



13 th
ANNUAL REPORT
2005- 2006

LIPPI SYSTEMS LIMITED
AHMEDABAD

LIPPI SYSTEMS LIMITED

BOARD OF DIRECTORS

Shri Nandlal J. Agrawal	Managing Director
Shri Sanjaybhai C. Agrawal	Director
Shri Dineshbhai F. Gupta	Director
Shri Minesh C. Shah	Director
Shri Shankarbhai R. Raval	Director
Shri Kamlesh S. Sharma	Director
Shri Jagdish R. Dave	Director
Shri Yogin M. Patel	Director

BANKERS

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

AUDITORS

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

REGISTERED OFFICE

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

NOTICE

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

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

By Order of the Board of Directors

Place : Ahmedabad
Date : 30th June, 2006

Nandlal J. Agrawal
Chairman Cum Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF COMPANY.
2. The proxies in order to be effective, must be lodged with the company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books will remain close from Thursday, the 14th September, 2006 to Thursday, the 21st September, 2006 (both Days inclusive).
4. Members are requested to bring their copies of Annual Report at the meeting.

DIRECTORS REPORT

To,
The Members of,
LIPPI SYSTEM LIMITED

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

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

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

OPERATIONS:

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

Your directors expect better results for the current year.

DIVIDEND:

Considering various factors such as present requirement of long term funds, current market conditions etc., your directors have not recommended any dividend for the year under report.

FIXED DEPOSITS:

During the year under review, your Company has not accepted any fixed deposits from the public and therefore no information is required to be furnished in respect of outstanding deposits.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The particulars in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 217 (1) (e) of the Companies Act read with Companies (Disclosure of particulars in Report of Directors) Rules, 1988 are provided by way of annexure to this report.

PARTICULARS OF EMPLOYEES :

The Company has no employees whose salary exceeds the limits prescribed under Section 217 (2A) of the Companies Act, 1956. Hence the information required to be given under the said section read with Companies (Particulars of Employees) Rules, 1975 do not apply.

AUDIT COMMITTEE :

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

DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors confirm that :

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed.
- (ii) Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the company as on 31st March, 2006 and of the profit of the company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- (iv) They have prepared the annual accounts on a "going concern basis".

CORPORATE GOVERNANCE :

A report on Corporate Governance is also enclosed and forms part of the annual report. A certificate from the auditors of the company regarding compliance with corporate governance norms is annexed to the report on corporate governance.

DIRECTORS :

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

AUDITORS:

The Auditors M/s. Ashok Dhariwal & Co., Chartered Accountants retire at the ensuing annual general meeting. The Company has received a certificate from the auditors stating that their appointment, if made, will be within the limits prescribed under section 224 (1B) of the Companies Act, 1956. The Board proposes to reappoint them.

ACKNOWLEDGEMENT:

The Board wish to place on record their sincere appreciation and acknowledge with gratitude the efforts put in and co-operation extended by bankers, shareholders, employees at all level and all other associated persons, bodies and agencies for their continued support.

Place : Ahmedabad

For and on Behalf of Board of Directors

Date : 30th June, 2006

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

B. CONSUMPTION PER UNIT OF PRODUCTION :

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

RESEARCH AND DEVELOPMENT :

The Company has no specific research and development department. However the company has well equipped quality control department to check the quality of its products and effective steps are being taken for its improvement.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information required to be given in respect of foreign exchange earnings and outgo is provided in the notes forming part of accounts. Members are requested to refer the same.

REPORT ON CORPORATE GOVERNANCECOMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**A brief statement on company's philosophy on code of Governance:**

The company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as fair and transparent business practices, effective Management Controls at all levels, adequate representation of promoter, executive and independent directors on the board, accountability for performance at all levels, monitoring of executive performance by the Board and transparent and timely disclosure of financial and management information.

1. Board of Directors:

There are eight members of the Board of Directors of the company comprising of Executive Directors and independent directors. There is no institutional nominee on the board. During the year nine meetings of the Board were held. The Board of directors were met on 8.04.2005, 30.06.2005, 30.07.2005, 4.10.2005, 10.10.2005, 31.10.2005, 12.12.2005, 31.01.2006 and 24.03.2006.

