



**20 th
ANNUAL REPORT
2012 - 2013**

LIPPI SYSTEMS LIMITED
AHMEDABAD

LIPPI SYSTEMS LIMITED

BOARD OF DIRECTORS

Shri Nandlal J. Agrawal	Managing Director
Shri Kunal N. Agrawal	Director
Shri Sanjaybhai C. Agrawal	Director
Shri Minesh C. Shah	Director
Shri Kamlesh S. Sharma	Director
Shri Tirthraj A. Pandya	Director
Shri Mahendra S. 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 20th Annual General Meeting of the members of the company will be held on Friday, 27th September, 2013 at 11:30 a.m. at the registered office of the company at 3rd Floor, Satya Complex , Nr. Ashwamegh IV , 132 Feet Ring Road, Satellite , Ahmedabad – 380015, to transact the following business:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Balance Sheet as at 31st March ,2013, Profit and Loss account for the year ended on that date together with the directors report and auditors report thereon.
2. To appoint Shri Tirthraj Ashokbhai Pandya, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Shri Kamlesh Sunderlal Sharma, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

Place:- Ahmedabad

Date:- 27/08/2013

By order of the Board of Directors

Nandlal J. Agrawal

Chairman & Managing Director

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2 The proxies in order to be effective, must be lodged with the company not less than 48 hours before the meeting.
- 3 The Register of Members and Share Transfer books of the company will remain close from Friday, the 20th September, 2013 to Thursday , the 26th September, 2013 (both days inclusive).
- 4 Members are requested to bring their copies of Annual Report at the meeting.



LIPPI SYSTEMS LIMITED

DIRECTORS REPORT

To,
The Members of,
LIPPI SYSTEM LIMITED

Your directors have pleasure in presenting their Annual Report together with the Audited Annual accounts for the year ended on 31st March, 2013.

FINANCIAL RESULTS:

Amt. (Rs in Lacs)

Particulars:	2012-13	2011-12
Net Sales	1382.58	3556.15
Other Income	13.19	15.65
Finance Cost	68.13	92.94
Depreciation	124.25	174.84
Income Tax Provision	29.50	29.08
Deferred Tax Liability	(10.87)	(22.23)
Net Profit	37.99	14.83

OPERATIONS:

Your directors are pleased to report that for the year under review, your Company has been able to achieve a net turnover of Rs. 13.83 crores as compared to Rs. 35.56 crores for the previous year. The decrease in turnover was due to financial crisis in the market & less trading business carried by the company. However, inspite of all in turnover, your company could achieve a net profit of Rs. 37.99 lacs as against a net profit of Rs. 14.83 lacs for the preceding year.

Your directors expect some better results for the current year.

DIVIDEND:

In view of the marginal profits for the year under review, 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 EARNING 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 limit prescribed under Section 217 (2A) of the Companies Act, 1956. Hence the information required to be

LIPPI SYSTEMS LIMITED

given under the said Section read with the 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 Kamlesh Sharma, Shri Mahendra patel and Shri Tirthraj pandya.

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 estimate that are reasonable and prudent so as to give a true and a fair view of state of affairs of the Company as at 31st March, 2013 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 a 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:

Shri Tirthraj Ashokbhai Pandya and Shri Kamlesh Sunderlal Sharma retire by rotation and being eligible offered themselves for re-appointment.

AUDITORS:

The Auditors M/s. Ashok Dhariwal & Co., Chartered Accountants retire at the ensuing 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 re-appoint them.

ACKNOWLEDGEMENT:

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

Place: Ahmedabad

For and on Behalf Of Board Of Directors

Date: 27/08/2013

Nandlal J. Agrawal

Chairman & Managing Director



ANNEXURE TO DIRECTOR'S REPORT:

Information as per section 217(1)(e) of the Companies Act, 1956.

(A) CONVERSATION OF ENERGY:

- (B) All possible measure are being taken on regular basis for conservation of energy.
 (C) 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:

Particulars	Year ended 2012-13	Year ended 2011-12
1) Electricity		
a) Purchased		
Unit Nos.	1336143	1418367
Total Amt. (Rs)	8521109	8423872
Rate Per Unit (Rs)	6.38	5.94
b) Own Generation		
Through Diesel Generation Set		
Units	15960	12800
Unit per litre of Diesel Oil	3.19	3.56
Cost per Unit	19.80	8.28

(B) CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	2012-13	2011-12
Consumption per square meter of Production	208.20	342.71
Electricity (No. of Units)		

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 EARNING AND OUTGO:

The information required to be given in respect of foreign exchanges 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 director on the board, accountability of 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 seven members of Board of the Directors of the company of Executive Directors and independent directors. There is no institutional nominee on the Board. During the year eight meetings of the Board were held. The Board of directors were met on 15.05.2012, 14.08.2012, 16.08.2012, 18.09.2012, 09.11.2012, 01.01.2013, 15.02.2013 and 18.03.2013

The composition and attendance of 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 committee/ membership held other than Lippi Systems Ltd.
1	Shri Nandlal Agrawal	Managing Director-Chairman	8	Yes	None
2	Shri Sanjay Agrawal	Non-executive	6	No	None
3	Shri Minesh Shah	Executive	8	Yes	None
4	Shri Kamlesh Sharma	Independent	7	Yes	None
5	Shri Tirthraj Pandya	Independent	6	Yes	None
6	Shri Mahendra Patel	Independent	6	Yes	None
7	Shri Kunal Nandlal Agrawal	Executive	2	No	None

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

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

Shri Tirthraj Ashokbhai Pandya is B.Com.,L.L.B.,aged about 26 years. He is an independent director of the Company. He possesses knowledge of accounts and corporate laws.

