

05th September, 2022

To,
The Department of Corporate Service (DCS-CRD)
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Ref: LIPPI SYSTEMS LIMITED

SECURITY CODE NO.: 526604

Sub.: FILING OF ANNUAL REPORT 2021-22 UNDER REGULATION 34(1) THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Dear Sir,

We would like to inform that the 29th Annual General Meeting ("AGM 2022") of the members of the Company will be held on **Friday, 30th September, 2022 at 11:30 AM IST** at Registered Office of the Company situated at 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132 Feet Ring Road, Satellite, Ahmedabad – 380015.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time, we are submitting herewith the copy of the Annual Report 2021-22 of the Company which is being sent through electronic mode to the Members.

The Annual Report 2021-22 will also be uploaded on the Company's website.

You are requested to kindly take the note of the above and display the same on notice of the exchange.

Thanking you,

Yours faithfully,

For Lippi Systems Limited

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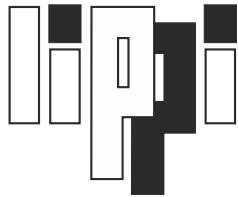
Nandlal Jaigopal Agrawal
Managing Director
DIN - 00336556



Encl: a/a

Admn. Office : 3rd Floor, Satya Complex, Opp. IOC Petrol Pump, Nr. Ashwamegh-IV, 132ft Ring Road, Satellite, Ahmedabad 380 015. Gujarat (INDIA).
Fax : 0091-79-2675 0063 Telephone : 0091-79-26750060/61/62. Email : info@lippisystems.com, Website : www.lippisystems.com

Factory : Plot number : 540, Ahmedabad - Santej Road, Via Sola & Bhadaj Village, Opp. Manpasand Weigh Bridge, Village-Rakanpur,
Tal. Kalol, Dist : Gandhinagar (N. Guj) Pin-382 721. Tel. : 02764-286791, 286792 Fax : 02764-286502
CIN : L22100GJ1993PLC020382



**29th
ANNUAL REPORT
2021-22**

LIPPI SYSTEMS LIMITED
(CIN: L22100GJ1993PLC020382)
AHMEDABAD

LIPPI SYSTEMS LIMITED

BOARD OF DIRECTORS

| | |
|------------------------|-----------------------|
| Mr. Nandlal J. Agrawal | Chairman & M.D |
| Mr. Kunal N. Agrawal | WTD |
| Mr. Minesh C. Shah | WTD (Upto 31/03/2022) |
| Mr. Kamlesh S. Sharma | Director |
| Mr. Tirthraj A. Pandya | Director |
| Ms. Swetal Sapra | Director |
| Mr. Govind Thakkar | Director |

CFO

Mr. Gopal D. Sharma

COMPANY SECRETARY

Mr. Darshan B. Shah

AUDITORS

Vijay Moondra & Co.
Chartered Accountants
201-202 Sarap, Opp. Navjivan Press,
Ashram Road, Ahmedabad- 14

BANKERS

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

REGISTERED OFFICE

3rd Floor, Satya Complex,
Opp. IOC Petrol Pump,
132ft Ring Road, Satellite,
Ahmedabad - 380 015.
E-mail : cs@lippisystems.com
Phone : 079-26750060
Website : www.lippisystems.com

LIPPI SYSTEMS LIMITED

(CIN: L22100GJ1993PLC020382)

NOTICE

29th ANNUAL GENERAL MEETING

NOTICE TO MEMBER

Notice is hereby given that the 29th (Twenty Ninth) Annual General Meeting of the members of the Company will be held on Friday, the 30th day of September, 2022 at 11:30 a.m. IST at Registered Office of the Company situated at 3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132 Feet Ring Road, Satellite, Ahmedabad – 380015, to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022 together with the Reports of the Board of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Nandlal J. Agrawal (DIN: 00336556), who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and appoint M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W) as Statutory Auditors of the Company in place of retiring auditors M/s. Vijay Moondra & Co., Chartered Accountants (FRN-112308W) and to fix their remuneration and in this regard, to consider and if thought fit, to pass the following as an ordinary resolution:

“RESOLVED THAT pursuant to Sections 139, 142 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the said Act and the Companies (Audit and Auditors) Rules, 2014 made there under and other applicable rules, if any, under the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W), be and is hereby appointed as the Statutory Auditors of the Company in place of retiring Auditors M/s. Vijay Moondra & Co., Chartered Accountants (FRN-112308W), for period of 5 (Five) consecutive years commencing from the conclusion of this 29th Annual General Meeting till the

LIPPI SYSTEMS LIMITED

conclusion of 34th Annual General Meeting to Audit the Financial Statements of the Company at a remuneration fixed by the Audit Committee and/or Board of Directors of the Company, in addition to the re-imbursement of applicable taxes and actual out of pocket and travelling expenses incurred in connection with the Audit.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts, deeds, things and matters as may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution.”

Place: - Ahmedabad

By order of the Board of Directors
For Lippi Systems Limited

Date: - 26th August, 2022.

Nandlal J. Agrawal
Chairman & Managing Director
(DIN: 00336556)

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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. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
2. The proxies in order to be effective must be lodged with the company not less than 48 hours before the commencement of the meeting.
3. A route map along with prominent landmark for easy reach to the venue of annual general meeting is annexed with this notice.
4. The Register of Directors, Key Managerial Personnel and their shareholding and register of Contracts or Arrangements in which Directors are interested, maintained as per Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
5. The Explanatory Statement pursuant to Regulation 36 (5) the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the Appointment of Statutory Auditor is annexed hereto.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting. No gifts or coupons or any other form of solicitation will be provided at the Annual General Meeting.
7. The Register of Members and Share Transfer books of the company shall remain closed from 24th September, 2022 to 30th September,

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- 2022 (both days inclusive).
8. All documents referred to in the accompanying notice and explanatory statement will be kept open for inspection at the Registered Office of Company on all working days between 11.00 a.m. to 1.00 p.m. prior to date of Annual General Meeting.
 9. Members / proxies are requested to bring duly filled attendance slips, sent herewith, to attend the Meeting and proxy holder shall prove his identity at the time of attending the meeting.
 10. Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged with the Company at any time during the business hours of the Company during the period beginning twenty-four (24) hours before the time fixed for the commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than three (3) days in writing of the intention to inspect the proxies lodged shall be required to be provided to the Company.
 11. Pursuant to Section 101 and 136 of the Act read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. As per provisions of Section 20 of the Act read with Rules thereunder, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic or other mode as may be prescribed including by facsimile telecommunication or to electronic mail address, which the member has provided to his / her Depository Participant / the Company's Registrar & Share Transfer Agent from time to time for sending communications, provided that a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the Company in its Annual General Meeting. In cases, where any member has not registered his / her e-mail address with the Company, the service of documents, etc. will be effected by other modes of service as provided in Section 20 of the Act read with the relevant Rules thereunder.
 12. Those members, who desire to receive notice / financial statement / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his / her Depository

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Participant / the Company's Registrar & Share Transfer Agent, as the case may be;

Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of Shares held in dematerialized form) or with RTA (in case of Shares held in physical form).

