not recommended any dividend for the financial year ended 31st March, 2008.

Listing on Stock Exchanges:

The Stock Exchange Ahmedabad - Stock Code No. : 32511
The Stock Exchange, Mumbai - Stock Code No. : 526604

The listing fees of both Mumbai and Ahmedabad Stock Exchange have been paid.

Dematerialization of shares

The company's shares are available for dematerialization on both the depositories viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). As on 31st March, 2008, 63,56,200 shares representing 90.80% of the equity share capital of the company has been dematerialized. The ISIN No. for Equity shares of the Company - INE845B01018

Shareholding pattern and Distribution of Shareholdings as on 31st March, 2008.

Shareholding pattern.

Category	No. of Shares held	% of Shareholding
1. Promoters	1052050	15.03
2. Mutual Funds	Nil	Nil
3. Banks, FIs, Insurance companies	Nil	Nil
4. Private Bodies Corporate	362403	5.18
5. Non-Resident Indians	6884	0.10
6. Indian Public	5578663	79.69
TOTAL	7000000	100.00

Distribution of Shareholdings

No. Of equity shares Held	No. Of shareholders	% of shareholders	No. Of shares	% of shareholdings
1-500	5011	79.89	1019942	14.58
501-1000	656	10.46	584835	8.35
1001-2000	299	4.77	483005	6.90
2001-5000	193	3.07	590141	8.43
5001-10000	61	0.97	525153	7.50
10001 and Above	53	0.84	3796924	54.24
TOTAL	6273	100	7000000	100

LIPPI SYSTEMS LIMITED

Market price data for the financial year 2007-2008:

(xx)	High and low price of Shares and its comparison with BSE Sensex			
Month & Year	Bombay Stock Exchange		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April, 2007	7.50	5.00	14383.72	12425.52
May, 2007	8.89	4.90	14576.37	13554.34
June, 2007	8.49	6.45	14683.36	13946.99
July, 2007	8.25	6.85	15868.85	14638.88
August, 2007	7.94	6.91	15542.40	13779.88
September, 2007	8.50	5.41	17361.47	15323.05
October, 2007	7.36	5.60	20238.16	17144.58
November, 2007	8.85	6.60	20204.21	18182.83
December, 2007	14.25	7.20	20498.11	18886.40
January, 2008	16.50	7.42	21206.77	15332.42
February, 2008	10.58	7.40	18895.34	16457.74
March, 2008	10.25	6.00	17227.56	14677.24

The high and low price of company shares at Bombay stock exchange price is compiled on the basis of the bse website. (bseindia.com)

No transaction have been reported at the Ahmedabad Stock Exchange hence high and low price of shares have not been furnished.

Share Transfer System:

The Share Transfer-cum-Investors Grievance Committee attends to share transfer formalities. Demat requests are normally confirmed within 21 days from the date of receipt of request.

Registered Office: 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132ft Ring Road, Satellite, Ahmedabad 380 015.

Registrar and Transfer Agents: Pinnacle Shares Registry Private Limited

Near Asoka Mills, Naroda Road, Ahmedabad 380 025

Tel: (079) 22204226, 22200591

Fax No.: (079) 22202963

Plant Location: Plot No. 540, Opp. Manpasand Weigh Bridge, Village Rakanpur,
Tal: Kalol, Gandhinagar 382 721

Investors / Shareholders Correspondence :

Investors / Shareholders may correspond with the company at the Registered office of the company at 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132ft Ring Road, Satellite, Ahmedabad 380 015. Ph. 079- 26750060, 26750061 Fax. 079-26750063.

By Order of the Board of Directors

Place : Ahmedabad

Date : 30th June, 2008

NANDLAL J. AGRAWAL

Chairman cum Managing Director

MANAGEMENT DISCUSSIONS AND ANALYSIS :**INDUSTRY STRUCTURE AND OUTLOOK :**

The Company is basically engaged in the manufacture of Rotogravure Cylinders by Digital Engraving Process for Packaging, Decorative i.e. Laminates & other gravure printing industries. Rotogravure printing process is widely employed by Convertors in India and of course abroad for Decorative & Packaging Laminates. There is a tremendous opportunity available to the Company for its development.

RISKS AND CONCERN :

The development of the company would depend on overall macro and micro economic policy of the Government. The rapid change in technological advancement requiring huge investment is an area of concern for the Company. Competition both at domestic and international level is increasing gradually.