Shri Kamlesh Sunderlal Sharma is commerce graduate, aged about 43 years. He is independent director of the Company. He possesses good experience in the field of

LIPPI SYSTEMS LIMITED

marketing, 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:

Audit Committee comprises of Shri Kamlesh Shrma (Chairman), Shri Mahendra Patel, and Shri Tirthraj Pandya.

The terms of reference of the Committee are as specified in Clause 49 of the Listing agreement. During the financial year the Committee met on 15.05.2012, 14.08.2012, 16.08.2012, 18.09.2012, 09.11.2012, 01.01.2013, 15.02.2013 and 18.03.2013 The minutes of the Audit Committee are circulated to the members.

REMUNERATION COMMITTEE:

The Remuneration committee consists of Shri Kamlesh Shrma (Chairman), Shri Mahendra Patel, and Shri Tirthraj Pandya.

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

SHARE TRANSFER-CUM-INVESTORS GRIEVANCES COMMITTEE:

The Board has constituted Share Transfer cum Investors Grievances Committee consisting of Shri Tirthraj Pandya (Chairman), Shri Minesh Shah and Shri Mahendra Patel. 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, 2013.

Details of remuneration to Directors during the year ending on 31st March, 2013:

During the year the company has paid an amount of Rs. 3.60 lacs and Rs. 7.20 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 AGM's 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 Tuesday, 28th September, 2010, at 11.30 a.m. on Friday, 30th September, 2011 and 11.30 on Friday 28th September, 2012 for the year 2009-10, 2010-11 and 2011-12, respectively.

No resolution is proposed to be passed through postal ballot during the ensuing meeting,

Disclosures:

- No transaction of material 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-compliances or penalty imposed on the company by Stock Exchanges or SEBI or any other statutory authority or any matter related to capital

LIPPI SYSTEMS LIMITED

markets, during the last three years.

Means of Communication:

During the year, the quarterly/ six monthly/ yearly results of the company were submitted to 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 Friday, 27th September, 2013 at 11.30 am, at the registered office of the Company at 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132ft Ring Road, Satellite, Ahmedabad-380015.

Financial Calendar

The Financial year of the company is for period of 12 months from 1st April to 31st March. The financial result of the company is scheduled to be published as under: Results for the first quarter ending on 30th June, 2013, for the second quarter ending on 30th September, 2013, for the third quarter ending on 31st December, 2013 and (Audited or un-audited) for the financial year ending at 31st March, 2014 will be published by the end of, 15th August, 2013, 15th November, 2013, 15th February, 2014 and by end of May, 2014, respectively and the Annual General Meeting for the year ending March, 2014 will be held by end of September, 2014.

Dates of Book Closure:

The Register of Members and Share Transfer Books of the company will remain closed from Friday, the 20th September, 2013 to Thursday, the 26th September, 2013(both days inclusive).

Dividend Payment:

The board of directors of the company has not recommended any dividend for the financial year ended on 31st March, 2013.

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, 2013, 64,07,300 shares representing 91.53% of the equity share capital of the company has been dematerialized. The ISIN No. for Equity Shares of the Company-INE845B01018

LIPPI SYSTEMS LIMITED

Share holding pattern and Distribution of Shareholdings as on 31st March, 2013.
Shareholding pattern.

Category	No. of Shares held	% of Shareholding
1. Promoters	1894004	27.06
2. Mutual Funds	Nil	Nil
3. Banks, FIs, Insurance companies	Nil	Nil
4. Private Bodies Corporate	146939	2.10
5. Non-Resident Indians	5600	0.08
6. Indian Public	4953457	70.76
TOTAL	7000000	100.00

Distribution of Shareholdings

No. of equity shares held	No. of shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	4483	85.62	797167	11.39
501-1000	383	7.31	337234	4.82
1001-2000	181	3.46	281410	4.02
2001-5000	117	2.23	383929	5.48
5001-10000	37	0.71	273511	3.91
10001 and Above	35	0.67	4926749	70.38
TOTAL	5236	100.00	7000000	100.00

Market price data for the financial year 2012-13:

(xx) High And Low Prices of Shares and its composition with BSE Sensex

Month & Year	Bombay Stock Exchange		BSE Sensex	
	High (Rs)	Low (Rs)	High	Low
April, 2012	6.21	4.85	17664.10	17010.16
May, 2012	5.51	4.38	17432.33	15809.71
June, 2012	5.11	4.22	17448.48	15748.98
July, 2012	5.21	4.48	17631.19	16598.48
August, 2012	6.25	5.34	17972.54	17026.97
September, 2012	5.94	4.20	18869.94	17250.80

LIPPI SYSTEMS LIMITED

October,2012	4.82	4.01	19137.29	18393.42
November,2012	4.60	4.11	19372.70	18255.69
December,2012	4.41	4.20	19612.18	19149.03
January,2013	5.36	4.15	20203.66	19508.93
February,2013	5.38	4.70	19966.69	18793.97
March,2013	6.03	4.52	19754.66	18568.43

The high and low prices of company shares at Bombay Stock Exchanges 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.

The share Transfer-Cum-Investor 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 requests.

Registered Office: 3rd Floor, Satya Complex, Nr. Ashwamegh IV , 132 ft. Ring Road, Satellite, Ahmedabad-380015.

Registrar and Transfer Agents : Cameo Corporate Services Limited.

'Subramanian building', No.1, Club House Road , Chennai-600002.

