



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, 29th 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 31st 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 : 30th 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 : 30th June, 2009

LIPPI SYSTEMS LIMITED

DIRECTORS REPORT

To,
The Members of,
LIPPI SYSTEM LIMITED

Your Directors have pleasure in presenting their 16th Annual Report together with the Audited annual accounts for the year ended on 31st 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 31st 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 : 30th 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 :**

	Year ended 2008-2009	Year ended 2007-2008
1) Electricity :		
a) Purchased		
Units Nos.	1246671	1281243
Total Amt. (Rs.)	6343798	5996696
Rate per Unit (Rs.)	5.08	4.68
b) Own Generation		
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 :

	2008-2009	2007-2008
Consumption per square meter of Production		
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.

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 31st March, 2009.

Details of remuneration to Directors during the year ending on 31st 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 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132ft ring Road, Satellite, Ahmedabad, at 11.30 a.m. on Thursday, 28th September, 2006 , at 11.30 a.m. on Saturday, 29th September, 2007 and at 11.30 a.m. on Tuesday, 30th 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 29th 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 30th 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, 29th 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 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, 2009, for the second quarter ending 30th September, 2009, for the third quarter ending 31st December, 2009 and (Audited) for the financial year ending 31st 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.

LIPPI SYSTEMS LIMITED

Dates of Book Closure :

The Register of Members and Share Transfer Books of the company will remain closed from Tuesday, the 22nd September, 2009 to Thursday, the 24th September, 2009 (both days inclusive).

Dividend Payment :

The board of directors of the company has not recommended any dividend for the financial year ended 31st March, 2009.

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, 2009, 6367400 shares representing 90.96% 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	1231107	17.58
2. Mutual Funds	Nil	Nil
3. Banks, FIs, Insurance companies	Nil	Nil
4. Private Bodies Corporate	237367	3.39
5. Non-Resident Indians	6723	0.10
6. Indian Public	5524803	78.93
TOTAL	7000000	100.00

Distribution of Shareholdings

No. of Equity shares Held	No. of shareholders	% of shareholders	No. of shares	% of shareholdings
1-500	5064	83.08	945048	13.50
501-1000	557	9.14	490702	7.01
1001-2000	242	3.97	381253	5.44
2001-5000	142	2.33	460340	6.58
5001-10000	45	0.74	349654	5.00
10001 and Above	45	0.74	4373003	62.47
TOTAL	6095	100	7000000	100

LIPPI SYSTEMS LIMITED

Market price data for the financial year 2008-2009:

(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, 2008	8.49	7.28	17480.74	15297.96
May, 2008	8.29	6.62	17735.70	16196.02
June, 2008	10.09	6.50	16632.72	13405.54
July, 2008	10.05	7.26	15130.09	12514.02
August, 2008	10.90	6.55	15579.78	14002.43
September, 2008	9.00	5.79	15107.01	12153.55
October, 2008	6.99	4.00	13203.86	7697.39
November, 2008	5.68	4.40	10945.41	8316.39
December, 2008	6.45	4.67	10188.54	8467.43
January, 2009	5.48	4.57	10469.72	8631.60
February, 2009	5.04	4.80	9724.87	8619.22
March, 2009	5.04	4.51	10127.09	8047.17

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 normally twice in a month. 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, 22200338, 22200582, 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 Register 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.

For and on Behalf of Board of Directors

Place : Ahmedabad
Date : 30th June, 2009

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 Converters in India and off course abroad for Decorative & Packaging Laminates. There is a tremendous opportunity available to the Company for its development. The Company is also engaged in trading business of goods.

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. The company has plan to Increase in capacity of engraving and manufacturing cylinders for laminates. The company has Marketing and Pre-press division at various places to cater to the needs of the customer. For continuous improvement in quality of our cylinders.

FINANCIAL PERFORMANCE :

The turnover of the Company for the year ended on 31st March, 2009 was Rs. 2535.88 lacs as against the previous year's sales of Rs. 1106.43 lacs. The profit before tax for the year under review was Rs. 2.30 lacs as compared to Rs. 57.66 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.

LIPPI SYSTEMS LIMITED

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members Of
Lippi Systems Ltd,

We have examined the compliance of conditions of Corporate Governance by Lippi Systems Limited, for the financial year ended 31st March, 2009, 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, 2009, 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: 30.06.2009.