OPPORTUNITIES AND THREATS :

The demand for Electronically Engraved Cylinders is increasing day by day. Upgradation of Technology is done by the Company in order to become more competitive. Increase in capacity of engraving and manufacturing cylinders for laminates. Marketing and Pre-press division at various places to cater to the needs of the customer. Continuous improvement in quality of our cylinders.

FINANCIAL PERFORMANCE :

The turnover of the Company for the year ended on 31st March, 2008 was Rs. 1091.05 lacs as against the previous year's sales of Rs.1017.53 lacs. The net profit for the year under review was Rs. 57.66 lacs as compared to Rs.65.44 lacs for the preceding year.

CAUTIONARY STATEMENT :

Statements in the Management Discussions and Analysis Report in regard to projections, estimates and expectations may be "forward looking statements" within meaning of applicable securities laws and regulations. Many unforeseen factors may come into play and affect the actual results, which could be different from what Directors envisage in terms of future performance and outlook. Market data and product information contained in this report have been based on information gathered from the various sources published and un-published reports, and their accuracy, reliability and completeness cannot be assured.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Lippi Systems Ltd,

• We have examined the compliance of conditions of Corporate Governance by Lippi Systems Limited, for the financial year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate Governance is the responsibility of the management. Our examination was limited to the Procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that there were no investor grievances pending against the company for a period exceeding one month as at 31st March, 2008, as per the records maintained by the company.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: AHMEDABAD.
Dated: 30.06.2008.

For, **ASHOK DHARIWAL & CO.**
CHARTERED ACCOUNTANTS,

(ASHOK DHARIWAL)
PROPRIETOR.

AUDITOR'S REPORT

To the members of Lippi Systems Ltd.

1. We have audited the attached Balance sheet of LIPPI SYSTEMS LTD, as at 31st March 2008, 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 the 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, 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, 2004 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclosed 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 above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
 - (iii) The Balance Sheet, profit and loss account and cash flow statements dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, profit and 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.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the director are disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) 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.
 - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2008.
 - (b) In the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) In the case of the cash flow statement, of the cash flow for the year ended on that date

Place : Ahmedabad

Date : 30-6-2008

For **ASHOK DHARIWAL & CO.**
Chartered Accountants

(ASHOK DHARIWAL)
Proprietor

Ref : Lippi Systems Limited

Referred to in paragraph 3 of our report of even date,

1. a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets are physically verified by the management during the year. we are informed that no material discrepancies were noticed on such verification.
c) No Fixed Asset have been disposed off during the Year which may affect the going concern concept.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The company has neither granted nor taken any loans, secured or unsecured, to / from companies / firms or other parties covered in the register maintained u/s 301 of the Act.
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 the nature of its business with regard to purchases of Inventory, fixed assets and with regard to the sale of goods. During the Course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having record to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
b) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at 31st March, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2004 are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. During the period covered by our audit report, the company has not raised any money by public issue.
19. According to the information and explanations given to us, no fraud on or by the company has been noticed during the course of our audit.
The other clauses of paragraph 4 of the companies (Auditor's Reports) order 2004 are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Place : Ahmedabad
Date : 30/06/2008

For **ASHOK DHARIWAL & CO.**
Chartered Accountants

(ASHOK DHARIWAL)
Proprietor

LIPPI SYSTEMS LIMITED
BALANCE SHEET AS ON 31-03-2008

	Schedule	As At 31-3-08 (In Rs.)	As At 31-3-07 (In Rs.)
Sources of Funds :			
1. Share Holders Funds			
a. Share Capital	1	7,00,00,000	7,00,00,000
b. Reserve & Surplus	2	11,31,63,552	10,79,02,487
2. Loan Funds			
Secured Loans	3	6,89,60,110	4,44,67,698
3. Deferred Tax Liabilities		1,22,53,353	1,48,12,768
Total (1 + 3)		26,43,77,015	23,71,82,953
Application of Funds :			
1. Fixed Assets	4		
a. Gross Block		22,44,05,991	20,40,93,765
b. Less : Depreciation		12,58,20,698	10,00,88,083
c. Net Block		9,85,85,293	10,40,05,682
2. Investments	5	25,11,000	3,37,46,000
3. Current Assets, Loans- And Advances :			
Current Assets	6	12,61,93,656	6,23,90,651
Loans And Advances	7	6,12,14,009	5,42,59,094
		18,74,07,665	11,66,49,745
Less : Current Liabilities And Provisions	8	2,41,26,943	1,72,18,474
Net current Assets		16,32,80,722	9,94,31,271
Total (4 to 8)		26,43,77,015	23,71,82,953
Notes Forming Part Of the Accounts	15		