Tel: (044) 28460390, 28460425. Fax No. : (044) 28460129

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

Tal: Kalol, Dist.: Gandhinagar -382721

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 , 132 ft. Ring Road, Satellite, Ahmedabad-380015. Ph. 079-26750060, 26750061. Fax: 079-26750063

Place: Ahmedabad

Date: 27.08.2013

By order Of Board Of Directors

Nandlal J. Agrawal

Chairman & 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 offcourse 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.

RISK AND CONCERN:

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

OPPORTUNITIES AND THREATS:

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

FINANCIAL PERFORMANCE:

The turnover of the company for the year ended 31st March, 2013 was Rs. 13.83 crores as against the previous year's sales of Rs. 35.56 crores. The profit after taxation for the year under review was Rs. 37.99 lacs as compared to Rs. 14.83 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 statement" within meaning of applicable securities laws and regulations. Many unforeseen factors may come into play and affect the actual results, which would 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 various sources published and un-published reports, and their accuracy, reliability and completeness cannot be assured.



AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of,
Lippi System Ltd,

We have examined the compliance of conditions on Corporate Governance by Lippi Systems Limited, for the financial year ended 31st March, 2013, 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 investors grievances pending against the company for a period exceeding one month as at 31st March, 2013 as per the records maintained by the company.

Place: Ahmedabad

Date: 30/05/2013

For, **Ashok Dhariwal & company**

CHARTERED ACCOUNTANTS

(Registration No. 100648W)

(CA ASHOK DHARIWAL)

Partner

M.No. : 36452



LIPPI SYSTEMS LIMITED

**ASHOK DHARIWAL & CO.
CHARTERED ACCOUNTANTS**

A/602 Narnarayan Complex
Navrangpura, Ahmedabad- 9

Independent Auditors' Report

To the Members of Lippi Systems Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Lippi Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally

LIPPI SYSTEMS LIMITED

accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
 - e. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is Disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Ashok Dhariwal & Co.
Chartered Accountants
(Firm Reg. No. 100648W)

(CA Ashok Dhariwal)
Partner
M.No. 36452

Place: Ahmedabad
Date: 30/05/2013



Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets on the basis of available Information.
 - b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, 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 has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
 - b. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

LIPPI SYSTEMS LIMITED

5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in 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 transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
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. In respect of statutory dues:
 - a. According to the records of the company, undisputed statutory dues including Provident Fund, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company has no accumulated losses as at 31st March, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund /nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
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 loans have been applied for the purpose for which it 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 are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For Ashok Dhariwal & Co.
Chartered Accountants
(Firm Reg. No. 100648W)

(CA Ashok Dhariwal)
Partner
M.No. 36452

Place: Ahmedabad
Date: 30/05/2013



SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

Financial Statements have been prepared under historical cost convention on accrual basis, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. All Income and Expenditure having a material bearing on the Financial Statement are recognized on accrual basis.

2. USE OF ESTIMATES

The preparation of Financial Statement in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported accounts 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.

3. INVENTORY :

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of Raw Material, Packing material, Chemicals, Stores and Consumables, Finished goods, trading and other products are ascertained on weighted average / FIFO basis.

4. CASH FLOW STATEMENT

(a) Cash & Cash Equivalents (for the purpose of cash flow statement)

Cash Comprises cash on hand and demand deposits with banks. Cash Equivalents are short-term balances (with original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(b) Cash Flow Statement

Cash Flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

5. PRIOR PERIOD AND EXCEPTIONAL ITEMS:

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period items". Exceptional items are general non-recurring items of income and expense within profit or loss from ordinary activities, which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the year.

6. FIXED ASSETS/INTANGIBLE ASSETS & DEPRECIATION

- i. Fixed assets are stated at their original cost of acquisition including respective taxes duties freight and other incidental expenses related to acquisition and installation of the respective assets. 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.
- ii. Addition in Fixed Assets is stated at cost net of CENVAT credit (where applicable).
- iii. Intangible Assets are recognized as per the principle laid down in Accounting Standard 26 – Intangible Assets, as specified in the Companies (Accounting Standard) Rules, 2006 (as amended).

7. REVENUE RECOGNITION

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Dividend income is recognized when the right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

8. FOREIGN CURRENCY TRANSACTIONS

Initial Recognition : Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Conversion : Monetary items denominated in foreign currencies at the year-end are restated at the year -end rates. Non monetary foreign currency items are stated at cost.

Exchange Differences : Any income or expense arising on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

9. INVESTMENTS:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are carried at the lower of cost and quoted / fair value, computed category wise.

10. EMPLOYEE BENEFITS

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered. Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The

expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Profit and Loss account.

11. 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 statement of Profit & Loss.

12. RELATED PARTY TRANSACTIONS :

Disclosure of transactions with related parties, as required by Accounting Standard 18 - "Related Party Disclosure" as specified in Companies (Accounting Standards) Rules, 2006 (as amended), have been set out in a separate note forming part of the financial statements. 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.

13. EARNING PER SHARE

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with the Accounting Standard 20 as specified in the Companies (Accounting Standard) Rules, 2006 (as amended). The basic EPS has been computed by dividing the income available to Equity Shareholders by the weighted average number of Equity Shares outstanding 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.

14. 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. Cenvat balance at the year end is considered as advance excise duty.

15. 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.

16. TAXES ON INCOME:

Deferred Taxation : In accordance with the Accounting Standard 22 – Accounting for Taxes on Income, as specified in the Companies (Accounting Standard) Rules, 2006 (as amended), 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.

17. IMPAIRMENT OF FIXED ASSETS:

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

The impairment loss is recognized whenever the carrying cost amount of an asset or its cash generation unit exceed its recoverable amount. The recoverable amount is the greater of the asset net selling price and value in the use which is determined based on the estimated future cash flow discounted to the present value all impairment losses are recognize in the profit and loss account.