13. Brief resume of Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se, etc. as required to be disclosed as per Companies Act, 2013, Regulation 36 (3) the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2), are provided as Annexure to this notice.
14. Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the R & T Agent of the Company. In case shares held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.
15. In terms of Regulation 40 of LODR Regulations, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, all Members holding shares in physical form are requested to demat their shares at the earliest.
16. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them as under:
 - (a) Members holding shares in physical mode: Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be.
 - (b) Members holding shares in electronic mode: Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

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17. Members may also note that the Notice of the 29th Annual General Meeting and the Annual Report for the financial year 2021 - 22 will also be available on the Company's website for download.
18. Voting through electronic means:

In terms of the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (“the Rules”), as amended and Regulation 44 of LODR Regulations read with SEBI circular dated 9th December, 2020, the Company is providing remote e-voting facility to those members whose names appear in the register of members/list of Beneficial Owners as received from National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) as on Friday, 23rd September, 2022 being the “cut-off date” fixed for the purpose, to exercise their right to vote at the 29th AGM by electronic means. Members may transact the business through e-voting. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

The Company is also providing facility for voting by Ballot paper at the venue of the 29th Annual General Meeting apart from providing remote e-voting facility for all those members who are present at the general meeting but have not casted their votes by availing the remote e-voting facility.

THE INSTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING:

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) The voting period begins on 27.09.2022 and ends on 29.09.2022. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23.09.2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting

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- (iii) date would not be entitled to vote at the meeting venue. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR /P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/ retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/ 2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- Pursuant to abovesaid SEBI Circular, Login method for e-Voting for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

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| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cDSLindia.com/myeasi/home/login or visit www.cDSLindia.com and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cDSLindia.com/myeasi/Registration/EasiRegistration</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cDSLindia.com home page or click on https://evoting.cDSLindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p> |
| Individual Shareholders holding securities in demat mode with NSDL | <p>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com</p> <p>1) either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period.</p> |

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| Type of shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in demat mode with NSDL | <p>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p> |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP) | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

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| Login Type | Helpdesk Details |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) Login method for Remote e-Voting for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

LIPPI SYSTEMS LIMITED

| For Physical shareholders and other than individual shareholders holding shares in Demat. | |
|--|---|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</p> |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</p> |

- (i) After entering these details appropriately, click on “SUBMIT” tab.
- (ii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (iii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on the EVSN : 220902009 of lippi Systems Limited on which you choose to vote.
- (v) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

LIPPI SYSTEMS LIMITED

- (vi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (vii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (viii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (x) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@lippisystems.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSLe-voting system for the scrutinizer to verify the same.

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PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call at toll free no. 1800 22 55 33

Contact Details:

Company: Lippi Systems Limited (CIN: L22100GJ1993PLC020382).

3rd Floor, Opp. IOC Petrol Pump, Nr. Ashwamegh-IV, 132ft Ring Road, Satellite, Ahmedabad-380015, Gujarat, India. E-mail ID: officelippi@gmail.com, cs@lippisystems.com.

Registrar and Transfer Agent: Cameo Corporate Services Limited

"Subramanian Building", 1, Club House Road, Chennai-600002. Phone number: 044-28460390, Fax: 044-28460129. E-mail: investor@cameoindia.com.

E-Voting Agency: Central Depository Services (India) Limited

E-mail ID: helpdesk.evoting@cdslindia.com

Scrutinizer: CS Kunal Sharma,

Practicing Company Secretary

E-mail ID: cskunalsharma@gmail.com

Place: - Ahmedabad

By order of the Board of Directors
For Lippi Systems Limited

Date: - 26th August, 2022.

SD/-
Nandlal J. Agrawal
Chairman & Managing Director
(DIN: 00336556)

LIPPI SYSTEMS LIMITED

STATEMENT PURSUANT TO REGULATION 36 (5) THE SECURITIES EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Item no: 03:

Based on the recommendations of the Audit Committee and the Board, The Shareholders of the Company at the 24th Annual General Meeting held on 29th September, 2017 had appointed M/s Vijay Moondra & Co., Chartered Accountants firm (Registration No. 112308W) to hold office for period of 5 (Five) Years commencing from the conclusion of the 24th Annual General Meeting till the conclusion of 29th Annual General Meeting to be held in the year 2022. M/s Vijay Moondra & Co., Chartered Accountants firm (Registration No. 112308W) had shown their unwillingness to be re-appointed as the Statutory Auditors for further term of 5 years.

Further, the Board of Directors after considering the recommendations of the Audit Committee, at its meeting held on 26th August, 2022 has recommended the appointment of M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W), as the Statutory Auditors of the Company for a period commencing from the conclusion of this 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting to audit the Financial Statements of the Company.

M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W) has provided their consent to the aforesaid appointment and confirmed that their appointment, if made, will be within the limits specified under Section 141(3) (g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as the Statutory Auditors in terms of the Companies Act, 2013 and the rules made thereunder. They have also confirmed that the Firm is also a Peer Reviewed Firm of Chartered Accountants and the Peer Review Certificate has already been issued by the ICAI and the same has been placed before the Board for their noting.

Pursuant to Section 139 of the Companies Act, 2013, approval of the members is required for appointment of the Statutory Auditors and fixing their remuneration by means of an ordinary resolution. Accordingly, approval of the members is sought for appointment of M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W) as the Statutory Auditors of the Company and to fix their remuneration.

The Company is proposed to appoint them as the Statutory Auditors for a period of 5 (Five) years to hold office from the conclusion of this 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting of the Company.