As per our report of even date annexed herewith

For, **ASHOK DHARIWAL & CO.**
Chartered Accountants

(Nandlal J. Agrawal)
Chairman cum Managing Director

(ASHOK DHARIWAL)
Proprietor

(Sanjay C. Agrawal)
Director

Place : Ahmedabad
Date : 30-06-2008

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED ON 31-03-2008**

	Schedule	As at 31-3-08 (In Rs.)	As at 31-3-07 (In Rs.)
I. Income :			
a) Gross Sales	9	12,25,97,532	11,38,17,459
Less : Excise Duty		1,34,92,175	1,20,63,556
Net Sales		10,91,05,357	10,17,53,903
b) Other Income	10	30,70,042	44,48,410
c) Increase / (Decrease) In Stock	11	74,338	26,000
Total (I)		11,22,49,737	10,62,28,313
II. Expenditure :			
a) Manufacturing Expenses	12	5,26,88,359	4,74,00,435
b) Salaries & other Employees Benefits	13	56,35,438	51,68,553
c) Administrative Expenses	14	1,28,47,009	1,74,54,679
d) Interest to Bank		61,38,674	47,26,607
e) Depreciation		2,60,93,660	1,97,90,673
Total (II)		10,34,03,140	9,45,40,947
III. Profit For the Year		88,46,597	1,16,87,366
IV. Less : Income Tax Provision			
Current Tax		53,96,934	37,29,180
Deferred Tax		(25,59,415)	12,45,677
Fringe Benefit Tax		2,42,800	1,68,641
V. Profit After Taxation		57,66,278	65,43,868
VI. Less : EARLIER YEAR ADJUSTMENT		(5,05,213)	(5,42,742)
VII. Balance of Profit (from Previous Year)		4,46,96,144	3,86,95,018
VII. Balance Being Profit Carried to Balance Sheet		4,99,57,209	4,46,96,144
Basic And Diluted Earning Per Equity Share of Rs. 10/- Each		0.82	0.93
Notes Forming Part of the Accounts	15		

As per our report of even date annexed herewith
For, **ASHOK DHARIWAL & CO.**
Chartered Accountants

(Nandlal J. Agrawal)
Chairman cum Managing Director

(ASHOK DHARIWAL)
Proprietor

(Sanjay C. Agrawal)
Director

Place : Ahmedabad
Date : 30/06/2008

LIPPI SYSTEMS LIMITED

NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Particulars	31/03/2008 (In Rs.)	31/03/2007 (In Rs.)
Share Schedule 1 : capital		
AUTHORISED		
1,00,00,000 (1,00,00,000) Equity Shares of Rs. 10/- Each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued Subscribed And Paid UP :		
70,00,000 (70,00,000) Equity shares of Rs. 10/- each Fully paid up	7,00,00,000	7,00,00,000
	<u>7,00,00,000</u>	<u>7,00,00,000</u>
Schedule 2 Reserve & Surplus		
State Subsidy	15,00,000	15,00,000
Share Premium	6,40,00,000	6,40,00,000
Surplus From Profit & Loss	4,99,57,209	4,46,96,144
	<u>11,54,57,209</u>	<u>11,01,96,144</u>
Less : Cumulative Deferred Tax Liability For Earlier Year	22,93,657	22,93,657
	<u>11,31,63,552</u>	<u>10,79,02,487</u>
Schedule 3 Secured Loans		
From Indian Overseas Bank		
- Term Loan	5,33,37,150	2,74,69,450
- Cash Credit Account	1,56,22,960	1,69,98,248
	<u>6,89,60,110</u>	<u>4,44,67,698</u>

Security :

Term Loans from Bank are secured by an equitable mortgage of land, building and Hypothecation of all moveable machinery both imported and indigeneous and personal guarantee of some directors.

Cash Credit Limits are secured against Hypothecation of entire raw materials, Books debt and the personal guarantee of some directors.

Schedule : 4

FIXED ASSETS & INTANGIBLE ASSETS :

(AMOUNT IN LACS)