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

(C.A. ASHOK DHARIWAL)
PROPRIETOR
M. No. : 36452

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 2009, the profit and loss account and also the cash flow statements 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 from 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 (Auditors's Report) order, 2003 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 under.
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 believe were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required bylaw 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 and cash flow statements dealt with by this report comply with accounting standards refered to in sub-section (3C) of section 211 of the companies act,1956.
 - (v) On the basis of written representation received from the directors, as on 31st March,2009 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31/03/2009 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 explanation given to us, the said account 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 2009,
 - (b) In the case of the profit and loss account, of the Loss 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.

Dated: 30.06.2009.

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

(C.A. ASHOK DHARIWAL)
PROPRIETOR
M. No : 36452

LIPPI SYSTEMS LIMITED

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

1.
 - a) The company is maintaining proper records showing full particular 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) In our opinion the company has not disposed off substantial part of its fixed assets during the year and the going concern status of the company is not affected.
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 the companies / firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or to the Companies under the same management, as defined under sub section (1B) of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is 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 explanation 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 regard to prevailing market price 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, labor 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.

LIPPI SYSTEMS LIMITED

9. a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, custom 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, 2009 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 a financial institution 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, 2003 are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in share, securities, debenture and other investment.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for the loan taken by others from banks or financial institutions during the year.
16. In our opinion, the term loan have been applied for the purpose for which it was 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 short term fund have not been used for the long term uses.
18. During the period covered by our audit report, the company has not raised any money through the 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 2003 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 : 30/06/2009

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

(C.A. ASHOK DHARIWAL)
PROPRIETOR
M. No. : 36452

LIPPI SYSTEMS LIMITED

BALANCE SHEET AS ON 31.03.2009

PARTICULAR	SCH	AS AT 31.03.09 {IN RS.}	AS AT 31.03.08 {IN RS.}
SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS			
A. SHARE CAPITAL	1	70,000,000	70,000,000
B. RESERVE & SURPLUS	2	113,177,829	113,163,552
2. LOAN FUNDS			
A. SECURED LOANS	3	68,043,416	68,960,110
3. DEFERRED TAX LIABILITY		10,631,026	12,253,353
TOTAL (1+3)		261,852,271	264,377,015
APPLICATION OF FUNDS :			
1. FIXED ASSETS	4		
GROSS BLOCK		239,455,271	224,405,991
LESS : DEPRECIATION		147,840,387	125,820,698
NET FIXED ASSETS		91,614,884	98,585,293
2. INVESTMENTS	5	2,511,000	2,511,000
3. CURRENT ASSETS, LOANS AND ADVANCES			
CURRENT ASSETS	6	166,117,086	126,193,656
LOANS & ADVANCES	7	118,688,501	61,214,009
TOTAL CURRENT ASSETS		284,805,587	187,407,665
LESS: CURRENT LIABILITIES AND PROVISIONS	8	117,079,200	24,126,943
NET CURRENT ASSETS		167,726,387	163,280,722
NOTES FORMING PART OF THE ACCOUNTS	15		
TOTAL		261,852,271	264,377,015

AS PER OUR REPORT OF EVEN DATE ANNEXED HEREWITH

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

(C.A ASHOK DHARIWAL)

PROPRIETOR

M. No. : 36452

PLACE : AHMEDABAD

DATE : 30/06/2009

NANDLAL AGARWAL

(CHAIRMAN CUM MANAGING DIRECTOR)

MINESH C. SHAH

(DIRECTOR)