The details required as per Regulation 36 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“LODR Regulations”) is provided below:

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| | |
|---|--|
| Proposed Fees payable to the Statutory Auditors | As may be decided by the Audit/Committee with the Auditors. |
| Terms of Appointment | Appointment as a Statutory Auditor for period of 5 (Five) consecutive Years to hold the office from the conclusion of this 29th Annual General Meeting till the conclusion of 34th Annual General Meeting to Audit the Financial Statements of the Company. |
| Any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change | No such material change. The Fees payable to the Auditor is commensurate with the size and the nature of transactions of the Company and the relevant experience and expertise of the Auditors. |
| Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed | <p>M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W) is an Ahmedabad based professional services firm rendering suite of value-added services since 1984. Since inception, the firm has been rapidly growing on the sound footing of quality services and strong infrastructure. The firm represents a combination of technical expertise, specialized skills and customized services which are geared to offer sound financial solutions resulting in utmost satisfaction to our clients.</p> <p>Considering the experience and expertise of the Firm, the Audit Committee has satisfied and recommended their appointment and the Board has also further approved their appointment as the Statutory Auditors of the Company subject to the Shareholders approval at the ensuing 29th Annual General Meeting.</p> |

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ANNEXURE TO NOTICE

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting:

(Pursuant to Regulation 36 (3) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015).

| Name with Age and Qualifications | Experience | Details of Directorships in other Companies including Listed Companies | Details of Membership of Committees of all the Companies | No of Meetings attended during the Year | Brief Resume of Directors | Disclosure on relationship between Directors Inter-se |
|---|---|---|--|---|---|---|
| Name: Nandlal Jaigopal Agrawal Age: 61 Qualification: Commerce Graduate | Almost 30 Years of Experience on relevant field | Unlisted: Pvt Ltd companies Director; Anokhi Realty Private Limited Satya Satellite Realty Private Limited Satyapriya Realty Private Limited Satyasarthi Estate Organisers Private Limited Satyasurya Infrastructures Private Limited Satyasarthi Buildcon Private Limited Satyasurya Realty Private Limited Satyasarthi Developers Private Limited | N.A | 7 | Nandlal J. Agrawal is Founder - promoter and M.D. (KMP) of the company, he is having more than 30 years of Experience on the Managerial and relevant field. | N.A |

LIPPI SYSTEMS LIMITED

DIRECTORS REPORT

To,
The Members of,
LIPPI SYSTEMS LIMITED

Your Directors are pleased to present 29th Annual Report together with the Audited Standalone Financial Statements for the financial year ended 31st March, 2022.

FINANCIAL RESULTS:

(Rs in Lacs)

| Particulars: | 2021-22 | 2020-21 |
|------------------------|----------------|----------------|
| Net Sales | 1058.55 | 1308.66 |
| Other Income | 397.14 | 82.48 |
| Finance Cost | 41.46 | 67.64 |
| Depreciation | 130.32 | 144.98 |
| Income Tax Provision | 12.10 | 1.99 |
| Deferred Tax Liability | 23.48 | (10.79) |
| Net Profit | 68.16 | (38.52) |

OPERATIONS:

Your directors report that for the year under review, your Company has been able to achieve a net turnover of Rs. 10.59 Crores as compared to Rs. 13.08 crores for the previous year. Your company had made Net Profit of Rs. 68.16 lacs as against a losses of Rs. 38.52 lacs for the preceding year.

Your directors expect better results for the current year.

CHANGE IN NATURE OF BUSINESS, IF ANY:

During the Financial Year 2021-22, the Company has not changed its nature of business. The Company is engaged in the Business of Manufacturing of Rota Gravures.

Further, during the Financial Year ended 31st March, 2022, the Company had Disposed-off its Plant & Machineries and Inventories on as is where is basis for an aggregate consideration of INR 945.00 Lakhs to M/s Image Gravures. The said Sale & Disposal had been approved by the Board of Directors at their meeting held on 14th October 2021, Shareholders of the Company by way of Postal Ballot and also by the Bankers and other regulatory authorities. Further, the Company had entered into the Sale Agreement with the Buyer on 27th December 2021 and the said transaction has been completed on 05th January 2022. The Company had made all the necessary intimations & disclosures as applicable to the transaction from time to time.

SUBSIDIARIES, JOINT VENTURES & ASSOCIATES:

Your Company doesn't have any Subsidiaries, Joint Ventures and Associates.

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SEGMENT WISE PERFORMANCE:

The Company is into Manufacturing of Roto Gravure Printing Cylinder and generating power from wind turbine generator in accordance with the definition of "Segment" as per the IND AS. The performance of the Company is discussed separately in this Report.

CAPITAL STRUCTURE

The Authorised Share Capital of the Company as on March 31, 2022 was Rs 10,00,00,000 (Rupees Ten crores) divided into 1,00,00,000 (One crores) equity shares of Rs 10 each.

The paid up share capital of the Company as on March 31, 2022, was Rs 7,00,00,000 (Rupees Seven crores only) divided into 70,00,000 (Seventy lakhs) equity shares of Rs 10 each.

During the year under review, the Company has not issued any Shares with or without differential rights or Debentures or any other securities by way of Public offer, Private Placement, Preferential allotment, Rights issue, Bonus Issue, Sweat Equity Shares, and Employee Stock Option Scheme or in any such other manners.

DIVIDEND:

In view of the marginal profits for the year under review, your directors have not recommended any dividend for the year under report.

DEPOSITS:

During the year under review your company has not accepted any fixed deposits from the public under section 73 of companies act, 2013, and therefore no information is required to be furnished in respect of outstanding deposits.

VIGIL MECHANISM/WHISTLE BLOWER POLICY:

Pursuant to Section 177(9) of the Companies Act, 2013 and as per SEBI (Listing Obligation and Discourse Requirements) Regulations, 2015, the Company has formulated a Whistle Blower Policy to establish a vigil mechanism for directors and employees of the Company. The purpose and objective of this Policy is to provide a framework to promote responsible and secure whistle blowing. It protects the employees wishing to raise a concern about serious irregularities within the Company. The details of the Whistle Blower Policy are posted on the website (www.lippisystems.com) of the Company.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider Trading policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company as well as consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by the employees and to maintain the highest ethical standards of dealing in the Company's Shares. The Code is also available on the website of the Company.

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The Company has adopted the amended Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in terms of the SEBI (Prohibition of Insider Trading) Regulation, 2015 (as amended). The same has been filed with the BSE Limited and also uploaded on the website of the Company.