GROSS BLOCK					DEPRECIATION				NET BLOCK	
DESCRIP. OF ASSETS	COST AS ON 01-04-07	ADDITIONS DURING THE YEAR	DEDUCTION DURING THE YEAR	COST AS ON 31-3-08	UP TO 31-3-07	FOR THE YEAR	DEDUCTION DURING THE YEAR	UP TO 31-3-08	AS ON 31-3-08	AS ON 31-3-07
Land	1211430	Nil	Nil	1211430	Nil	Nil	Nil	Nil	1211430	1211430
Building	14213515	90339	Nil	14303854	3679899	474731	Nil	4154630	10149224	10533616
Plant & Machinery	119532690	2890016	Nil	122422706	75714462	12506357	Nil	88220819	34201887	43818228
Electrical Installation	4522520	454110	Nil	4976630	2377257	489860	Nil	2867117	2109513	2145263
Furniture & Fixtures	5361287	NIL	Nil	5361287	970362	339369	Nil	1309731	4051556	4390925
Vehicle	3681562	1823976	Nil	5505538	361091	489963	Nil	851054	4654484	3320471
Office Equipment	1325060	122804	Nil	1447864	854775	222459	Nil	1077234	370630	470285
Computer	27033288	446527	Nil	27479815	13667765	8833891	Nil	22501656	4978159	13365523
Office Premises	11612413	Nil	2210402	9402011	1552099	379764	361045	1570818	7831193	10060314
Windmill	15600000	Nil	Nil	15600000	910373	1613040	Nil	2523413	13076587	14689627
intangible assets :										
Computer Software	Nil	16694856	Nil	16694856	Nil	744226	Nil	744226	15950630	Nil
Total	204093765	22522628	2210402	224405991	100088083	26093660	361045	125820698	98585293	104005682
Previous Year	190137311	24605487	10649033	204093765	82219326	19790673	1921916	100088083	104005682	107917985

LIPPI SYSTEMS LIMITED

Schedule 5 Investments (At Cost)	As At 31-3-2008 (In Rs.)	As At 31-03-2007 (In Rs.)
1. Non Trade Investment		
Share (Unquoted) :		
65000 (65000) Equity Share of City Gold Entertainment Ltd. @ Rs. 100/- Each Fully Paid up	Nil	65,00,000
2473500 (2473500) Equity Share of City Gold Media Limited Rs. 10/- Each Fully Paid up	Nil	2,47,35,000
250000 (250000) Equity Shares of Suryanagari Securities & Investment Ltd. @ Rs. 10/- Each Fully Paid Up	25,00,000	25,00,000
20 (20) Equity Shares of Suvikas Peoples Co. op. Bank LTD. Rs. 50/- Each Fully Paid up	1,000	1,000
2. Bank of Baroda Liquid Fund	10,000	10,000
	<u>25,11,000</u>	<u>3,37,46,000</u>

Schedule 6 Current Assets

A. INVENTORY (As Valued And Certified By The Management)		
Raw Material	45,79,374	28,52,870
Chemicals	2,29,853	2,79,783
Stores & Spares	23,10,334	28,76,081
Finished Stock	1,22,838	48,500
Packing Material	74,765	2,39,513
	<u>73,17,164</u>	<u>62,96,747</u>
B. SUNDRY DEBTORS : (Unsecured considered good) - Debts outstanding for a period of more than 6 (six) months. - Others	1,66,10,818 <u>4,21,65,603</u> 5,87,76,421	1,22,22,272 <u>3,28,24,372</u> 4,50,46,644
C. CASH AND BANK BALANCE :		
1. Cash in Hand	3,58,049	4,42,727
2. Bank Balance with Schedule Bank In Current Account	5,97,42,022	1,06,04,533
	<u>6,01,00,071</u>	<u>1,10,47,260</u>
TOTAL CURRENT ASSETS (A + B + C)	<u>12,61,93,656</u>	<u>6,23,90,651</u>

Schedule 7 Loans And Advances :

(UNSECURED & CONSIDERED GOOD)

1. Advances recoverable in cash or in kind or for value to be received	94,52,235	54,72,639
2. Advance against Capital Goods	4,77,17,245	4,67,56,895
3. Security Deposit	18,69,444	8,96,446
4. Modvat Credit Receivable	21,75,085	11,33,114
	<u>6,12,14,009</u>	<u>5,42,59,094</u>

Schedule 8

CURRENT LIABILITIES & PROVISIONS

Sundry Creditors		
For Goods	92,02,590	45,03,387
For Expenses	22,81,679	21,55,308
For Capital Goods	68,63,819	60,89,148
Tax deducted at source	28,914	45,957
Advance From Customers	5,20,480	5,78,530
Income Tax Provision	43,96,934	32,76,138
Gratuity Payable	7,06,571	5,29,518
FBT Payable	1,25,956	40,488
	<u>2,41,26,943</u>	<u>1,72,18,474</u>

Schedule 9

SALES & JOB WORK

Sales	8,00,08,357	7,05,85,011
Re Engraving Receipts	2,82,63,862	2,88,15,494
Export sales	8,33,138	23,53,398
	<u>10,91,05,357</u>	<u>10,17,53,903</u>