LIPPI SYSTEMS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2009

PARTICULAR	SCH	AS AT 31.03.09 {IN RS.}	AS AT 31.03.08 {IN RS.}
I. INCOME :			
GROSS SALES		263,535,586	124,135,476
LESS: EXISE DUTY		9,947,546	13,492,175
NET SALES	9	253,588,040	110,643,301
OTHER INCOME	10	4,082,241	3,070,042
INCREASE/(DECREASE) IN STOCK	11	27,009	74,338
TOTAL (I)		257,697,290	113,787,681
II. EXPENDITURE :			
A) PURCHASE(TRADING)		148,236,897	NIL
B) MANUFACTURING EXPENSES	12	55,006,904	52,688,359
C) SALARY & OTHER BENEFITS	13	6,993,247	5,635,438
D) ADMINISTRATIVE EXPENSES	14	15,641,053	14,384,953
E) INTEREST TO BANK		8,463,184	6,138,674
F) DEPRECIATION		23,581,682	26,093,660
TOTAL (II)		257,922,967	104,941,084
III. PROFIT/ (LOSS) BEFORE TAXATION {I-II}		(225,677)	8,846,597
IV. PROVISION FOR TAXATION			
: INCOME TAX		934,368	5,396,934
: FRINGE BENEFIT TAX		232,238	242,800
: DEFERRED TAX LIABILITY		(1,622,327)	(2,559,415)
V. PROFIT AFTER TAX		230,044	5,766,278
VI. LESS: EARLIER YEAR ADJUSTMENT		(215,767)	(505,213)
VII. BALANCE OF PROFIT FROM PREVIOUS YEAR		49,957,209	44,696,144
VIII. BALANCE BEING PROFIT			
CARRIED TO BALANCE SHEET		49,971,486	49,957,209
EARNING PER SHARES			
Basic EPS/ Diluted EPS		0.033	0.82
Face Value of per Equity shares Rs. 10/- each			
NOTES FORMING PART OF THE ACCOUNTS	15		

AS PER OUR REPORT OF EVEN DATE ANNEXED HERE WITH

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

(C.A ASHOK DHARIWAL)
PROPRIETOR.
M. No. : 36452

PLACE : AHMEDABAD
DATE : 30/06/2009

NANDLAL AGARWAL
(CHAIRMAN CUM MANAGING DIRECTOR)

MINESH C. SHAH
(DIRCTOR)

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

Particulars	31.03.2009 (in Rs.)	31.03.2008 (in Rs.)
SCHEDULE 1 :		
SHARE CAPITAL :		
AUTHORISED :		
1,00,00,000 (1,00,00,000)EQUITY SHARE OF RS.10/- EACH	100,000,000	10,000,000
ISSUED SUBSCRIBED AND PAID UP :		
70,00,000(70,00,000) EQUITY SHARE OF RS. 10/- EACH	70,000,000	70,000,000
	70,000,000	70,000,000
SCHEDULE 2 :		
RESERVE & SURPLUS :		
STATE SUBSIDY	1,500,000	1,500,000
SHARE PREMIUM	64,000,000	64,000,000
SURPLUS IN PROFIT & LOSS ACCOUNT	49,971,486	49,957,209
	115,471,486	115,457,209
LESS:		
CUMULATIVE DEFERRED TAX		
LIABILITY FOR EARLIER YEAR	2,293,657	2,293,657
	113,177,829	113,163,552
SCHEDULE 3 :		
SECURED LOANS :		
FROM INDIAN OVERSEAS BANK		
TERM LOAN	39,008,721	53,337,150
CASH CREDIT ACCOUNT	29,034,695	15,622,960
	68,043,416	68,960,110

SECURITY :

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

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

SCHEDULE '4' FIXED ASSETS

SR	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS ON 1.04.2008	ADDI-TION	DEDUC-TION	TOTAL AS ON 31.03.2009	UP TO 1.04.2008	FOR THE YEAR	ADJUST-MENT	UP TO 31.03.09	31.03.09	31.3.08
1	Land	1,211,430	Nil	Nil	1,211,430	Nil	Nil	Nil	Nil	1,211,430	1,211,430
2	Building	14,303,854	77,289	Nil	14,381,143	4,154,630	229,553	Nil	4,384,183	9,996,960	10,149,224
3	Plant & Machinery	122,422,706	11,092,321	2,236,096	131,278,931	88,220,819	13,113,225	1,065,845	100,268,199	31,010,732	34,201,887
4	Electrical Instalation	4,976,630	31,178	Nil	5,007,808	2,867,117	514,792	Nil	3,381,909	1,625,899	2,109,513
5	Furniture & Fixture	5,361,287	17,695	Nil	5,378,982	1,309,731	339,941	Nil	1,649,672	3,729,310	4,051,556
6	Vehicle	5,505,538	656,588	223,042	5,939,084	851,054	540,596	61,883	1,329,767	4,609,317	4,654,484
7	Office Equipment	1,447,864	86,899	Nil	1,534,763	1,077,234	70,780	Nil	1,148,014	386,749	370,630
8	Computer	27,479,815	646,850	Nil	28,126,665	22,501,656	4,507,456	Nil	27,009,112	1,117,553	4,978,159
9	Office Premises	9,402,011	Nil	2,600,402	6,801,609	1,570,818	477,748	434,265	1,614,301	5,187,308	7,831,193
10	Windmill	15,600,000	Nil	Nil	15,600,000	2,523,413	1,613,040	Nil	4,136,453	11,463,547	13,076,587
	Intangible										
11	Computer Software	16,694,856	7,500,000	Nil	24,194,856	744,226	2,174,551	Nil	2,918,777	21,276,079	15,950,630
	TOTAL	224,405,991	20,108,820	5,059,540	239,455,271	125,820,698	23,581,682	1,561,993	147,840,387	91,614,884	98,585,293
	Previous Year	204,093,765	22,522,628	2,210,402	224,405,991	100,088,083	26,093,660	361,045	125,820,698	98,585,293	104,005,682