SECRETARIAL STANDARDS

The Company has complied with the provisions of 'revised' SS-1--- Secretarial Standards on

meetings of the Board of Directors which has come into effect from October 01, 2017 and also SS-

2--- Secretarial Standard on General Meetings during the year

During the year under review, the Company has complied with the provisions of Secretarial Standard 1 (relating to Meetings of the Board of Directors) and Secretarial Standard 2 (relating to General Meetings) issued by the Institute of the Company Secretaries of India.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS:

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring of the probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner. Though the various risks associated with the business cannot be eliminated completely, all efforts are made to minimize the impact of such risks on the operations of the Company. Necessary internal control systems are also put in place by the Company on various activities across the board to ensure that business operations are directed towards attaining the stated organizational objectives with optimum utilization of the resources. Apart from these internal control procedures, a well-defined and established system of internal audit is in operation to independently review and strengthen these control measures, which is carried out by a reputed firm of Chartered Accountants. The Audit Committee of the Company regularly reviews the reports of the internal auditors and recommends actions for further improvement of the internal controls. The Risk Management policy is posted on the website of the Company.

RELATED PARTY TRANSACTIONS:

The Company has entered into related party transaction during the financial year 2021-22, the details of which are given in the notes forming parts of Financial Statements. All Related Party Transactions entered into are on an arm's length basis. There are no materially significant Related Party Transactions made by the Company with promoters, directors, Key Managerial Personnel or other designated persons which may have potential conflict with the interests of the Company at large.

On the recommendation of the Audit Committee, the Board of Directors has adopted a policy on Related Party Transactions, which is also uploaded on the website of the Company (www.lippisystems.com) under the head of 'Investor'. The Policy envisages the procedure governing related party transactions required to be followed to ensure compliance with the applicable laws and regulations as well as to ensure that the Related Party Transactions are managed and disclosed in accordance with the strict legal and

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accounting requirements.

A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms & conditions of the transactions. The statement is supported by a certificate from the CEO/CFO.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

EXTRACT OF ANNUAL RETURN:

The Annual Return as required under sub-section (3) of Section 92 of the Companies Act, 2013 ('the Act') in form MGT-7 is made available on the website of the Company and can be accessed at www.lippisystems.com.

CORPORATE SOCIAL RESPONSIBILITY:

The Company is not required to give information relating to Corporate Social Responsibility as the Company does not fall under the applicable threshold limit mentioned under section 135 of the Companies Act, 2013.

The Company is striving to make good profit in the coming years and the Board of Directors of the Company assures to contribute funds in future.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligation and Discourse Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant and material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

In terms of Section 134(3) (l) of the Companies Act, 2013, except as disclosed elsewhere in this Report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided as required under section 186 of the Companies Act, 2013, Regulation 34(3) and Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in Notes forming part of the financial statements.

TRANSFER TO RESERVES:

The Company has transferred current year's net profit of Rs. 68.16 Lakhs to the Reserve

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& Surplus and the same is in compliance with the applicable provisions prescribed under the Companies Act, 2013.

DIRECTORS:

As on March 31, 2022, the Board comprised of Six (6) Directors out of which Two (2) are Executive Promoter Directors and rest Four (4) are Independent Directors including Woman Director. The composition of the Board is in conformity with the Companies Act, 2013 and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(I) Appointment

No Directors has been appointed during the financial year ended on 31st March, 2022.

(ii) Retirement by rotation

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Nandlal J. Agrawal (DIN: 00336556) retires by rotation and is eligible for reappointment. Appropriate resolution for his re-appointment is being placed for your approval at the ensuing AGM.

A brief resume and other relevant details of the Directors proposed to be appointed / re-appointed are given in the Annexure to the Notice convening the AGM.

(iii) Retirements and Resignations along with facts of resignation:

During the Financial Year 2021-22, Mr. Minesh Chandrakant Shah (DIN – 00045178), Whole-Time Director has tendered his Resignation from the office of Director with effect from the closing of the business hours on Thursday, 31st March, 2022 due to personal reasons.

The Board placed on record its appreciation for his valuable contribution during his tenure as Whole-Time Director of the Company.

(iv) Declarations by Independent Directors

Your Company has received declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 confirming that they fulfill the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as under Regulation 16(b) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs (“IICA”).

(v) Key Managerial Personnel:

As on 31st March, 2022, Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr., Nandlal Jaigopal Agrawal (Managing Director), Mr. Kunal Nandlal Agrawal (Whole-Time Director), Mr. Gopalkrishna D Sharma (CFO) and Mr. Darshan B. Shah (CS) are the Key Managerial Personnel's of your Company.

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(vi) Board Evaluation

In compliance with the provisions of the Companies Act, 2013 ('the Act') and LODR, the Board during the year adopted a formal mechanism for evaluation of its performances as well as that of its committees and individual Directors, including the Chairman of the Board. A structured mechanism was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

(vii) Familiarization Program for Independent Directors

On appointment, the concerned Director is issued a letter of Appointment setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a familiarization program. The program aims to familiarize the Directors with the Company, their role and responsibilities, business model of the Company etc.

(viii) Code of Conduct

The Board of Directors of the Company have adopted Code of Business Conduct & Ethics. This Code is applicable to all the Directors and senior management personnel.

In terms of the requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Code of Business Conduct & Ethics, as approved by the Board of Directors, has been displayed at the website of the company, www.lippisystems.com, under the heading 'Investors'. All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31st March, 2022 and a declaration to that effect signed by the Chairman & Managing Director is attached and forms part of this report.

(vii) Nomination & Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a Policy for selection, appointment and remuneration of Directors and Key Managerial Personnel, including criteria for determining qualifications, positive attributes, Independence of Directors.

(vi) Board Meetings

During the year 7 Meetings of the Board were held. The Board of directors was met on 30/06/2021, 14/08/2021, 14/10/2021, 09/11/2021, 23/12/2021, 14/02/2022 and 21/03/2022.