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

18. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurements are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.



LIPPI SYSTEMS LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	70,000,000	70,000,000
Reserves and Surplus	2	122,759,298	118,960,077
Non-current liabilities			
Long-term borrowings	3	3,716,962	2,297,372
Deferred tax liabilities	4	1,829,529	2,916,599
Long-term provisions	5	1,580,233	1,372,560
Current liabilities			
Short-term borrowings	6	25,150,277	25,965,006
Trade Payables	7	16,905,258	90,596,090
Other current liabilities	8	4,534,951	9,409,213
Short-term provisions	9	2,100,568	2,936,052
TOTAL		248,577,076	324,452,969
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	51,133,170	50,451,995
Intangible assets	10	14,900,957	16,133,936
Non-current investments	11	2,511,000	2,511,000
Long-term loans and advances	12	103,190,143	63,324,031
Current assets			
Inventories	13	3,000,382	3,240,887
Trade receivables	14	54,156,640	88,096,435
Cash and cash equivalents	15	335,497	580,869
Short-term loans and advances	16	18,734,199	99,928,793
Other current assets	17	615,088	185,023
TOTAL		248,577,076	324,452,969

Significant Accounting Policies

Notes on Financial Statements 1 to 33

As per our Report of even date

For and on behalf of the Board

For Ashok Dhariwal & Co.
Chartered Accountants

(CA Ashok Dhariwal)
Partner

M.No.: 036452

Firm Reg. No.: 100648W

Nandlal J. Agarwal
(Chairman & Managing Director)

Minesh C. Shah

Place : Ahmedabad
Date : May 30, 2013

Director

LIPPI SYSTEMS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Notes	2012-13	2011-12
I. INCOME			
i) Revenue from Operations (gross)	19	147,517,658	364,758,078
Less : Excise duty		9,259,362	9,142,825
Revenue from Operations (net)		138,258,296	355,615,253
ii) Other Income	20	1,319,308	1,564,684
Total (I)		139,577,604	357,179,937
II. EXPENDITURE			
Cost of Materials Consumed	21	34,391,169	37,042,149
Purchases of Stock-in-Trade		28,861,798	238,644,595
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	11,353	19,212
Employee Benefit Expenses	23	9,879,056	9,369,654
Finance Costs	24	6,813,725	9,293,896
Depreciation and Amortization Expense	10	12,425,073	17,484,365
Other Expenses	25	41,532,742	43,147,885
Total (II)		133,914,917	355,001,756
III. Profit before Tax (I-II)		5,662,687	2,178,181
IV. Tax Expense:			
Current tax		2,950,536	2,908,509
Deferred Tax		(1,087,070)	(2,223,819)
Earlier Year Adjustment		-	10,951
Total Tax Expenses (IV)		1,863,466	695,641
V. Profit/ (Loss) for the Period (III-IV)		3,799,221	1,482,540
Earnings Per Equity Share Basic and Diluted	29	0.54	0.21
Significant Accounting Policies Notes on Financial Statements	1 to 33		

As per our Report of even date

For and on behalf of the Board

For Ashok Dhariwal & Co.
Chartered Accountants

(CA Ashok Dhariwal)
Partner
M.No.: 036452
Firm Reg. No.: 100648W

Nandlal J. Agarwal
(Chairman & Managing Director)

Minesh C. Shah

Place : Ahmedabad
Date : May 30, 2013

Director

LIPPI SYSTEMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	For the year ended		For the year ended	
	31.03.2013	31.03.2013	31.03.2012	31.03.2012
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		5,662,687		2,178,181
<u>Non-cash adjustment to reconcile profit before tax to net cash flows</u>				
Depreciation/ amortisation on continuing operation	12,425,073		17,484,365	
Interest income	(408,058)		(809,399)	
Dividend income	(90)		(90)	
Loss on sale of Fixed Assets	425,104		1,030,992	
Net prior year adjustments	---		(10,951)	
		12,442,029		17,694,917
Operating profit / (loss) before working capital changes		18,104,716		19,873,098
<u>Movements in working capital:</u>				
Decrease/ (increase) in inventories	240,505		1,530,256	
Decrease/ (increase) in trade receivables	33,939,795		5,216,568	
Decrease/ (increase) in other current assets	(430,065)		2,875,727	
Increase/ (decrease) in other current liabilities	(4,874,262)		(13,539,903)	
Increase/ (decrease) in trade payables	(73,690,832)		80,699,361	
Increase/ (decrease) in long-term provisions	207,673		175,086	
Increase/ (decrease) in short-term provisions	(835,484)		(1,302,512)	
		(45,442,670)		75,654,583
Cash generated from /(used in) operations		(27,337,954)		95,527,681
Direct taxes paid (net of refunds)		(2,950,536)		(2,908,509)
Net cash flow from / (used in) operating activities (A)		(30,288,490)		92,619,172
B. Cash flow from investing activities				
Interest received	408,058		809,399	
Dividend received	90		90	
Movement in Long-term loans & advances	(39,866,112)		23,412,230	
Movement in Short-term loans & advances	81,194,594		(95,898,740)	
Purchase of Fixed Assets	(12,739,073)		(9,725,749)	
Sales of Fixed Assets	440,700		819,987	
Net cash flow from / (used in) activities (B)		29,438,257		(80,582,783)
C. Cash flow from financing activities				
Repayment of Long Term Borrowings	1,419,590		(960,803)	

LIPPI SYSTEMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	For the year ended		For the year ended	
	31.03.2013	31.03.2013	31.03.2012	31.03.2012
Repayment of Short Term Borrowings	(814,729)		(10,782,903)	
Net cash flow from / (used in) financing activities (C)		604,861		(11,743,706)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(245,372)		292,683
Cash and cash equivalents at the beginning of the year		580,869		288,186
Effect of exchange differences on restatement of foreign currency		---		---
Cash and cash equivalents at the end of the year		335,497		580,869
Components of cash and cash equivalents				
Cash on Hand	29,641		502,066	
With Banks on Current Account	305,856		78,803	
TOTAL CASH AND CASH EQUIVALENTS (refer note 15)		335,497		580,869

In terms of our report attached.