Schedule 10

OTHER INCOME

Wind Mill Electric Power Income	11,85,620	4,19,943
Interest	12,83,689	11,65,056
Dividend	90	90
Claim & Vataw	Nil	15,841
Profit on sale of Fixed Assets	6,00,643	Nil
Scrap Sales	Nil	84,085
Vat Set Off	Nil	27,05,895
Office Rent Income	Nil	57,500
	<u>30,70,042</u>	<u>44,48,410</u>

Schedule 11

INCREASE / (DECREASE) IN STOCK

Opening Stock	48,500	22,500
Closing Stock	1,22,838	48,500
Increase / (Decrease) In Stock	<u>74,338</u>	<u>26,000</u>

Schedule 12

MANUFACTURING EXPENSES

1. Raw Material Consumed	2,82,81,228	2,39,65,689
2. Chemical Consumed	30,15,021	32,32,856
3. Stores & Spares Consumed	1,12,45,806	1,07,89,595
4. Power and Fuel Consumed	66,00,321	63,84,176
5. Freight & Octroi	6,31,865	10,25,311
6. Processing and other Exp.	2,97,260	7,08,533
7. Packing Material Consumed	23,32,061	10,76,721
8. Exice Duty on job work	2,84,797	217,554
	<u>5,26,88,359</u>	<u>47,40,043</u>

LIPPI SYSTEMS LIMITED

Schedule 13

SALARIES AND OTHER EMPLOYEE'S BENEFITS

Salary & Bonus	43,74,027	4150878
Staff & Labour Welfare	3,33,532	1,82,124
Company's Contributions to P.F.	1,50,826	1,05,200
Director's Remuneration	6,00,000	6,00,000
Gratuity	1,77,053	1,30,351
	<u>56,35,438</u>	<u>51,68,553</u>

Schedule 14

ADMINISTRATIVE EXPENSES :

Conveyance & Travelling	16,01,840	12,04,541
Factory General Expenses	3,19,838	2,56,525
Telephone & Postage	11,50,237	8,21,472
Printing & Stationary	4,58,057	3,40,833
Repairs & Maintenance	17,77,450	10,61,417
Electricity Expenses	2,09,778	2,58,176
Insurance Expenses	2,66,091	2,87,258
Advertisement	49,000	36,353
Security Charges	2,27,515	2,20,177
Miscellaneous Expenses	2,52,493	5,47,674
Bank Charges	7,13,445	6,67,450
Professional Fees	4,29,468	2,25,221
Bad Debts	2,74,661	19,61,978
Sales Promotion & Gift	1,41,806	2,83,571
Financial Charges	6,23,160	2,20,826
Donation	3,38,000	182000
Sales Commission	29,15,969	27,07,955
Rent Rates & Taxes	7,63,600	20,15,363
Keyman Insurance	77,771	3,11,086
Loss on Sale of Fixed Assets	Nil	35,12,117
Interest on Service Tax.	Nil	24,678
Kasar & Vata	8,627	1,91,076
Web & Internet Expenses	1,80,787	61,932
Auditor's Remuneration		

For Audit Fee	50,000	30,000
For Taxation Matters	10000	15,000
Other Services	7416	67,416
	<u>1,28,47,009</u>	<u>1,74,54,679</u>

Schedule 15 Notes to the Accounts**1. SIGNIFICANT ACCOUNTING POLICIES :****A. BASIS OF ACCOUNTING :**

The financial statements are prepared under historical cost convention and on accrual basis and are in accordance with the requirements of the Companies Act, 1956.

B. FIXED ASSETS & DEPRECIATION :

- 1) All fixed assets are valued at cost less depreciation
- 2) Depreciation on all assets is provided on straight line basis as per section 205 (2) (B) of the Companies Act, 1956 at the rates and in the manner specified in schedule XIV of the Companies Act, 1956 as amended from time to time. The depreciation is calculated on a prorata basis from the date on which the assets is purchased / brought to use whichever is later.

Intangible Asset being computer software are written off as per rate specified in schedule XIV of the companies Act 1956 on straight line basis.

C. INVENTORIES :

Basis of Valuation

- (i) Raw Material at cost
- (ii) Stores and Spares at cost
- (iii) Chemical at cost
- (iv) Packing Material at Cost
- (v) Finished goods at cost or realiseble value whichever is lower.

D. AMORTISATION OF MISCELLANEOUS EXPENDITURE :

Preliminary and public issue expenses are being written off equally over a period of ten years.