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As on 31st March, 2022, 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 in which he/she is a member of Chairperson |
|----------------|--|-----------------------------|---------------------------------------|-----------------------------------|--|
| 1 | Shri Nandlal Agrawal (DIN: 00336556) | Managing Director -Chairman | 7 | Yes | None |
| 2 | Shri Kunal Agrawal (DIN: 00169324) | Whole Time Director | 7 | Yes | None |
| 3 | Shri Tirthraj Pandya (DIN: 02972285) | Independent | 7 | Yes | Member in One Committee & Chairman in one Committee |
| 4 | Shri Kamlesh Sharma (DIN: 01563040) | Independent | 7 | Yes | Chairman in one Committee |
| 5 | Ms Swetal Sapra (DIN: 07155395) | Woman -Independent | 7 | Yes | Member in three Committee |
| 6 | Shri. Govindlal C. Thakkar (DIN: 07531165) | Independent | 7 | Yes | Chairman in one Committee Member in Two Committees |

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. Every Director currently on the Board of the Company has personally attended at least one Board / Committee of Directors' Meeting in the financial year 2021-22. All the information required to be furnished to the Board was made available along with detailed Agenda.

As per Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors without the attendance of Non-Independent Directors was held on 14th February, 2022 to discuss the agenda items as required under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors reviewed the performance of non-independent directors and the Board as whole, reviewed the performance of the Chairman of the Company taking into account the views of executive and non-executive directors and assessed the quality, quantity and timeliness flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Independent Directors expressed their satisfaction with overall functioning and implementations of their suggestions.

The information as specified in Schedule II of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is regularly made available to the Board. The minutes of the meeting of Board and its Committees are captured in accordance with the provisions of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 and Secretarial Standards

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in respect of Board Meeting and also circulated in advance to all Directors and Members of the Committee and confirmed at subsequent meeting.

COMMITTEES OF THE BOARD

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 determined by the board from time to time.

AUDIT COMMITTEE:

Audit Committee comprises of Mr. Govind C Thakkar (Chairman) (DIN: 07531165), Ms. Swetal Sapra (DIN: 08536677) and Mr. Tirthraj Pandya (DIN: 02972285).

The terms of reference of the Committee are as is specified in Companies Act, 2013 and Regulations 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the financial year the Committee met on 30/06/2021, 14/08/2021, 14/10/2021, 09/11/2021, 23/12/2021, 14/02/2022 and 21/03/2022. Presently, the following functions are performed by the Audit Committee:

- Overseeing the company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory & internal auditors, fixing audit fees and approving payments for any other service;
- Reviewing with management the annual financial statements before submission to the Board;
- Reviewing with the management Quarterly/Annual and other financial statements before submission to the Board for approval;
- Reviewing with the management the performance of statutory and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- Reviewing the adequacy of internal audit function;
- Discussing with internal auditors of any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board;
- Discussing with the statutory auditors before the audit commences on the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern;
- Reviewing reports furnished by statutory & internal auditors and ensuring follow-up thereon;

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- The Committee also reviews the Management Discussion and Analysis of the financial condition and results of operations, statements of significant related party transactions and any other matter which may be a part of its terms of reference or referred to by the Board of Directors.

The Company Secretary acts as the Secretary of the Committee.

All the recommendations of the Audit Committee during the year were accepted by the Board of Directors.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee consists of Mr. Kamlesh Sharma (Chairman) (DIN: 01563040), Ms. Swetal Sapra (DIN: 08536677), and Mr. Govind Thakkar (DIN: 07531165).

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The committee has been constituted to recommend/ review the remuneration package of Managing/ whole time Directors.

During the financial year the Committee met on 30/05/2021, 30/06/2021, 14/08/2021, 09/11/2021, 14/02/2022 and 21/03/2022.

Nomination and Remuneration Policy

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and as per (LODR) Regulations, 2015 as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

Definitions:

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) Such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the company who are members of

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its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

Objective:

The objective of the policy is to ensure that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Role of the Committee:

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

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APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

TERM / TENURE

- a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding Three years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

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REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

- 1) Remuneration to Managing Director / Whole-time Directors:
 - a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
 - b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
- 2) Remuneration to Non- Executive / Independent Directors:
 - a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
 - b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
 - c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
 - d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of

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the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

- i) The Services are rendered by such Director in his capacity as the professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
 - e) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).
- 3) Remuneration to Key Managerial Personnel and Senior Management:
- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
 - b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
 - c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
 - d) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

SHAREHOLDERS' GRIEVANCE AND STAKEHOLDERS RELATIONSHIPS COMMITTEE:

The Board has constituted Shareholder's Grievance and Stakeholders Relationship Committee consisting of Mr. Tirthraj Pandya (Chairman) (DIN: 02972285), Ms. Swetal Sapra (DIN: 08536677) and Mr. Govindlal Thakkar (DIN: 07531165).

During the financial year the Committee met on 30/06/2021, 14/08/2021, 09/11/2021 and 14/02/2022.

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The terms of reference of the Committee are as specified below:

Terms of reference

- I. To allot equity shares of the Company;
- ii. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- iii. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc;
- iv. Issue of duplicate / split / consolidated share certificates;
- v. Allotment and listing of shares;
- vi. Review of cases for refusal of transfer / transmission of shares and debentures;
- vii. Reference to statutory and regulatory authorities regarding investor grievances;
- viii. And to otherwise ensure proper and timely attendance and Redressal of investor queries and grievances.

Details of Shareholders Complaints are given below: RTA

| Details of Complaints Received | Nos. |
|---|-------------|
| Number of Shareholders' Complaints received from 01.04.2021 to 31.03.2022 | 0 |
| Number of Complaints not solved to the satisfaction of the shareholder | 0 |
| Number of Pending Complaints on 31.03.2022 | 0 |

DETAILS OF REMUNERATION TO DIRECTORS DURING THE YEAR ENDING ON 31ST MARCH, 2022:

Remuneration paid during the Financial Year 2021-22 to Executive Directors are:

| Name of Director | Yearly Remuneration (Rs.) |
|--|----------------------------------|
| Mr. Nandlal Jaigopal Agrawal (DIN: 00336556) | 18,00,000.00 |
| Mr. Kunal Nandlal Agrawal (DIN: 00169324) | 12,00,000.00 |
| Mr. Minesh Chandrakant Shah (DIN: 00045178) | 09,14,486.00 |
| Total | 39,14,486.00 |

The company is neither paying any sitting fees nor providing any perquisite to its Directors.

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BOARD DIVERSITY:

The Company recognizes the importance of a diverse Board in its process. We believe that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender which will help to provide better directions and supervision to the affairs of the Company. The Board has adopted the Board diversity policy which sets out the approach to diversity of the Board of Directors. The Policy is also available on the website of the Company.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings & outgo as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is Annexed herewith as "Annexure - A".