NOTE:

DUE TO RESTATED OF TERM LOAN IN FOREIGN CURRENCY, THE DIFERENCE OF FOREIGN

LIPPI SYSTEMS LIMITED

Particulars	31.03.2009 (in Rs.)	31.03.2008 (in Rs.)
SCHEDULE 5 : INVESTMENT (Unquoted At Cost)		
250000 (250000) EQUITY SHARES OF SURYANAGRI SECURITIES & INVESTMENT LTD. @ RS. 10/- EACH FULLY PAID UP	2,500,000	2,500,000
20 (20) EQUITY SHARES OF SUVIKASH PEOPLE CO.OP.BANK LTD. @ Rs.50/- EACH FULLY PAID UP FULLY PAID UP	1,000	1,000
BANK OF BARODA LIQUID FUND	10,000	10,000
	2,511,000	2,511,000
SCHEDULE 6 :		
(A) INVENTORY:		
(AS VALUED AND CERTIFIED BY THE MANAGEMENT)		
RAW MATERIAL	1,119,541	4,579,374
CHEMICALS	136,909	229,853
STORES & SPARES	1,889,371	2,310,334
FINISHED STOCK	149,847	122,838
PACKING MATERIAL	143,996	74,765
	3,439,664	7,317,164
(B) DEBTORS :		
DEBTS OUTSTANDING FOR A PERIOD OF MORE THAN SIX MONTHS	17,705,239	16,610,818
OTHERS	144,719,152	42,165,603
	162,424,391	58,776,421
(B) CASH & BANK BALANCE :		
CASH IN HAND	220,069	358,049
BANK BALANCE IN SCHEDULE BANK IN CURRENT ACCOUNT	32,962	59,742,022
	253,031	60,100,071
TOTAL (A+B+C)	166,117,086	126,193,656
SCHEDULE 7 : LOANS & ADVANCES		
(UNSECURED & CONSIDERED GOODS)		
ADVANCE RECEIVABLE IN CASH OR IN KIND OR VALUE TO BE RECEIVED	3,417,658	9,452,235
ADVANCE AGAINST CAPITAL GOODS	85,109,522	47,717,245
SECURITY DEPOSIT	28,638,912	1,869,444
CENVAT CREDIT RECEIVABLE	1,522,409	2,175,085
	118,688,501	61,214,009
SCHEDULE 8 :		
CURRENT LIABILITIES & PROVISIONS		
SUNDRY CREDITORS FOR GOODS	111,378,688	9,202,590