The composition and attendance of the Board of Directors are as :

Sl. No.	Name of Director	Category of Director	No. Of Board Meetings attended	Attendance at the last AGM	No. Of Directorship held other than Lippi System Ltd.	No. Of Committee/ membership @held other than Lippi System Ltd.
1	Shri Nandlal Agrawal	Managing Director-Chairman	9	Yes	3	None
2	Shri Sanjay Agrawal	Non-executive	8	Yes	4	None
3	Shri Dinesh Gupta	Non-executive	8	Yes	4	None
4	Shri Shankar Raval	Independent	3	Yes	Nil	None
5	Shri Minesh Shah	Executive	9	Yes	Nil	None
6	Shri Kamlesh Sharma	Independent	7	Yes	1	None
7	Shri Jagdish Dave	Independent	8	Yes	1	None
8	Shri Yogin Patel	Independent	8	Yes	Nil	None

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

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

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

Shri Kamlesh S. Sharma, is commerce graduate, aged about 38 years. He is also Director in Satya Satellite Reality Limited . He is an independent director on the Board. He possesses wide experience in the field of marketing and finance and accounts.

The board of directors of the company has constituted various committees of the members of the board. The terms of reference of these committees have been determined by the board from time to time.

AUDIT COMMITTEE :

The Company has constituted an audit committee. The audit committee comprises of Shri Jagdish Dave (Chairman), Shri Dinesh Gupta and Shri Kamlesh Sharma. The company Secretary acts as secretary of the committee.

The terms of reference of the Committee are as is specified in clause 49 of the Listing agreement. During the financial year the Committee met on 30.06.2005, 30.07.2005, 31.10.2005, 31.01.2006. The minutes of the Audit committee are circulated to the Board members.

REMUNERATION COMMITTEE :

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

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

Share Transfer-cum-investors Grievances Committee:

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

Details of remuneration to Directors during the year ending on 31st March, 2006 :

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, Agarwal Chamber, Nr. Town Hall, Ellisbridge, Ahmedabad 380 006 at 11.00 a.m., on Friday, 27th September, 2002, at 11.00 a.m. on Monday, 29th September, 2003 at 11.00 a.m. on Wednesday, 29th September, 2004, and at 11.00 am on Tuesday, 27 September, 2005 for the year 2002-03, 2003-04, 2004-05 respectively.

The Company has also passed a special resolution for appointment of managing director at its annual general meeting held on 29.09.2003. 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 Thursday, 28th September, 2006 at 11.30 a.m. at the registered office of the Company at 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132ft Ring Road, Satellite, Ahmedabad 380 015.

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, 2006, for the second quarter ending 30th September, 2006, for the third quarter ending 31st December, 2006 and (Audited) for the financial year ending 31st March, 2007 will be published by end of, July, 2006, October, 2006,

January, 2007 and by end of June, 2007, respectively and the Annual General Meeting for the year ending March, 2007 will be held by end of September, 2007.

Dates of Book Closure: The Register of Members and Share Transfer Books of the company will remain closed from Thursday, 14th September, 2006 to Thursday, 21st, September, 2006 (both days inclusive).

Dividend Payment:

The board of directors of the company has not recommended any dividend for the financial year ended 31st March, 2006.

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, 2006, 62,79,200 shares representing 89.71% 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, 2006.

Shareholding pattern.