AUDIT COMMITTEE:

Pursuant to Section 177 of the Companies Act, 2013 the board of directors has constituted an audit committee. The audit committee comprises of Shri Govindlal C Thakkar (DIN: 07531165) Chairperson, Shri Tirthraj Pandya (DIN: 02972285) Member and, Ms. Swetal Sapra (DIN: 08536677) Member.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of the Section 134(3) (c) of the Companies Act, 2013:

- (I) That in the preparation of the annual financial statements for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) That such accounting policies, as mentioned in the Financial Statements as 'Significant Accounting Policies' have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the annual financial statements have been prepared on a going concern basis;
- (v) That proper internal financial controls were in place and that the financial controls

LIPPI SYSTEMS LIMITED

- were adequate and were operating effectively;
- (vi) That proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

AUDITORS:

(I) Statutory Auditors

Based on the recommendations of the Audit Committee and the Board, The Shareholders of the Company had appointed M/s. Vijay Moondra & Co., Chartered Accountants (FRN -112308W) as the Statutory Auditors of the Company to hold office for period of 5 (Five) Years commencing from the conclusion of the 24th Annual General Meeting till the conclusion of 29th Annual General Meeting to be held in the year 2022. The term of existing Auditors has shown their unwillingness to be re-appointed at the upcoming 29th Annual General Meeting.

Further, the Board of Directors after considering the recommendations of the Audit Committee, at its meeting held on 26th August, 2022 has recommended the appointment of M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W), as the Statutory Auditors of the Company for a period commencing from the conclusion of this 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting to audit the Financial Statements of the Company.

The Company has received a Consent and Certificate from M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W) to the effect that the appointment, if made, would be in accordance with limits specified under the Companies Act, 2013. As required under SEBI Regulations, they have confirmed that they hold valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The resolution proposing their appointment, from the conclusion of this 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting of the Company, at a remuneration to be fixed by the Audit Committee and/or Board of Directors and billed progressively, is submitted at the 29th Annual General Meeting for approval of the members.

The Board recommends the appointment of M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W) as the Statutory Auditors, for approval of the members.

(ii) Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Kunal Sharma & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure - B".

LIPPI SYSTEMS LIMITED

Reply to the Observation:

| | |
|--|---|
| The 100% Shareholding of the Promoters and Promoters Group are not in Dematerialised Form. | The Company is under discussions and dialogues with the Promoters who are holding the Equity Shares in Physical form to get those Dematerialised at the earliest. However, response for the said matter is awaited. |
| The Company had not filed the Annual Return of Foreign Liabilities and Assets with Reserve Bank of India for the Financial Year ended 31st March, 2021. | Due to advertence. However, the Company shall ensure to comply with these requirements and will file the same in future within the prescribed timelines. |
| The Company had not published the Newspaper Advertisement as per the requirements of the Circulars issued by the Ministry of Corporate Affairs on account of holding 28th Annual General Meeting through Video Conferencing. | Due to advertence. However, the Company shall ensure to comply with these requirements as and when required. |
| Designation of Mr. Govindlal C Thakkar has been wrongly mentioned (Director in place of Additional Director) in the E-Form DIR 12 filed for his appointment at a Board meeting date 30th June, 2021. | Due to inadvertence and human error. However, the Company shall take care of the same for filings to be made in future. |
| E-Form MGT 14 filed for Resolutions passed at the 28th Annual General Meeting has been filed with the Registrar of Companies with delay. | The Company will ensure to comply with the requirements and file all the filings within the due dates. |
| E-Form MGT 14 for approval of Board of Directors Report for the Financial Year ended 31st March, 2021 under Section 179 of the Companies Act, 2013 has not been filed with the Registrar of Companies. | The Company will ensure to comply with these requirements and file all the required filings with the Registrar of Companies in future. |
| Disclosure for Retirement of Mr. Govindlal C Thakkar has not been filed with the BSE Limited under Regulation 30 of the SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015. | The Company have reappointed him for further 5 years will ensure to comply with the requirements in the future. |

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(iii) Internal Auditor

Pursuant to provisions of Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W) has been appointed as an Internal Auditors of the Company for the Financial Year 2021-22.

(iv) Cost Auditor:

The appointment of Cost Auditor for the Company is not applicable to the Company.

FRAUDS REPORTED BY AUDITORS:

No frauds are reported by the Auditors which fall under the purview of sub section (12) of Section 143 of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration more than the limits specified under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the financial year ended 31st March 2022.

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is given in the Statement annexed herewith as "Annexure - C".

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 15 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), Corporate Governance provisions as specified is not applicable to the Company, since the paid up share capital of the Company and the Net Worth is below the threshold limits prescribed under the SEBI LODR.

SEXUAL HARASSMENT:

The Company has complied with the provisions relating to the Constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no case filled or registered with the Committee during the year, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Further Company ensures that there is a healthy and safe environment for every women employee at the workplace and made the necessary policies for safe and secure environment for women employee.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has adequate internal financial control with reference to the financial statements commensurate with its size and nature of business. These controls include well documented procedures, covering financial and operational functions. The internal

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financial controls of the Company are adequate to ensure the accuracy and completeness of accounting records, timely preparation of reliable financial information, prevention and detection of frauds and errors and safeguard against any losses or unauthorized use or disposal of assets. These controls are assessed on a regular basis by Internal Audit.

OTHER DISCLOSURES:

- The Company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of one-time settlement with any Bank or Financial Institution.

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

By order of the Board of Directors
For Lippi Systems Limited

Date: - 26th August, 2022.

