



**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

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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

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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

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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 |