Category	No. of Shares held	% of Shareholding
1. Promoters	973550	13.91%
2. Mutual Funds	Nil	--
3. Banks, FIs, Insurance companies	Nil	--
4. Private Bodies Corporate	838457	11.98%
5. Non-Resident Indians	6258	0.09%
6. Indian Public	5181735	74.02%
TOTAL	7000000	100%

Distribution of Shareholdings

No. Of equity sharcs Held	No. Of shareholders	% of shareholders	No. Of shares	% of shareholdings
1-500	5976	80.50	1170046	16.71
501-1000	773	10.41	693550	9.91
1001-2000	336	4.53	542380	7.75
2001-5000	211	2.84	729866	10.43
5001-10000	75	1.01	576556	8.24
10001 and Above	53	0.71	3287602	46.96
TOTAL	7424	100	7000000	100

Market price data for the financial year 2005-2006:

(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, 2005	6.45	5.15	6649.42	6118.42
May, 2005	9.40	4.50	6772.74	6140.97
June, 2005	9.75	7.00	7228.21	6647.36
July, 2005	9.05	7.85	7708.59	7123.11
August, 2005	15.64	7.10	7921.39	7537.50
September, 2005	18.99	11.70	8722.17	7818.90
October, 2005	11.12	7.51	8821.84	7656.15
November, 2005	10.45	7.50	9033.99	7891.23
December, 2005	9.10	7.58	9442.98	8769.56
January, 2006	9.27	7.63	9945.19	9158.44
February, 2006	8.88	6.35	10422.65	9713.51
March, 2006	8.34	6.50	11356.95	10344.26

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) 2204226, 2200591

Fax No. : (079) 2202963

Plant Location: Plot No. 540, Opp. Manpasand Weigh Bridge, Village Rakanpur,

Tal : Kalol, Gandhinagar 382 721

Investors / Shareholders Correspondence :

Investors / Shareholders may correspondence 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.

By Order of the Board of Directors

Place : Ahmedabad
Date : 30th June, 2006

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 off 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 Electrically 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, 2006 was Rs. 907.81 lacs as against the previous year's sales of Rs. 758.29 lacs. The net profit for the year under review was Rs. 113.25 lacs as compared to Rs. 81.19 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 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, 2006, 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, 2006, 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: 30.06.2006.

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 2006, 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 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 (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, 2006 and taken on record by the Board of Directors, we report that none of the 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, 2006.
 - (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 : 30/06/2006

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) The company has not disposed off any part of fixed assets during the year.
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 reasonably 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 / form 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 trasactions 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, 2006 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 : 30/06/2006

For ASHOK DHARIWAL & CO.

Chartered Accountants

(ASHOK DHARIWAL)

Proprietor

**LIPPI SYSTEMS LIMITED
BALANCE SHEET AS ON 31-03-2006**

	Schedule	As At 31-3-06 (In Rs.)	As At 31-3-05 (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	10,19,01,361	9,44,01,177
2. Loan Funds			
Secured Loans	3	4,96,07,040	2,39,05,208
3. Deferred Tax Liabilities		1,35,67,091	1,43,26,266
Total (1 + 3)		23,50,75,492	20,26,32,651
Application of Funds :			
1. Fixed Assets	4		
a. Gross Block		19,01,37,311	17,13,45,444
b. Less : Depreciation		8,22,19,326	6,50,25,032
c. Net Block		10,79,17,985	10,63,20,412
2. Investments	5	3,37,46,000	3,51,43,500
3. Current Assets, Loans- And Advances :			
Current Assets	6	5,56,98,811	2,64,93,517
Loans And Advances	7	4,36,93,268	4,06,01,673
		9,93,92,078	6,70,95,190
Less : Current Liabilities And Provisions	8	59,80,571	59,85,870
Net current Assets		9,34,11,507	6,11,09,320
4. Miscellaneous Expenditure (To the extent not written off or adjusted)	9	Nil	59,419
Total (1 to 4)		23,50,75,492	20,26,32,651
Notes Forming Part Of the Accounts	16		