For Ashok Dhariwal & Co.

Chartered Accountants

For and on behalf of the Board

Nandlal J. Agarwal

(Chairman & Managing Director)

(CA Ashok Dhariwal)

Partner

M.No.: 036452

FRN : 100648W

Place : Ahmedabad

Date : May 30,2013

Minesh C. Shah

Director



LIPPI SYSTEMS LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

1.SHARE CAPITAL

Amt. in Rs.

Particulars	As at March 31, 2013		As at March 31, 2012	
Authorised Share Capital				
1,00,00,000 (1,00,00,000) Equity Shares of Rs. 10 (10) each		100,000,000		100,000,000
Issued, Subscribed and fully paid up				
70,00,000 (70,00,000) Equity Shares of Rs. 10 (10) each fully paid up		70,000,000		70,000,000
TOTAL		70,000,000		70,000,000

(a) Reconciliation of the Number of Shares Outstanding

Amt. in Rs.

Particulars	As at March 31, 2013		As at March 31, 2012	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Equity Shares at the beginning of the year	7,000,000	70,000,000	7,000,000	70,000,000
Add : Shares issued on exercise of Employee Stock Options	-	-	-	-
Add : Allotted on Rights Issue of Shares	-	-	-	-
Add : Allotted without payment being received in cash on amalgamation	-	-	-	-
Add : Alloted to Qualified Institutional Buyers	-	-	-	-
Less : Shares cancelled on buy back of equity shares	-	-	-	-
Equity Shares at the end of the year	7,000,000	70,000,000	7,000,000	70,000,000

(b) Rights, Preferences and Restrictions Attached to each class of shares

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share and each holder of the Equity Shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no preferential amounts exist currently. The distribution will be in proportion to the number of shares held by the shareholders.

LIPPI SYSTEMS LIMITED

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Particulars	As at March 31, 2013		As at March 31, 2012	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Equity Shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	-	-
Equity Shares allotted as fully paid pursuant to the scheme of amalgamation	-	-	-	-
Equity Shares bought back by the company	-	-	-	-

(d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
	Nos.	% Holding	Nos.	% Holding
Mr. Nandlal J. Agrawal	-	-	514,986	7.36%
Mr. Kunal N. Agrawal	685,651	9.80%	-	-
Mr. Dhawarka Vithal Naik	450,025	6.43%	450,025	6.43%

2. RESERVES & SURPLUS

Amt. in Rs.

Particulars	31.03.2013	31.03.2012
2.1 Securities Premium Account		
As per last Balance Sheet	64,000,000	64,000,000
Closing Balance	64,000,000	64,000,000
2.2 State Subsidy		
As per last Balance Sheet	1,500,000	1,500,000
Closing Balance	1,500,000	1,500,000
2.3 Surplus in Statement of Profit & Loss Account		
Opening balance	53,460,077	51,977,537
(+) Net Profit/(Net Loss) For the current year	3,799,221	1,482,540
(-) Cumulative Deffered Tax liability for Earlier Year	-	-
Closing Balance	57,259,298	53,460,077
TOTAL	122,759,298	118,960,077

LIPPI SYSTEMS LIMITED

3. LONG TERM BORROWINGS Amt. in Rs.

Particulars	31.03.2013	31.03.2012
Secured Borrowings		
Vehicle Loan (refer note 3.1)	3,716,962	2,297,372
TOTAL	3,716,962	2,297,372

3.1 Details of Vehicle Loan

The outstanding vehicle loan is secured against hypothecation of the vehicle. The total outstanding is expected to be repaid by June, 2015.

4. DEFERRED TAX LIABILITIES (NET) Amt. in Rs.

Particulars	2011-12	For the year	2012-13
Deferred Tax Liabilities (DTL)			
On account of Depreciation	3,358,423	(991,604)	2,366,819
TOTAL (DTL)	3,358,423	(991,604)	2,366,819
Deferred Tax Assets (DTA)			
Disallowances u/s 43B (Gratuity Provision)	441,824	95,466	537,290
TOTAL (DTA)	441,824	95,466	537,290
DEFERRED TAX LIABILITIES (NET)	2,916,599	(1,087,070)	1,829,529

5. LONG TERM PROVISIONS Amt. in Rs.

Particulars	31.03.2013	31.03.2012
Provision for employee benefits		
Provision for gratuity (refer note 23.1)	1,580,233	1,372,560
TOTAL	1,580,233	1,372,560

6. SHORT-TERM BORROWINGS Amt. in Rs.

Particulars	31.03.2013	31.03.2012
Secured Borrowings		
Cash Credit Facilities from Bank (refer note 6.1)	25,150,277	25,965,006
TOTAL	25,150,277	25,965,006

6.1 The Cash Credit facilities have been secured against hypothecation of stocks and book debts of the company present and future & the entire current assets of the company. Further personal guarantees have been given by the directors along with corporate guarantee given by M/s. Satya Prakash Infrastructure Pvt. Ltd.