SD/-
Nandlal J. Agrawal
Chairman & Managing Director
(DIN: 00336556)

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ANNEXURE TO DIRECTOR'S REPORT:

“Annexure A”

(A) CONVERSATION OF ENERGY:

- a) Energy conservation has been an important thrust area for the Company and is continuously monitored. The adoption of energy conservation measures has helped the Company in reduction of cost and reduced machine down-time.
- b) Energy conservation is an ongoing process and new areas are continuously identified and suitable investments are made, wherever necessary.
- c) Various on-going measures for conservation of energy include (i) use of energy efficient lighting and better use of natural lighting, (ii) reduction of energy loss, and (iii) replacement of outdated energy intensive equipment.
- d) Total energy consumption and energy consumption per unit of production is given in the table below:

(A) POWER AND FUEL CONSUMPTION IN RESPECT OF:

| Particulars | Year 2021-2022 | Year 2020-2021 |
|-------------------------------|---------------------------|---------------------------|
| 1) Electricity | | |
| a) Purchased | | |
| Unit Nos. | 926656.80 | 1185482 |
| Total Amt. (Rs) | 7038036.69 | 8671129.09 |
| Rate Per Unit (Rs) | 7.60 | 7.31 |
| b) Own Generation | | |
| Through Diesel Generation Set | | |
| Units | 6760 | 16800 |
| Unit per liter of Diesel Oil | 2.82 | 3.17 |
| Cost per Unit | 64.58 | 21.29 |

(B) CONSUMPTION PER UNIT OF PRODUCTION:

| Particulars | Year 2021-2022 | Year 2020-2021 |
|--|---------------------------|---------------------------|
| Consumption per square meter of Production Electricity (No. of Units) | 607.98 | 470.21 |

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TECHNOLOGY ABSORPTION:

The efforts made towards technology absorption: NA

The benefits derived from technology absorption: NA

The Company has not imported any technology for its products.

The Company has not specific Research and Development Department. However, the Company carries out research and development in several areas including material & process developments towards efficiency improvements, quality improvements, waste reduction etc. Apart from process improvements, the research and development also aims at finding equivalent substitutes of various inputs and packaging materials to have cost savings without compromising quality.

The Company has derived benefits of product diversification, cost reduction and better quality as a result of the above efforts.

The research and development is an on-going exercise and suitable efforts will continue to be made in future.

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.

“Annexure B”

MR-3

Secretarial Audit Report

(For the Financial Year Ended on March 31, 2021)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of

Lippi Systems Limited

CIN - L22100GJ1993PLC020382

3rd Floor, Satya Complex, Nr. Ashwamegh IV, 132 Ft Ring Road,
Satellite Road, Ahmedabad – 380015, Gujarat, INDIA

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Lippi Systems Limited (Hereinafter called “the Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and

LIPPI SYSTEMS LIMITED

returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in Annexure to this report for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Companies Amendment Act, 2017 as amended from time to time and the rules made thereunder; (to the extent applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (to the extent applicable)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (to the extent applicable)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; Overseas Direct Investment and External Commercial Borrowings - applicable only to the extent of Foreign Direct Investments.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Upto the extent applicable.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Upto the extent applicable.
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; Upto the extent applicable.
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Not Applicable as there was no reportable event during the financial year under review.
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; Not Applicable as there was no reportable event during the financial year under review.
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible

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Securities) Regulations, 2021; Not Applicable as there was no reportable event during the financial year under review.

- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable as the Company has not delisted/ proposed to delist its equity shares from any Stock Exchange during the financial year under review, and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable as there was no reportable event during the financial year under review.

We have relied on the representations made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company which are stated above specifically.

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- b) The compliances filed by the Company with BSE Limited pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has general complied with the provisions, as applicable of the above mentioned Acts including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

1. The 100% Shareholding of the Promoters and Promoters Group are not in Dematerialised Form.
2. The Company had not filed the Annual Return of Foreign Liabilities and Assets with Reserve Bank of India for the Financial Year ended 31st March, 2021.
3. The Company had not published the Newspaper Advertisement as per the requirements of the Circulars issued by the Ministry of Corporate Affairs on account of holding 28th Annual General Meeting through Video Conferencing.
4. Designation of Mr. Govindlal C Thakkar has been wrongly mentioned (Director in place of Additional Director) in the E-Form DIR 12 filed for his appointment at a Board meeting date 30th June, 2021.
5. E-Form MGT 14 filed for Resolutions passed at the 28th Annual General Meeting has been filed with the Registrar of Companies with delay.

LIPPI SYSTEMS LIMITED

6. E-Form MGT 14 for approval of Board of Directors Report for the Financial Year ended 31st March, 2021 under Section 179 of the Companies Act, 2013 has not been filed with the Registrar of Companies.
7. Disclosure for Retirement of Mr. Govindlal C Thakkar has not been filed with the BSE Limited under Regulation 30 of the SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015.

We further report that compliance of applicable Labour laws and financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

MANAGEMENT RESPONSIBILITY:

- I. Maintenance of secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
- II. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
- III. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company, related party transactions figures and AS-18 disclosures of the Company provided to us or verified compliances of laws other than those mentioned above;
- IV. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
- V. We have obtained Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required;
- VI. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

We further report that:

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors including Independent Directors and Woman Director. The changes in the composition of the Board of Directors/Key Managerial Personnel's that took place during the period under review were carried out in compliance with the provisions of the Act.
- II. As per the information provided, adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance. A system exists for seeking and obtaining further information and

LIPPI SYSTEMS LIMITED

clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Based on the representation made by the Company and its officer, Majority decision is carried through and that there were no dissenting member's views on any of the matter during the year that were required to be captured and recorded as part of the minutes.

- III. Based on general review of compliance mechanisms established by the Company and on basis of management representations, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the company has responded appropriately to notices received if any from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.
- IV. I was informed and I observed from the minutes of the Board and Committee Meetings that all decisions of Board and Committee meetings were carried unanimously.
- V. Mr. Govindial C. Thakkar (DIN: 07531165) has been re-appointment as an Independent Director of the Company.
- VI. Mr. Nandlal J. Agrawal (DIN: 00336556) has been re-appointed as a Managing Director of the Company for a further period of 3 (three) years commencing from October 01, 2021.
- VII. Mr. Kunal N. Agrawal (DIN: 00169324) has been re-appointed as a Whole Time Director of the Company for a further period of 3 (three) years commencing from October 01, 2021.
- VIII. Mr. Minesh C. Agrawal (DIN: 00045178) has been re-appointed as a Whole Time Director of the Company for a further period of 3 (three) years commencing from October 01, 2021.
- IX. The Company had disposed-off its Plant and Machinery under Section 180(1)(a) of the Companies Act, 2013 by way of Postal Ballot.
- X. Mr. Minesh Chandrakant Shah (DIN - 00045178) has been resigned from the post of Whole-Time Director and Key Managerial Personnel of the Company with effect from 31st March, 2022.