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 : 30/06/2006

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED ON 31-03-2006**

	Schedule	As at 31-3-06 (In Rs.)	As at 31-3-05 (In Rs.)
I. Income :			
a) Gross Sales	10	10,05,48,210	8,68,53,012
Less : Excise Duty		97,66,770	1,10,24,422
Net Sales		9,07,81,440	7,58,28,590
b) Other Income	11	11,50,162	7,41,693
c) Increase / (Decrease) In Stock	12	(24,690)	(25,810)
Total (I)		9,19,06,912	7,65,44,473
II. Expenditure :			
a) Manufacturing Expenses	13	4,18,94,330	3,22,54,117
b) Salaries & other Employees Benefits	14	43,29,172	39,16,797
c) Administrative Expenses	15	1,27,47,593	1,29,63,126
d) Interest to Bank		40,42,734	33,00,669
e) Depreciation		1,75,08,738	1,57,93,412
f) Preliminary Expenses		59,419	1,97,678
Total (II)		8,05,81,986	6,84,25,799
III. Profit For the Year		1,13,24,926	81,18,674
IV. Less : Income Tax Provision			
Current Tax		43,87,891	7,14,325
Deferred Tax		(7,59,175)	30,25,676
Fring Benefit Tax		1,77,397	Nil
V. Profit After Taxation		75,18,813	43,78,673
VI. Add : Excess Tax Provision Written Back		(18,629)	3,61,371
VII. Balance of Profit		3,11,94,834	2,64,54,790
VIII. Balance Being Profit			
Carried to Balance Sheet		3,86,95,018	3,11,94,834
Basic And Diluted Earning Per Equity Share of Rs. 10 Each		1.07	0.63
Notes Forming Part Of the Accounts	16		

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 : 30/06/2006

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

Schedule 1 Share Capital	31/03/2006	31/03/2005
	(In Rs.)	(In Rs.)
AUTHORISED		
1,00,00,000 (1,00,000) 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	3,86,95,018	3,11,94,834
	<u>10,41,95,018</u>	<u>9,66,94,834</u>
Less : Cumulative Deferred Tax Liability For Earlier Year	22,93,657	22,93,657
	<u>10,19,01,361</u>	<u>9,44,01,177</u>
Schedule 3 Secured Loans		
From Bank of Baroda		
- Cash Credit Account	Nil	49,77,035
- Term Loan	Nil	1,89,28,173
From Indian Overseas Bank		
- Term Loan	3,24,97,920	Nil
- Cash Credit Account	1,71,09,120	Nil
	<u>4,96,07,040</u>	<u>2,39,05,208</u>

Security :

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

**Schedule : 4
FIXED ASSETS**

(AMOUNT IN LACS)

DESCRIP. OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 01-04-05	ADDITIONS DURING THE YEAR	DEDUCTION DURING THE YEAR	COST AS ON 31-3-06	UP TO 31-3-05	FOR THE YEAR	DEDUCTION DURING THE YEAR	UP TO 31-3-06	AS ON 31-3-06	AS ON 31-3-05
	Land	1211430	Nil	Nil	1211430	Nil	Nil	Nil	1211430	1211430
Building	12724704	996657	Nil	13721361	2774289	441577	3215866	10505495	9950415	
Plant & Machinery	113064833	1298312	Nil	114363145	51852233	11789020	63641253	50721892	61212600	
Electrical Installation	3150260	1314338	Nil	4464598	1527893	386548	1914441	2550157	1622367	
Furniture & Fixtures	1378355	3870124	Nil	5248479	411660	221442	633102	4615377	966695	
Vehicle	3735913	389003	546669	3578247	828133	378919	314444	892608	2685639	2907780
Office Equipment	677686	547124	Nil	1224810	500059	145219	645278	579532	177627	
Computer	15721184	10922978	Nil	26644162	5816069	3488665	9304734	17339428	9905115	
Office Premises	19681079	Nil	Nil	19681079	1314696	657348	1972044	17709035	18366383	
Total	171345444	19338536	546669	190137311	65025032	17508738	314444	82219326	107917985	106320412
Previous Year	140880351	31136320	671227	171345444	49615264	15793412	383644	65025032	106320412	91265087

Schedule 5 Investments (At Cost)	As At 31-3-2006 (In Rs.)	As At 31-03-2005 (In Rs.)
1. Non Trade Investment		
Share (Unquoted) :		
65000 (65000) Equity Share of City Gold Entertainment Ltd. @ Rs. 100/- Each Fully Paid up	65,00,000	65,00,000
2473500 (2473500) Equity Share of City Gold Media Limited Rs. 10/- Each Fully Paid up	2,47,35,000	2,47,35,000
139750 (139750) Equity Share of Pankhil Finance Limited Rs. 10/- Each Fully Paid Up	Nil	13,97,500
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	<u>10,000</u>	<u>10,000</u>
	<u>3,37,46,000</u>	<u>3,51,43,500</u>