7. TRADE PAYABLES Amt. in Rs.

Particulars	31.03.2013	31.03.2012
Micro, Small and Medium Enterprises	512,119	157,364
Others	16,393,139	90,438,726
TOTAL	16,905,258	90,596,090

LIPPI SYSTEMS LIMITED

7.1 The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under : **Amt. in Rs.**

Particulars	31.03.2013	31.03.2012
Principal amount due and remaining unpaid	512,119	157,364
Interest due on the above and the unpaid interest	-	-
Amount of Interest paid along with the amounts of payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid at the end of the accounting year	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the management. This has been relied upon by the auditors.

8. OTHER CURRENT LIABILITIES

Amt. in Rs.

Particulars	31.03.2013	31.03.2012
Current portion of long term debt (refer note 3.1)	2,672,807	2,454,025
Expenses Payable	1,183,754	3,046,833
Creditors for Capital Expenditure	-	3,426,145
Other payables (refer note 8.1)	678,390	482,210
TOTAL	4,534,951	9,409,213

8.1 Other Payables include the statutory dues and advance from customers.

9. SHORT TERM PROVISIONS

Amt. in Rs.

Particulars	31.03.2013	31.03.2012
Provision for employee benefits		
Provision for Salary & Reimbursements	609,950	567,303
Provision for gratuity (refer note 23.1)	158,568	57,292
Others		
Provision for Income Tax	1,332,050	2,311,457
TOTAL	2,100,568	2,936,052

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

10. FIXED ASSETS

Descriptions	Gross Block			Accumulated Depreciation			Net Block	
	As at 01.04.2012	Additions	Disposals	As at 31.03.2013	As at 01.04.2012	For the year	Adjustment 31.03.2013	As at 31.03.2012 As at 31.03.2013
A. Tangible Assets								
Land	1,612,430	-	-	1,612,430	-		-	1,612,430
Buildings	27,967,679	1,034,080	-	29,001,759	6,602,142	956,846	7,558,988	21,365,537
Plant and Machinery	147,230,585	139,000	1,291,601	146,077,984	137,790,680	6,966,342	461,733	21,442,771
Furniture and Fixtures	5,391,513	72,036	-	5,463,549	2,672,979	343,393	-	1,782,695
Vehicles	8,151,034	9,367,490	-	17,518,524	3,322,911	1,479,596	-	2,447,177
Electrical Installation	7,471,448	1,042,245	-	8,513,693	5,287,463	370,901	-	12,716,017
Office equipment	1,856,230	992,096	37,069	2,811,257	1,393,507	97,356	1,133	2,855,329
Computer	1,358,931	80,126	-	1,439,057	144,253	224,660	-	1,321,527
Windmill	15,600,000	-	-	15,600,000	8,973,920	741,000	-	1,070,144
Total (A)	216,639,850	12,727,073	1,328,670	228,038,253	166,187,855	11,180,094	462,866	50,451,995 51,133,170
B. Intangible Assets								
Computer software	26,203,018	12,000	-	26,215,018	10,069,082	1,244,979	-	16,133,936
Total (B)	26,203,018	12,000	-	26,215,018	10,069,082	1,244,979	-	16,133,936 14,900,957
TOTAL (A + B)	242,842,868	12,739,073	1,328,670	254,253,271	176,256,937	12,425,073	462,866	66,585,931 66,034,127
Previous Year	236,639,003	9,725,749	3,521,884	242,842,868	160,443,477	17,484,365	1,670,905	76,195,526

LIPPI SYSTEMS LIMITED

11. NON-CURRENT INVESTMENTS		Amt. in Rs.
Particulars	31.03.2013	31.03.2012
Investments in Unquoted Shares of Bank & other co.		
2,50,000 (2,50,000) Equity Shares of Suryanagri Securities & Investment Ltd. @ Rs. 10 each fully paid up	2,500,000	2,500,000
20 (20) Shares of The Suvikas People Co-op Banks Ltd. @ Rs. 50 each fully paid up	1,000	1,000
Investments in Mutual funds		
Bank of Baroda Pioneer Liquid fund (1,000 units @ Rs. 10 per unit)	10,000	10,000
TOTAL	2,511,000	2,511,000
12. LONG TERM LOANS AND ADVANCES		Amt. in Rs.
Particulars	31.03.2013	31.03.2012
(Unsecured, considered good)		
Security Deposits	2,190,143	2,299,307
Capital Advances	101,000,000	61,024,724
TOTAL	103,190,143	63,324,031
13. INVENTORIES		Amt. in Rs.
Particulars	31.03.2013	31.03.2012
Raw materials	548,293	1,146,650
Finished goods	70,677	82,030
Stores and spares	1,832,582	1,599,283
Chemicals	474,412	390,190
Packing Materials	74,418	22,734
TOTAL	3,000,382	3,240,887
14. TRADE RECEIVABLES		Amt. in Rs.
Particulars	31.03.2013	31.03.2012
Receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	34,580,857	72,501,733
Receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	19,575,783	15,594,702
TOTAL	54,156,640	88,096,435

LIPPI SYSTEMS LIMITED

15. CASH AND CASH EQUIVALENTS

Amt. in Rs.

Particulars	31.03.2013	31.03.2012
Balances with banks	305,856	78,803
Cash on hand	29,641	502,066
TOTAL	335,497	580,869

16. SHORT-TERM LOANS AND ADVANCES

Amt. in Rs.

Particulars	31.03.2013	31.03.2012
(Unsecured, considered good)		
Cenvat Credit Receivable	1,023,594	828,969
Security Margin Deposits	2,524,000	20,918,882
Balance with Income Tax Authorities	1,061	26,449
Loans and advances to other parties	15,185,544	78,154,493
TOTAL	18,734,199	99,928,793

17. OTHER CURRENT ASSETS

Amt. in Rs.