E. CONTINGENT LIABILITIES :

Contingent Liabilities are not provided for in the accounts and are disclosed separately in the notes on accounts.

F. FOREIGN CURRENCY TRANSACTIONS :

- (1) Realised gains and losses on foreign currency revenue transactions are recognised in the profit and loss account.
- (2) Current assets and liabilities balances denominated in foreign currency at the year end, other than those covered by forward contracts, are translated at the year-end exchange rates, and the resulting exchange difference is recognised in the Respective assets account

G. MODVAT CREDIT :

- (i) Modvat benefit is accounted for by reducing the purchase cost of material / fixed assets.
- (ii) Modvat credit utilised during the year is accounted in excise duty and unutilised Modvat balance at the year end is considered as advance excise duty.

H. INVESTMENT :

Investments are valued at their acquisition cost. The Company does not provide for temporary diminution in value of long term investment if any

I. BORROWING COST :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

J. TAXES ON INCOME :**Deferred Taxation**

In accordance with the Accounting Standard 22 accounting for Taxes on Income, issued by the Institute of Chartered Accountant of India, The deferred for timing difference between the book and the tax profit for the Year is accounted for by using the tax rate and law that has been enacted and substantively enacted as of the balance sheet date.

Deferred Tax Assets arising From timing difference are recognized to the extent there is a virtual certainty that the asset can be realized in future.

Net outstanding balance in deferred tax account is recognized as Deferred Tax Liability/ Assets. The deferred tax account is used solely for reversing timing difference as and when crystalized.

Current Taxation

Provision for taxation has been made in accordance with the Income Tax Loss prevailing for the relevant assessment year.

Fringe Benefit Tax

Provisoin For Fringe benefit tax has been recognized on the basis of harmonious, contextual interpretation of the provisions of the Income Tax Act, 1961.

K. IMPAREMENT OF ASSETS

The carrying amount for assets other then inventories is reviewed at each balance Sheet date to determine whether there is any indication of imparement. If any such indication exist, the asset recoverable amount is estimated.

The imparement loss is recognized whenever the Carrying amount of an asset or its cash generation unit exceeds recoverable amount. The recoverable amount is greater of the assets net selling price and the value in lthe used which is determine based on the estimated future cash flow discounted to their present value. All imparement losses are recognized in the profit and loss account.

In imparement loss is reversed if there is any change in the estimated use to determine the recoverable amount and is recognized in the profit and loss account.

L. RELATED PARTY TRANSACTION

Disclosure of transaction with related parties, as required by Accounting standard 18 "RELATED PARTY DISCLOSURE" has set out in a separate note forming part of the schedule, RELATED PARTY as defined under clause 3 of the Accounting standard 18 have been identified on the basis of representing standard 18 have been identified on the basis of representing made by key managerial personnel and information available with the company.

M. EARNING PER SHARE

The Company reports basic and diluted earning per share (EPS) in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India. The basic EPS has been computed by dividing income available to Equity Share Holder by the weighted average number of equity shares outstanding during the accounting year. The diluted EPS has been computed using the weight average number of equity shares and dilutive potential Equity share outstanding at the end of the year.

2. NOTES ON ACCOUNTS :

1. Contingent liabilities not provided for in respect of;
 - (I) Estimated amount of contracts remaining to be executed on capital account (Net of Advances), Rs. 29,56 Lacs (previous year) Nil
 - (ii) Letter of credit to bank Rs. 25.00 Lacs (Previous year Rs. Nil)
2. The balance of Sundry Creditors and loans and Advances are subject to confirmation.
3. In the opinion of the Board, Stock in trade and loans and Advances forming part of current assets are approximately of the value stated, if realised, in the ordinary course of business.
4. Sales includes Excise Duty but are net of sales Return, discounts and rebate.
5. The Company has not received any information from any of the suppliers of their being a small scale industrial unit. Hence the amount due to small scale industrial unit as on 31/03/2008 are not ascertainable.
6. The Company has no liability on account of gratuity.
7. Deferred Tax :

Particulars	As on 01-04-2007	For the Year	As at 31-03-2008
Deferred Tax Liabilities			
Depreciation	15000260	(2499235)	12501025
Total	15000260	(2499235)	12501025
Disallowance			
U/s - 43B	(187492)	(60180)	(247672)
Total	(187492)	(60180)	(247672)
Net Deferred Tax Liability	14812768	(2559415)	12253353