Schedule 6 Current Assets

A. INVENTORY

(As Valued And Certified By

The Management)

Raw Material

Chemicals

Stores

Finished Stock

Packing Material

3,34,547

2,12,021

13,50,424

22,500

70,091

19,89,583

5,45,762

2,98,597

13,31,667

47,190

48,989

22,72,205

B. SUNDRY DEBTORS :

(Unsecured considered good)

- Debts outstanding for a period
of more than 6 (six) months.

- Others

78,97,811

2,76,41,051

3,55,38,862

32,66,928

2,08,46,761

2,41,13,689

C. CASH AND BANK BALANCE :

1. Cash in Hand

2. Bank Balance with Schedule Bank

In Current Account

3. Bank Balance with Co. Op. Bank

In Current Account

(Maximum Balance Previous Year Rs. 579)

1,93,619

1,79,76,747

Nil

98,072

8,972

579

TOTAL CURRENT ASSETS (A + B + C)

1,81,70,366

5,56,98,811

1,07,623

2,64,93,517

Schedule 7 Loans And Advances :

(UNSECURED & CONSIDERED GOOD)

1. Advances recoverable in cash
or in kind or for value to
be received

2. Advance against Capital Goods

3. Security Deposit

4. Modvat Credit Receivable

1,69,81,537

2,49,10,000

8,52,176

9,49,555

4,36,93,268

96,07,257

2,74,31,600

8,31,661

27,31,155

4,06,01,673

LIPPI SYSTEMS LIMITED

Schedule 8

CURRENT LIABILITIES & PROVISIONS

Sundry Creditors		
For Goods	1,63,997	10,10,916
For Expenses	10,92,202	9,73,905
For Capital Goods	4,45,672	29,15,343
Tax deducted at source	18,031	11,518
Other Liabilities	5,99,035	3,67,921
Income Tax Provision	32,59,474	3,98,219
Gratuity Payable	3,99,167	3,08,048
FBT Payable	2,993	Nil
	59,80,571	59,85,870

Schedule 9

MISCELLANEOUS EXPENDITURE :

(To the extent not written off
or. Adjusted)

Preliminary Expenses	59,419	2,57,097
Less : Written off for the year	59,419	1,97,678
	NIL	59,419

Schedule 10

SALES & JOB WORK

Sales	6,70,72,085	7,09,31,551
Re Engraving Receipts	2,81,88,911	1,39,28,706
Export sales	52,87,214	19,92,755
	10,05,48,210	8,68,53,012

Schedule 11

OTHER INCOME

Interest on Bank Deposit	Nil	19,470
Interest	9,28,141	4,37,048
Dividend	90	440
Claim & Vatav	98,833	2,84,735
Bad Dabts Recovered	75,000	Nil
Scrap Sales	48,098	Nil
	11,50,162	7,41,693

Schedule 12

INCREASE / (DECREASE) IN STOCK

Opening Stock	47,190	73,000
Closing Stock	22,500	47,190
Increase / (Decrease) In Stock	(24,690)	(25,810)

Schedule 13

MANUFACTURING EXPENSES

1. Raw Material Consumed	1,84,02,372	1,40,91,859
2. Chemical Consumed	30,03,712	21,90,002
3. Stores & Spares Consumed	99,65,086	65,44,569
4. Power and Fuel Consumed	55,88,436	46,61,572
5. Freight & Octroi	28,72,862	20,57,690
6. Processing and other Exp.	6,04,128	1,59,587
7. Packing Material Consumed	14,57,734	25,48,838
	4,18,94,330	3,22,54,117

Schedule 14

SALARIES AND OTHER EMPLOYEE'S BENEFITS

Salary	35,39,808	31,36,079
Staff Welfare	20,566	69,945
Company's Contributions to P.F.	77,679	72,875
Director's Remuneration	6,00,000	5,36,000
Gratuity	91,119	1,01,898
	<u>43,29,172</u>	<u>39,16,797</u>