Particulars	31.03.2013	31.03.2012
Advance against capital goods	615,088	185,023
TOTAL	615,088	185,023

18. CONTINGENT LIABILITIES AND COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account (Net of Advances) is for Rs. 6,15,088 (Rs. 1,70,000)

19. REVENUE FROM OPERATIONS

Amt. in Rs.

Particulars	2012-13	2011-12
Sale of Products		
Sales (Including Total Excise)	81,822,641	94,116,155
Re Engraving Receipt	34,418,832	28,484,273
Export Sales	2,176,482	1,132,131
Trading Sales	29,099,703	241,025,519
Total Revenue	147,517,658	364,758,078
Less: Excise Duty	(9,259,362)	(9,142,825)
TOTAL	138,258,296	355,615,253

LIPPI SYSTEMS LIMITED

20. OTHER INCOME

Amt. in Rs.

Particulars	2012-13	2011-12
Interest Income	408,058	809,399
Dividend Income	90	90
Gain on Foreign Exchange Fluctuation	-	15,343
Other Non-Operating Income	911,160	739,852
TOTAL	1,319,308	1,564,684

21. COST OF MATERIALS CONSUMED

Amt. in Rs.

Particulars	2012-13	2011-12
Inventory at the beginning of the year	1,146,650	2,305,449
Add: Purchases during the year	33,792,812	35,883,350
Less: Inventory at the end of the year	(548,293)	(1,146,650)
TOTAL	34,391,169	37,042,149

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Amt. in Rs.

Particulars	2012-13	2011-12
Opening stock of Finished / Traded Goods	82,030	101,242
Closing stock of Finished / Traded Goods	70,677	82,030
TOTAL	11,353	19,212

23. EMPLOYEE BENEFIT EXPENSES

Amt. in Rs.

Particulars	2012-13	2011-12
Salaries and Wages	8,939,618	8,523,964
Contribution to Provident Fund and other funds	254,576	293,231
Gratuity Expenses	308,949	208,355
Staff Welfare Expenses	375,913	344,104
TOTAL	9,879,056	9,369,654

LIPPI SYSTEMS LIMITED

23.1 The company has made provision in the accounts for gratuity based on actuarial valuation. The particulars under the AS 15 (Revised) furnished below are those which are relevant and available to company for this year.

A. Defined Contribution Plans

Contributions to Defined Contribution Plans, recognised as expense for the year is as under :

Particulars	2012-13	2011-12
Employer's Contribution to Provident Fund and Pension Fund	254,576	293,231

B. Defined Benefit Plans

Contributions to Defined Benefit Plan is as under :

Change in defined benefit obligation

Amt. in Rs.

Particulars	2012-13	2011-12
Opening defined benefit obligation	1,429,851	1,247,458
Service Cost	193,821	185,704
Interest Cost	121,537	102,915
Actuarial losses (gains)	(6,409)	(80,265)
Benefits paid	-	(25,961)
Closing defined benefit obligation (I)	1,738,801	1,429,851

Change in plan assets

Amt. in Rs.

Particulars	2012-13	2011-12
Opening fair value of plan assets	-	-
Expected return on plan assets	-	-
Contributions by employer	-	-
Actuarial losses / (gains)	-	-
Benefits paid	-	-
Closing fair value of plan assets (II)	-	-

Present value of unfunded obligations (I-II)	1,738,801	1,429,851
---	------------------	------------------

LIPPI SYSTEMS LIMITED

Reconciliation of fair value of assets and obligations	2012-13	2011-12
Fair value of Plan assets	-	-
Present value of obligation	1,738,801	1,429,851
Amount recognised in Balance Sheet	1,738,801	1,429,851

The net amount recognised in the statement of Profit & Loss for the year ended March 31, 2013

Particulars	2012-13	2011-12
Current service cost	193,821	185,704
Interest on obligation	121,537	102,915
Expected return on plan assets	-	-
Net actuarial losses (gains) recognised in the period	(6,409)	(80,265)
Total included in 'employee benefit expense'	308,949	208,355

Disclosures as required under Para 120(n) of the Accounting Standard -15

Grautity	2012-13	2011-12	2010-11	2009-10	2008-09
(a) Present value of the defined benefit obligation	1,738,801	1,429,851	1,247,458	919,513	706,571
Fair value of the plan assets	-	-	-	-	-
Surplus / (Deficit) in the plan	1,738,801	1,429,851	1,247,458	919,513	706,571
(b) Experience Adjustments					
On Plan Liabilities	(71,515)	(41,806)	(103,856)	-	-
On Plan Assets	-	-	-	-	-

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

Particulars	2012-13	2011-12
Discount Rate	8.10%	8.50%
Expected rate of return on Plan Assets	-	-
Annual increase in Salary costs	6.00%	6.00%
Mortality	LIC (1994-96) published	LIC (1994-96)

LIPPI SYSTEMS LIMITED

The estimates of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

Current and non current classification is done based on actuarial valuation certificate.

24. FINANCE COSTS

Amt. in Rs.

Particulars	2012-13	2011-12
Bank Interest	4,426,131	4,956,320
Interest on Income - Tax	271,590	-
Other Borrowing Costs	887,249	2,385,922
Exchange Rate Difference	1,228,755	1,951,654
TOTAL	6,813,725	9,293,896

25. OTHER EXPENSES

Amt. in Rs.