LIPPI SYSTEMS LIMITED

Particulars	31.03.2009 (in Rs.)	31.03.2008 (in Rs.)
SUNDRY CREDITORS FOR EXPENSES	2,087,513	2,281,679
SUNDRY CREDITORS FOR CAPITAL GOODS	1,683,179	6,863,819
TAX DEDUCTED AT SOURCE	70,993	28,914
ADVANCE FROM CUSTOMERS	837,062	520,480
INCOME TAX PROVISIONS	NIL	4,396,934
GRATUITY PAYABLE	919,513	706,571
FRINGE BENEFIT TAX PAYABLE	102,252	125,956
	117,079,200	24,126,943
SCHEDULE 9 : SALES & JOB WORKS		
SALES	75,450,614	81,546,300
RE ENGRAVING RECEIPT	27,958,016	28,263,863
EXPORT SALES	529,883	833,138
TRADING SALES	149,649,527	NIL
	253,588,040	110,643,301
SCHEDULE 10 : OTHER INCOME		
WINDMILL INCOME	1,240,975	1,185,620
INTEREST	1,883,193	1,283,689
DIVIDEND	90	90
FOREIGN EXCHARGES FLUCTUATION	53,528	NIL
PROFIT ON SALES OF FIXED ASSETS	NIL	600,643
VAT TAX REFUND	392,589	NIL
BAD DEBT RECOVERED	5,000	NIL
PROFIT ON LAND DEVELOPMENT PROJECT	500,000	NIL
MISC. INCOME	6,866	NIL
	4,082,241	3,070,042
SCHEDULE 11 : INCREASE/(DECREASE) IN STOCK		
OPENING STOCK	(122,838)	(48,500)
CLOSING STOCK	149,847	122,838
	27,009	74,338
SCHEDULE 12 : MANUFACTURING EXPENSES		
RAW MATERIAL CONSUMED	30,655,261	28,281,228
CHEMICAL CONSUMED	3,430,280	3,015,021
STORES & SPARES CONSUMED	8,211,693	11,245,806
POWER AND FUEL CONSUMED	6,772,310	6,600,321
FREIGHT & OCTROI	947,573	631,865
PROCESSING AND OTHER EXPENSES	258,009	297,260
PACKING MATERIAL CONSUMED	4,431,755	2,332,061
EXCISE DUTY ON JOB WORK	300,023	284,797
	55,006,904	52,688,359

LIPPI SYSTEMS LIMITED

Particulars	31.03.2009 (in Rs.)	31.03.2008 (in Rs.)
SCHEDULE 13 :		
SALARY & OTHER EMPLOYEE BENEFITS		
SALARY	5,570,142	4,374,027
STAFF WELFARE	410,166	333,532
COMPANY'S CONTRIBUTION TO P.F.	199,997	150,826
DIRECTOR'S REMUNERATION	600,000	600,000
GRATUITY	212,942	177,053
	6,993,247	5,635,438
SCHEDULE 14 : ADMINISTRATIVE EXPENSES		
ADVERTISEMENT	67,968	49,000
BAD DEBTS	NIL	274,661
BANK CHARGES	757,945	713,445
CONVEYANCE	1,436,594	1,601,840
DONATION	118,100	338,000
ELECTRICITY EXPENSES	232,515	209,778
FACTORY GENERAL EXPENSES	268,882	319,838
FINANCIAL CHARGES	456,016	623,160
INSURANCE	220,397	266,091
CLAIM VATAV	1,139,947	1,546,571
KEYMAN INSURANCE PREMIUM	NIL	77,771
MISC. EXPENSES	948,825	252,493
PROFESSIONAL FEES	344,013	429,468
PRINTING & STATIONERY	495,942	458,057
RENT RATE & TAXES	857,920	763,600
REPAIRS & MAINTENANCE	2,745,452	1,777,450
COMMISSION	3,334,449	2,915,969
SALES PROMOTION & GIFTS	185,656	141,806
SECURITY CHARGES	252,743	227,515
TELEPHONE AND POSTAGE	864,328	1,150,237
WEB & INTERNET EXPENSES	57,994	180,787
LOSS ON SALE OF FIXED ASSETS	427,547	NIL
CASH THEFT A/C	125,000	NIL
SALES EXHIBITION EXPENSES	211,800	NIL
SALES TAX	21,000	NIL
AUDITOR'S REMUNERATION :		
PARTICULARS	2008-09	2007-08
AUDIT FEE	55000	56180
TAXATION MATTER	15000	11236
	70,000	67,416
	15,641,053	14,384,953

SCHEDULE 15 :

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE-SHEET AND PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2009:

1. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING

The Financial Statement are prepared at historical cost convention on accrual basis and materially comply with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. Income and Expenditure are recognized on Accrual basis.

B. USE OF ESTIMATES

The preparation of Financial Statement in conformity with the General Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affects the reported account of Assets and Liabilities and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

C. REVENUE RECOGNITION

Sales of products are recognized when the invoiced to customers.

Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

D. FIXED ASSETS/INTANGIBLE ASSETS & DEPRECIATION

- a) The Fixed Assets are stated at historical cost less depreciation.
- b) The Company is providing depreciation on its assets at the rate prescribed as per Schedule XIV of the Companies Act, 1956 at Straight Line Method. However the depreciation on addition made during the year have been provided on pro-rata basis from the date of their purchase/use.
- c) Addition in Fixed Assets is stated at cost net of CENVAT credit (where applicable).
- d) Intangible Assets are recognized as per the principle laid down in Accounting Standard 26 of the institute of Chartered Accountant of India.