Schedule 15

ADMINISTRATIVE EXPENSES :

Conveyance & Travelling	12,82,360	15,52,458
Factory General Expenses	3,02,035	1,15,466
Telephone & Postage	9,98,083	9,25,268
Printing & Stationary	4,39,314	3,41,467
Repairs & Maintenance	19,13,422	35,47,915
Electricity Expenses	1,99,120	1,91,440
Insurance Expenses	1,70,354	2,06,790
Advertisement	37,911	66,176
Security Charges	1,94,603	2,11,658
Miscellaneous Expenses	3,63,101	2,31,608
Membership Fees	64,397	1,20,970
Bank Charges	4,80,715	5,31,427
Professional Fees	2,03,229	2,43,478
Bad Debts	4,67,877	-Nil-
Sales Promotion	3,80,658	2,21,748
Sales Tax	29,464	86,783
Financial Charges	1,43,141	2,87,167
Donation	3,21,001	2,44,000
Sales Commission	23,52,079	19,97,472
Rent Rates & Taxes	7,75,006	5,44,098
Keyman Insurance	3,10,299	76,986
Exchange Fluctuation (Term Loan)	3,50,094	9,91,168
Loss on Sale of Car	94,725	1,87,583
Web & Internet Exp.	72,669	Nil
Loss on sale of shares	7,47,500	Nil
Auditor's Remuneration		
For Audit Fee	30,000	30,000
For Taxation Matters	10,000	10,000
Other Services	14436	Nil
	54436	40000
	<u>1,27,47,593</u>	<u>1,29,63,126</u>

Schedule 16 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 :

- a) All fixed assets are valued at cost less depreciation
- b) 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.

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 realisable 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 Profit and loss 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. TAXATION :

The provision for taxation is made at the applicable rate of income tax for the income of the previous year as defined under the income tax act, 1961.

J. 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.

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. NIL (previous year Rs. 1 Lacs)
 - (ii) Letter of credit to bank Rs. Nil (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 31/03/2006 are not ascertainable.
6. The Company has no liability on account of gratuity.
7. Deferred Tax :

Particulars	As on 01-04-2005	For the Year	As at 31-03-2006
Deferred Tax Liabilities			
Depreciation	14326266	(719038)	13607228
Total	14326266	(719038)	13607228
Disallowance			
U/s - 43 B	Nil	(40137)	(40137)
Total	Nil	(40137)	(40137)
Net Deferred Tax Liabilities	14326266	(759175)	13567091

8. Basic And diluted earning per share :

For the purpose of calculation of basic and diluted earning per share the following amounts are considered :

a. Amounts used as the numerators	
Net Profit after Tax as per profit & Loss account	7518813
b. Weighted average number of equity share	7000000
c. Basic & diluted Earning per share	1.07

9. Related Party disclosure (As Required By As 18)

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

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. 2003-04.
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 | 2005-06 | 2004-05 |
|---------------------------------------|------------------|------------------|
| i. Licenced Capacity | 3700.000 Sq.Mt. | 3700.000 Sq.Mt. |
| ii. Installed Capacity | 3700.000 Sq.Mt. | 3700.000 Sq.Mt. |
| iii. Production | 2270.566 Sq. Mt. | 2271.788 Sq. Mt. |
| iv. Sales and stock of finished goods | | |

	Qty	Amts. Rs.	Qty.	Amts. Rs.
Sales	2272.573 Sq. Mt	72359299	2272.498 Sq. Mt	72924306
V. Raw-material Consumed				
(Copper & Nickel) 18110kg.		4291245	15238 kg.	2940565
(Cylinder) 2270.566 Sq.Mt		14111127	2271.788 Sq.Mt	11151294

- Vii. Value of imports calculated on CIF Basis in respect of :

	2005-06 (Rs.)	2004-05 (Rs.)
Capital Goods	NIL	21178604
Raw Materials	2931340	1728750
Stores & Spares	4893581	2572076
Chemicals	302578	428862