Particulars	2012-13	2011-12
Manufacturing Expenses		
Store and Hardware Consumed	9,351,178	10,232,061
Job Charges	201,568	163,682
Freight & Cartage	644,558	1,025,076
Packing Material Consumed	1,625,778	1,201,091
Processing and other expenses	769,529	132,236
Power & Fuel	8,942,002	8,597,878
Repairs to Machinery	1,087,434	1,396,782
Advertisement and Selling Expenses		
Advertisement Expense	62,622	57,801
Sales Promotion & Exhibition Expenses	252,568	267,641
Others		
Travelling & Conveyance	1,425,277	1,585,163
Postage & Telephone	824,102	905,681
Insurance	377,046	305,621
Rent, Rates & Taxes	668,000	756,030
Professional & Legal Expenses	669,954	832,777
Repairs & Maintenance - Buildings	356,819	939,763
Repairs & Maintenance - Others	667,241	651,837
Factory General Expenses	315,434	381,328
Printing & Stationery Expenses	747,223	660,688

LIPPI SYSTEMS LIMITED

			Amt. in Rs.
Particulars	2012-13	2011-12	
Electricity Charges	420,569	206,667	
Auditors' Remuneration (refer note 25.1)	95,000	106,742	
Security Expenses	386,922	318,371	
Web & Internet Expenses	143,634	200,422	
Bank Charges	430,538	321,963	
Commission Charges	4,885,675	4,190,581	
CST/VAT Tax	1,252,230	728,691	
Penalty & Interest on TDS	20,996	24,245	
Excise & Service tax	1,031,422	-	
Misc. Expenses	542,573	443,830	
Bad debts	1,899,703	4,572,437	
Claim & Vataw	709,169	869,608	
Donation	117,000	40,200	
Fabrication Charges	183,874	-	
Loss on sale of Fixed Assets	425,104	1,030,992	
TOTAL	41,532,742	43,147,885	

25.1 PAYMENT TO AUDITORS			Amt. in Rs.
Particulars	2012-13	2011-12	
As Auditors	55,000	55,000	
For Taxation Matters	30,000	30,000	
For Other Services	10,000	21,742	
TOTAL	95,000	106,742	

26. In the opinion of the management and to the best of their knowledge and belief, the value under the head of current and non-current assets (other than fixed assets and non-current investments) are approximately of the value stated, if realised in ordinary course of business, except unless stated otherwise. The provision for all known liabilities is adequate and not in excess of amount considered reasonably necessary.

27. The company is organised into two main business segments, namely production of engraving cylinders and trading of copper and paper. The disclosures regarding the segment information is as follows :

LIPPI SYSTEMS LIMITED

Amt. in Rs.		
Particulars	31.03.2013	31.03.2012
1. Segment Revenue (Net Revenue)		
a. Manufacturing of Engraving Cylinder	1,091.59	1,146.15
b. Trading Business	290.99	2,410.00
TOTAL	1,382.58	3,556.15
2. Segment Result		
Profit before tax and interest		
a. Manufacturing of Engraving Cylinder	127.12	113.44
b. Trading Business	(0.23)	1.41
3. Segment Liabilities		
Less : Interest	65.76	93.18
Total Liabilities	61.13	21.67
28. RELATED PARTY DISCLOSURES :		
28.1	Amt. in Rs.	
RELATIONSHIP	2012-13	2011-12
1. Holding Company:	Nil	Nil
2. Subsidiary Company:	Nil	Nil
3. Key Managerial personnel:	Shri Nandlal Agarwal (Managing Director) Shri Kunal N. Agarwal (Director) Shri Minesh C. Shah (Director)	
28.2	Amt. in Rs.	
DIRECTORS REMUNERATION	2012-13	2011-12
Shri Nandlal Agarwal	360,000	360,000
Shri Minesh C. Shah	720,000	624,000
29. EARNINGS PER SHARE (EPS)		
	Amt. in Rs.	
Particulars	2012-13	2011-12
Net Profit For The Year (in Rs.)	3,799,221	1,482,540
Weighted Average Number Of Shares Outstanding During The Year	7,000,000	7,000,000
Earning Per Share (in Rs.)	0.54	0.21
Nominal Value Of Share (in Rs.)	10	10

LIPPI SYSTEMS LIMITED

30. VALUE OF IMPORTS ON CIF BASIS

Amt. in Rs.

Particulars	2012-13	2011-12
Raw Materials	-	7,700,143
Stores & Spares	3,875,413	3,351,428
Capital Goods	-	2,635,139

31. EXPENDITURE IN FOREIGN CURRENCY

Amt. in Rs.

Particulars	2012-13	2011-12
Bank Charges	41,244	41,346

32. EARNINGS IN FOREIGN CURRENCY

Amt. in Rs.

Particulars	2012-13	2011-12
Export of goods on F.O.B. basis	-	362,320

- 33.** The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation. Further the figures have been rounded off to the nearest rupee.

As per our Report of even date annexed herewith

For Ashok Dhariwal & Co.
Chartered Accountants
(Registration No. 100648W)

For and on behalf of the Board

(CA Ashok Dhariwal)
Partner
Membership No. 36452

Nandlal J. Agarwal
(Chairman & Managing Director)

Minesh C. Shah

Place : Ahmedabad
Date : May 30, 2013

Director



LIPPI SYSTEMS LIMITED

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 Friday 27th September, 2013 at 11.30 am.

Signed this _____ day of _____ 2013.

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.

AFFIX
1 RUPEE
REVENUE
STAMP

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 Friday 27th September, 2013 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 : 3rd Floor, Satya Complex, Opp. I O C Petrol Pump.
132ft Ring Road. Satellite. Ahmedabad - 380 015.