8. Earning per share :

	2008-09	2007-08
a. Net Profit For the year	57 66 278	6543868
b. Weighted Average No. Of Share outstanding during the year	7000000	7000000
c. Earning Per Share (Rs.)	0.82	0.93
d. Nominal Value of share (Rs.)	10/-	10/-
A. Relationship :	Nil	Nil
i. Holding Company	Nil	Nil
ii. Subsidiary Company	NIL	NIL
iii. Other Related Parties where Common Control Exists	NIL	NIL
iv. Key Managerial Personnel :		
Managing Director : Shri Nandlal J. Agarwal		
A. UNSECURED LOANS	(Rs. in lacs)	(Rs. in lacs)
i. Taken during the year	NIL	5.00
ii. Repaid during the year	NIL	5.00.
B. Expenditure		
i - Commission Paid	Nil	Nil
ii - Remuneration to Key managerial personnel	6.00	6.00

10. **SEGMENT REPORTING :**
Since company operates in a single segment i.e. engraving cylinder, Accounting statement (As) 17-"Segment reporting" issued by the institute of chartered Accountant is not applicable.
11. **GRATUITY :**
(A) Provision for Gratuity for made based on actuarial valuation.
Provision for Gratuity has not been funded.
(B) Other retirement benefits and leave encashment are accounted on cash basis.
12. Income Tax Assessments have been completed upto A.Y. 2005-06.
13. Additional information pursuant to provision of para 3, 4C & 4D of part II of Schedule VI of the Companies Act, 1956.
a) Licenced and Installed Capacity and production as certified by the management.
- | | | | |
|---------------------------------------|------------------|------------------|--|
| As at 31st March | 2007-08 | 2006-07 | |
| i. Licenced Capacity | 3700.000 Sq.Mt. | 3700.000 Sq.Mt. | |
| ii. Installed Capacity | 3700.000 Sq.Mt. | 3700.000 Sq.Mt. | |
| iii. Production | 3512.266 Sq. Mt. | 2955.847 Sq. Mt. | |
| iv. Sales and stock of finished goods | | | |

	Qty	Amts. Rs.	Qty.	Amts. Rs.
Sales	3508.950 Sq. Mt	80841495	2953.991 Sq. Mt	72938409

V. Raw-material Consumed				
(Copper & Nickel)	22149 kg.	8792629	20731 kg.	6203599
(Cylinder)	3512.266 Sq.Mt	19488599	2955.847 Sq.Mt	17762090

Vi. Value of imports calculated on CIF Basis in respect of :

	<u>2007-08</u>	<u>2006-07</u>
	(Rs.)	(Rs.)
Capital Goods	1755157	242488
Raw Materials	8688508	6104160
Stores & Spares	4090736	6991911

Value of Raw Material, Chemicals, Stores & Spares Consumed during the year.

	<u>Rs. In LACS</u>			
	<u>2007-08</u>	<u>2006-07</u>		
	Rs.	%	Rs.	%
Raw Material (Indigenous)	220.75	78.06	192.45	80.30
Raw Material (Imported)	62.06	21.94	47.21	19.70
Stores & Spares (Indigenous)	51.48	45.78	47.68	44.19
Stores & Spares (Imported)	60.98	54.22	60.21	55.81
Chemicals (Indigenous)	30.15	100.00	32.33	100.00
Chemicals (Imported)	Nil	Nil	Nil	Nil

Vii. Earning In Foreign Currency 8181.430\$ Rs. 328566/- 61162.19\$ Rs. 2730418/-

14. Previous year figures have been regrouped / rearranged wherever considered necessary.
As per our report of even date annexed here with

As per our report of even date annexed herewith

For, **ASHOK DHARIWAL & CO.**

Chartered Accountants

(ASHOK DHARIWAL)

Proprietor

(Nandlal J. Agrawal)
Chairman cum Managing Director

(Sanjay C. Agrawal)
Director

Place : Ahmedabad

Date : 30/06/2008

LIPPI SYSTEMS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008.**

	31-03-08 (in Rs.)	31-03-07 (in Rs.)
A.Cash Flow From Operating Activities :		
Net Profit for the year	2701650	7246803
Adjustment for :		
Depreciation	26093660	19790673
Loss on Sale of Fixed Assets	(600643)	3512117
Operating Profit Before Working Capital Changes	28194667	30549593
Adjustment for :		
Trade & other Receivables	(20684692)	(20073609)
Inventories	(1020417)	(4307164)
Trade Payable	6908469	11237903
(Increase) / Decrease In Net Current Assets	(14796640)	(13142870)
Net Cash From operating Activities	13398027	17406723
B.Cash Flow From Investing Activities :		
Purchase Of Fixed Assets	(22522628)	(24605487)
Sale of Fixed Assets	2450000	5215000
Sale of Investment	31235000	NIL
Net Cash Used in investing Activities	11162372	(19390487)
C.Cash Flow From Financing Activities :		
Proceeds / (Repayment) From Borrowings	24492412	(5139342)
Net Cash Used in Financing Activities	24492412	(5139342)
Net Increase in cash and cash equivalents (A + B + C)	49052811	(7123106)
Add : Cash And Cash Equivalents at the beginning of the year	11047260	18170366
Cash and Cash Equivalents at the closing Balance	60100071 (49052811)	11047260 7123106