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

	Rs. In LACS			
	2005-06	%	2004-05	%
Raw Material (Indigenous)	150.97	82.04	119.10	84.52
Raw Material (Imported)	33.06	17.96	21.82	15.48
Stores & Spares (Indigenous)	43.63	43.78	35.39	53.73
Stores & Spares (Imported)	56.02	56.22	30.05	46.27
Chemicals (Indigenous)	24.56	81.76	17.68	80.73
Chemicals (Imported)	5.48	18.24	4.22	19.27

- Vii. Earning In Foreign Currency

99613.68\$ Rs. 4458305 43407.27\$ Rs. 1992755

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

As per our report of even date annexed herewith

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 : 30/06/2006

LIPPI SYSTEMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006.

	31-03-06 (In Rs.)	31-03-05 (In Rs.)
Cash Flow From Operating Activities :		
Net Profit for the year	6741009	7765720
Adjustment for :		
Depreciation	17508738	15793412
Preliminary Expenses	59419	197678
Loss on Sale of Car	94725	187583
Loss on sale of Investment	747500	Nil
Operating Profit Before Working Capital Changes	25151391	23944393
Adjustment for :		
Trade & other Receivables	(14516767)	11389014
Inventories	282622	(181699)
Trade Payable	(5299)	(714142)
(Increase) / Decrease In Net Current Assets	(14239444)	10493173
Net Cash From operating Activities	10911947	34437566
Cash Flow From Investing Activities :		
Purchase Of Fixed Assets	(19338536)	(31136320)
Investment in shares & Immovable Properties	Nil	Nil
Sale of Fixed Assets	137500	100000
Sale of Investment	650000	Nil
Net Cash Used in investing Activities	(18551036)	(31036320)
Cash Flow From Financing Activities :		
Proceeds / (Repayment) From Borrowings	25701832	(5648884)
Proccds From Issue of Share	Nil	Nil
Net Cash Used in Financing Activities	25701832	(5648884)
Net Increase in cash and cash equivalents (A + B + C)	18062743	(2247638)
Add : Cash And Cash Equivalents at the beginning of the year	107623	2355261
Cash and Cash Equivalents at the closing	18170366	107623
Balance	(18062743)	2247638

Place : Ahmedabad

For, and on behalf of the Board

Date : 30/06/2006

(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, 2006 and March 31, 2005 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 : 30/06/2006

(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.:

STATE CODE:

BALANCE SHEET DATE :

II. CAPITAL RAISED DURING THE YEAR (IN RUPEES)

PUBLIC ISSUE

NIL

RIGHT ISSUE

NIL

BONUS SHARE

NIL

PRIVATE PLACEMENT

NIL

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

TOTAL LIABILITIES:

TOTAL ASSETS

SOURCES OF FUNDS

PAID UP CAPITAL :

RESERVE & SURPLUS

SECURED LOANS :

UNSECURED LOANS

NIL

DEFERRED TAX LIABILITY:

APPLICATION OF FUNDS

NET FIXED ASSETS :

INVESTMENT

NET CURRENT ASSETS :

MISC. EXPENDITURE

NIL

ACCUMULATED LOSSES : NIL

IV. PERFORMANCE OF COMPANY (IN RUPEES)

TURN OVER:

TOTAL EXPENDITURE:

PROFIT BEFORE TAX :

PROFIT AFTER TAX :

EARNING PER SHARE IN RS.

DIVIDEND RATE % : NIL

(WEIGHTED AVERAGE)

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

(AS PER MONETARY TERMS)

PRODUCT DESCRIPTION : ROTOGRAVURE PRINTING CYLINDERS

ITEM CODE NO.

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 : 30/06/2006

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 Thursday, 28th September, 2006 at 11.30 a.m.

Signed this _____ day of _____ 2006.

AFFIX
1 RUPEE
REVENUE
STAMP

Sign. _____

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 Thursday, 28th September, 2006 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,
132ft Ring Road, Satellite, Ahmedabad - 380 015.