E. INVENTORIES

- Raw Materials : At cost
- Stores & Spares : At cost
- Chemical : At cost
- Packing Material : At cost
- Finished goods : At cost or realizable value
whichever is lower.

F. CONTINGENT LIABILITES

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

G. FOREIGN CURRENCY TRANSACTIONS

Realized gains and losses on foreign currency revenue transactions are Recognized in the profit and loss account.

LIPPI SYSTEMS LIMITED

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 recognized in the Fixed Assets.

H. CENVAT CREDIT

CENVAT benefit is accounted for by reducing the purchase cost of material / fixed assets

CENVAT CREDIT utilized during the year is accounted in excise duty and utilized Modvat balance at the year end is considered as advances excise duty.

I. INVESTMENT

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

J. RETIREMENT BENEFITS

Gratuity

Provision for gratuity to Employees is made on the basis of accrual valuation. Provision for gratuity has not been funded.

Provident Fund

Contribution to provident Fund is accounted on accrual basis with corresponding contribution to recognized fund.

K. PROVISION FOR BAD AND DOUBTFUL DEBTS

Provision is made in accounts for Bad Doubtful Debts/Advances which in the opinion of the management are considered irrecoverable.

L. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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.

M. 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 tax for timing difference between the book and the income tax profit for the year is accounted for by using the tax rate and laws 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 assets 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 crystallized.

CURRENT TAXATION

Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment year.

FRINGE BENEFIT TAX

Provision for fringe benefit tax has been recognized on the basis of harmonious, contextual interpretation of the provision of the Income Tax Act,1961.

N. IMPAIRMENT OF ASSETS :

The carrying amount for assets other than inventory is reviewed at each balance sheet date to determine whether there is any indication of impairment. if any such indication exist, the assets recoverable amount is estimated.

The impairment loss is recognized when ever the carrying amount of an assets or its cash generation unit exceeds recoverable amount. The recoverable amount is greater of the assets net selling price and the value in the uses which is determined based on the estimated future cash flow discounted to their present value. All the impairment losses are recognized in the profit & Loss account.

An impairment loss is reversed if there has been a change in the estimates used to determined the recoverable amount and is recognized in the profit & loss account

O. RELATED PARTY TRANSACTION :

Disclosure of transaction with related parties, as required by Accounting Standard 18 "RELATED PARTY DISCLOSURE" has been 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 representation made by key managerial personnel and information available with the company.

P. EARNING PER SHARE :

The Company report basic and diluted earning per share (EPS.) on the accordance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India. The basic E.P.S. has been computed by dividing income available to equity share holder by the weight average number of equity shares out standing during the accounting year.The diluted E.P.S. has been computed using the weight average number of equity shares and dilutive potential equity shares outstanding at the end of the year.

Q. CASH FLOW STATEMENT :

The Cash Flow Statement is being prepared as per Accounting Standard 3 prescribed by the Institute of Chartered Accountants of India .

2. Notes Forming parts of Accounts :

1. Contingent liabilities not provided for in respect of :
 - (A) Estimated amount of contracts remaining to be executed on capital account (Net of Advances), Rs.NIL, (Previous Year Rs. 29.56 Lacs.)
 - (B) Letter of credit to Bank Rs.1058.39 Lacs (Previous Year Rs.25.00 Lacs.)
2. The balances of sundry creditors and loans & advances are subjected to confirmation.
3. In the opinion of the Board, Stock in trade & loans and advances forming part of current assets are approximate of the value stated, if realized, in the ordinary course of business.
4. Sales includes excise duty but are net of sales returns, discount 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 unit as on 31.03.2009 are not ascertainable.
6. Deferred Tax.