Place : Ahmedabad

For, and on behalf of the Board

Date : 30/06/2008

(Nandlal J. Agrawal)

Chairman cum Managing Director

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow Statement of LIPPI SYSTEMS LIMITED derived from the audited financial Statements for the year ended on March 31, 2008 and March 31, 2007 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreement with stock exchanges.

Place : Ahmedabad

For, ASHOK DHARIWAL & Co.,
CHARTERED ACCOUNTANTS,

Date : 30/06/2008

(ASHOK DHARIWAL)
PROPRIETOR.

Information Pursuant To Part IV of The Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

REGISTRATION NO.: 04020382

STATE CODE: 04

BALANCE SHEET DATE : 31032008

II. CAPITAL RAISED DURING THE YEAR (IN RUPEES)

PUBLIC ISSUE

0000NIL

RIGHT ISSUE

0000NIL

BONUS SHARE

0000NIL

PRIVATE PLACEMENT

0000NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (IN RUPEES)

TOTAL LIABILITIES:

264377015

TOTAL ASSETS

264377015

SOURCES OF FUNDS

PAID UP CAPITAL :

700000000

RESERVE & SURPLUS

113163552

SECURED LOANS :

68960110

UNSECURED LOANS

0000NIL

DEFERRED TAX LIABILITY:

12253353

APPLICATION OF FUNDS

NET FIXED ASSETS :

98585293

INVESTMENT

2511100

NET CURRENT ASSETS :

163280722

MISC. EXPENDITURE

Nil

ACCUMULATED LOSSES : 0000NIL

IV. PERFORMANCE OF COMPANY (IN RUPEES)

TURN OVER: 112249737

TOTAL EXPENDITURE: 103403140

PROFIT BEFORE TAX : 8846597

PROFIT AFTER TAX : 5766278

EARNING PER SHARE IN RS. 0.82

DIVIDEND RATE % : 0000NIL

(WEIGHTED AVERAGE)

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY.

(AS PER MONETARY TERMS)

PRODUCT DESCRIPTION : ROTOGRAVURE PRINTING CYLINDERS

ITEM CODE NO. 84425003

As per our report of even date annexed herewith
For, **ASHOK DHARIWAL & CO.**
Chartered Accountants

(Nandlal J. Agrawal)
Chairman cum Managing Director

(ASHOK DHARIWAL)
Proprietor

(Sanjay C. Agrawal)
Director

Place : Ahmedabad

Date : 30/06/2008

LIPPI SYSTEMS LIMITED**REGISTERED OFFICE**

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

PROXY FORM

Folio No. _____ DP-ID & Client Id _____

No. Of Shares Held _____

I/We _____

Being a member/members of LIPPI SYSTEMS LTD. hereby appoint _____

_____ of _____

or failing him _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 30th September, 2008 at 11.30 a.m.

Signed this _____ day of _____ 2008.

Sign. _____

AFFIX
1 RUPEE
REVENUE
STAMP

Note :

(1) A members entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself, and the proxy need not be a member of the Company.

(2) Proxy form duly filled up should be deposited at the Registered Office of the Company at ahmedabad, not less then 48 hours before the time fixed for holding the meeting.

LIPPI SYSTEMS LIMITED**REGISTERED OFFICE**

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

Attendance Slip

1. Full name of Shareholder / Proxy _____

2. Folio No. _____ DP-ID & Client ID _____

3. If Proxy, full name of Shareholder _____

4. No. Of Shares _____

I, hereby record presence at the Annual General Meeting of the Company held at Ahmedbad on Tuesday 30th September, 2008 at 11.30 am.

(Signature of Shareholder/Proxy)

This attendance slip may please be handed over at the entrance of Meeting Hall.

BOOK-POST

To,

If undelivered please return to

LIPPI SYSTEMS LIMITED

Regd Office : 3re Floor, Satya Complex, Opp. I O C Petrol Pump,
132th Ring Road, Satellite, Ahmedabad - 380 015.