LIPPI SYSTEMS LIMITED

Particulars	Deferred Tax Assets/Liability As on 01/04/2008	Charge/ Credit Current Year	Deferred Tax Assets/Liability As on 31/03/2009
Deferred tax Liability			
On account of Depreciation	12501025	(1556528)	10944497
Less:			
Deferred Tax Assets:			
Disallowances U/s 43B	(247672)	(65799)	(313471)
Net Deferred Tax Liabilities/(Assets)	12253353	(1622327)	10631026

7. EARNING PER SHARE :

	2008-09	2007-08
Net Profit For the year	2,30,044	57,66,278
Weighted Average No. Shares Outstanding during the year	70,00,000	70,00,000
Earning per share	0.033/-	0.82/-
Nominal Value per Share (Rs.)	10/-	10/-

8. Related party disclosure (As required by AS-18)

a. Relationship	Nil	Nil
i. Holding	Nil	Nil
ii. Subsidiary company	Nil	Nil
iii. Other related parties where Common control exists	Nil	Nil
iv. Key Managerial personnel:		

Remuneration

Managing Director: Shri Nandlal Agrawal	3.60 lacs	3.60 lacs
Director: Shri Minesh C. Shah	2.40 lacs	2.40 lacs
A. UNSECURED LOANS	RS.IN LACS	RS.IN LACS
I. Taken during the year	NIL	NIL
II. repaid during the year	NIL	NIL
B. EXPENDITURE		
(I) Commission Paid	NIL	NIL
(II) Remuneration to key managerial personnel	6.00	6.00
Managing Director: Shri Nandlal Agrawal	3.60 lacs	3.60 lacs
Director: Shri Minesh C. Shah	2.40 lacs	2.40 lacs

9. 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.

LIPPI SYSTEMS LIMITED

Rs. In Lacs

PARTICULARS	ENDED ON 31.03.2009	ENDED ON 31.03.2008
1. Segment Revenue (Net Revenue)		
a. Copper Eng. Cyl. Mfg.	1039.39	1106.43
b. Trading Business	1496.49	0.00
TOTAL	2535.88	1106.43
2. Segment Results profit/(loss) before tax and interest		
a. Copper Eng. Cyl. Mfg.	57.89	148.85
b. Trading Business	22.32	0.00
TOTAL	80.21	148.85
LESS : INTEREST	84.63	65.44
TOTAL PROFIT/(LOSS) BEFORE TAX	(4.42)	83.41

10. Income tax assessments have been completed up to A.Y 2006-07.

11. Additional information pursuant to provision of Para 3,4c & 4d of part ii of schedule vi of the companies act 1956.

Licensed and install capacity and production as certified by the management

As at 31st March

2008-09

2007-08

i. Licenced capacity	3700.00 sq.mt.	3700.00 sq.mt.
ii. Installed capacity	3700.00 sq.mt.	3700.00 sq.mt.
iii. Production	3401.448 sq.mt.	3512.266 sq.mt.
iv. SALES AND STOCK OF FINISHED GOODS		

	Qty	Amts.Rs.	Qty	Amts.Rs.
Sales	3394.390 sq.mt	75980497	3508.950 sq.mt	80841495
v. Raw material consumed				
(copper & nickel)	22370 kg.	11400565	22149 kg.	8792629
(cylinder)	3401.448 sq.mt	19254696	3512.266 sq.mt	19488599

vi. Value of imports calculated on C.I.F basis in respect of :

	2008-09	2007-08
Capital Goods	8594734	1755157
Raw Material	6300802	8688508
Stores&Spares	3859761	4090736

Value of raw material, chemicals, stores and spares consumed during the year.

Rs. In lacs

	2008-09		2007-08	
	Rs.	%	Rs.	%
Raw Material (indigenous)	206.09	67.23	220.75	78.06
Raw material (imported)	100.46	32.77	62.06	21.94
Stores & spares (indigenous)	35.05	42.68	51.48	45.78
Stores & spares(imported)	47.07	57.32	60.98	54.22
Chemicals (indigenous)	34.30	100.00	30.15	100.00

vii. Earning In Foreign Currency 12284.31\$ Rs. 594873/- 8181.430\$ Rs. 328566/

LIPPI SYSTEMS LIMITED

12. Quantitative & Value of trading Goods.

Particular	Opening Stocks		Purchases		Sales		Clasing Stocks	
	QTY	AMT	QTY	AMT	QTY	AMT	QTY	AMT
COPPER RODS	NIL	NIL	49.832 Ton	166.11	49.832 Ton	167.93	NIL	NIL
PAPERS	NIL	NIL	2309.114 Ton	1241.69	2309.114 Ton	1253.24	NIL	NIL
T.M.T BARS	NIL	NIL	251.08 Mts	74.57	251.08 Mts	75.32	NIL	NIL

13. Previous year figure have been regrouped/rearranged wherever considered necessary

AS PER OUR REPORT OF EVEN DATE ANNEXED HERE WITH

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

(C.A ASHOK DHARIWAL)
PROPRIETOR.
M. No. : 36452

PLACE : AHMEDABAD
DATE : 30/06/2009

NANDLAL AGARWAL
(CHAIRMAN CUM MANAGING DIRECTOR)

MINESH C. SHAH
(DIRECTOR)

LIPPI SYSTEMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

PARTICULAR	31-03-09 {IN Rs.]	31-03-08 {IN Rs.]
<u>A. Cash Flow From Operating Activities :</u>		
Net Profit for the year	(1,608,050)	2,701,650
Adjustment for :		
Depreciation	23,581,682	26,093,660
Profit/Loss on Sale of Fixed Assets	427,547	(600,643)
Operating Profit Before Working Capital Changes	22,401,179	28,194,667
Adjustment for :		
Trade & other Receivables	(161,122,461)	(20,684,692)
Inventories	3,877,500	(1,020,417)
Trade Payable	92,952,257	6,908,469
(Increase)/Decrease In Net Current Assets	(64,292,704)	(14,796,640)
Net Cash From operating Activities	(41,891,525)	13,398,027
<u>B. Cash Flow From Investing Activities</u>		
Purchase Of Fixed Assets	(20,108,820)	(22,522,628)
Sales of fixed Asset	3,070,000	2,450,000
Sales of Investment	NIL	31,235,000
Net Cash Used in Investing Activities	(17,038,820)	11,162,372
<u>C. Cash Flow from Financing Activities :</u>		
Proceeds/(repayment) from Borrowings	(916,695)	24,492,412
Net cash used in financing Activities	(916,695)	24,492,412
Net Increase in cash and cash equivalents (A+B+C)	(59,847,040)	49,052,811
ADD: Cash and cash Equivalents at the beginning of the year	(60,100,071)	(11,047,260)
Cash and Equivalents at the closing balance	253,031	60,100,071
TOTAL	(59,847,040)	49,052,811

FOR, and on behalf of the Board

PLACE: AHMEDABAD.

DATE : 30/06/2009

NANDLAL AGARWAL

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, 2009 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.

Dated: 30.06.2009.

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

(C.A. ASHOK DHARIWAL)

PROPRIETOR
M. No. 36452

LIPPI SYSTEMS LIMITED

INFORMATION PERSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

REGISTRATION NO. STATE CODE
BALANCE SHEET DATE

II. CAPITAL RAISED DURING THE YEAR

PUBLIC ISSUE RIGHT ISSUE
BONUS ISSUE PRIVATE PLACEMENT

III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (AMOUNT RS. IN THOUSAND)

TOTAL LIABILITIES TOTAL ASSETS

SOURCES OF FUNDS

PAID UP CAPITAL RESERVE & SURPLUS
SECURED LOANS
DEFERRED TAX LIABILITY

APPLICATION OF FUNDS

NET FIXED ASSETS INVESTMENT
NET CURRENT ASSETS

IV. PERFORMANCES OF COMPANY

TURNOVER TOTAL EXPENDITURE
PROFIT/(LOSS) BEFORE TAX PROFIT AFTER TAX
EARNING PER SHARE DIVIDEND RATE (%)

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCT/SERVICES OF THE COMPANY. (AS PER MONETARY TERMS)

PRODUCT DESCRIPTION
ITEM CODE NO.

AS PER OUR REPORT OF EVEN DATE ANNEXED HERE WITH

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

(C.A ASHOK DHARIWAL)
PROPRIETOR.
M. No. : 36452

NANDLAL AGARWAL
(CHAIRMAN CUM MANAGING DIRECTOR)

PLACE : AHMEDABAD
DATE : 30/06/2009

MINESH C. SHAH
(DIRECTOR)

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 _____

of 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, 29th September, 2009 at 11.30 a.m.

Signed this _____ day of _____ 2009.

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 member of the company.
- (2) Proxy from 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 here by record presence at the Annual General Meeting of the Company held at Ahmedabad on Tuesday 29th September, 2009, at 11.30 am.

(Signature of Shareholder/Proxy)

This attendance slip may please be handed over at the entrance of meeting hall.

BOOK-POST

If undelivered please return to

LIPPI SYSTEMS LIMITED

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