For **Kunal Sharma & Associates**
(Company Secretaries)

Place: Ahmedabad

Date: 14th August, 2022

CS. Kunal Sharma
FCS No: 10329
C P No.: 12987
PR No: 1933/2022
UDIN: F010329D000787710

LIPPI SYSTEMS LIMITED

Annexure to the Secretarial Audit Report

Documents verified during the course of Audit includes:

- I. Memorandum & Articles of Association of the Company;
- II. Annual Report for the Financial Year ended March 31, 2021.
- III. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee held during the financial year under review, along with the Attendance Registers;
- IV. Proof of circulation & Delivery of notice for Board meetings and Committee Meetings.
- V. Proof of circulation of draft as well as certified signed Board & Committee meetings minutes as per Secretarial Standards
- VI. Minutes of General Body Meeting held during the financial year under review;
- VII. Statutory Registers viz.
 - Register of Directors and KMP & Directors Shareholding.
 - Register of loans, guarantees and security and acquisition made by the Company.
 - Register of Charges.
 - Register of Related Party Transaction - Transactions are in the Ordinary Course of Business at Arm's Length Basis.
 - Register of Members;
- VIII. Agenda papers submitted to all the Directors/ Members for the Board and Committee Meetings;
- IX. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
- X. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956, if any and Companies Act, 2013, as amended from time to time along with the attachments thereof, during the financial year under review.
- XI. Policies formed by the Company.

For Kunal Sharma & Associates
(Company Secretaries)

Place: Ahmedabad

Date: 14th August, 2022

CS. Kunal Sharma
FCS No: 10329
C P No.: 12987
PR No: 1933/2022
UDIN: F010329D000787710

LIPPI SYSTEMS LIMITED

“Annexure C”

PARTICULARS OF EMPLOYEES

PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (I) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details as prescribed is as given below:

| Name | Ratio |
|--|--------------|
| NANDLAL JAIGOPAL AGRAWAL (Chairman & Managing Director) | 9.56:1 |
| KUNAL NANDLAL AGRAWAL (Director) | 6.37:1 |
| MINESH CHANDRAKANT SHAH (Director) | 4.86:1 |

For this purpose, sitting fees paid to the directors has not been considered as remuneration.

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

| Name | Designation | % increase |
|----------------------------------|-------------------------|-------------------|
| Nandlal Jaigopal Agrawal | Managing Director | Nil |
| Kunal Nandlal Agrawal | Director | Nil |
| Minesh Chandrakant Shah | Director | (21.84) |
| Gopalkrishna D Sharma | Chief Financial Officer | 16.23 |
| Darshan Bipinchandra Shah | Company Secretary | 53.63 |

- (iii) The percentage increase in the median remuneration of employees in the financial year : 0.30% (iv) The number of permanent employees on the rolls of company: 73

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase already made in the salary of the employees other than managerial personnel in the last financial year i.e. 2020-21 is 0.30% whereas Remuneration of managerial personnel is increase by 2.95%.

- (x) If remuneration is as per the remuneration policy of the company: Yes

Place: - Ahmedabad

Date: - 26th August, 2022.

By order of the Board of Directors
For Lippi Systems Limited

Nandlal J. Agrawal
Chairman & Managing Director
(DIN: 00336556)

LIPPI SYSTEMS LIMITED

Statement of particulars of employees pursuant to provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of top ten employees in terms of remuneration drawn per annum #

| Sl. No. | Name of Employees |
|----------------|------------------------------|
| 1 | NANDLAL J. AGRAWAL |
| 2 | KUNAL NANDLAL AGRAWAL |
| 3 | NEVIL PIYUSH GOPAL |
| 4 | DARSHAN B. SHAH |
| 5 | ANISH SHAH |
| 6 | MINESH C. SHAH |
| 7 | VIJAY GAODE |
| 8 | DEEPAK BHATT |
| 9 | BINA M. SHAH |
| 10 | AMISHA J. SHAH |

#The details required under sub-rule 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided on specific request made by any shareholder, which is forming part of this report. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Details of Employees who were:

- i. employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than 1,02,00,000 per annum: None
- ii. Employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than 8,50,000 per month: None
- iii. employee who employed throughout the financial year or part thereof, was in receipt of remuneration during the year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: None

Place: - Ahmedabad

By order of the Board of Directors

Date: - 26th August, 2022.

For Lippi Systems Limited

Nandlal J. Agrawal

Chairman & Managing Director

(DIN: 00336556)

LIPPI SYSTEMS LIMITED

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

SEGMENT-WISE OR PRODUCT WISE OR PRODUCT-WISE PERFORMANCE

The overall performance of our Company is not improved during the current year in comparison with the earlier performance, but Profit of Company is remain same compared to last year due to reduction in cost of raw materials.

There is one product segment viz, manufacturing of engravings & Coating of Metals. The turnover of the company for the Financial Year ended 31st March, 2022 and its segment wise comparison with previous Financial Year is given below:

(Rupees in Crore)

| Type of Segment | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| Manufacturing of engravings & Coating of Metals | 10.59 | 13.09 |
| Power Generation Windfarm | 0.45 | 0.46 |
| Total Turnover | 11.04 | 13.58 |

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 in 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. Up gradation 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, 2022 was Rs.10.59 Crores as against the previous year's sales of Rs. 13.09 Crores. The Profit for the year under review was Rs.68.16 Lacs as compared to loss of Rs. 38.52 Lacs for the preceding year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

LIPPI SYSTEMS LIMITED

The Company has an Internal Control System, commensurate with the size, scale and the nature of its operations. The scope and authority of the Internal Audit function is well defined. To maintain objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Chairman & Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

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.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT – EMPLOYEE DATA

The total employee strength of the Company as of 31.03.2022 was 8. Given the nature of the operations, a significant portion of the said employee strength comprises of drivers, cleaners and other unskilled employees.

Your management feels proud to state that there were no instances of strikes, lockouts or any other action on part of the employees that affected the functioning of the Company. It is noteworthy that there is no Employee Union within the organization.

Place: - Ahmedabad

By order of the Board of Directors

Date: - 26th August, 2022.

For Lippi Systems Limited

Nandlal J. Agrawal
Chairman & Managing Director
(DIN: 00336556)

DECLARATION REGARDING CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

Place: - Ahmedabad

By order of the Board of Directors

Date: - 26th August, 2022.

For Lippi Systems Limited

Nandlal J. Agrawal
Chairman & Managing Director
(DIN: 00336556)

LIPPI SYSTEMS LIMITED

**VIJAY MOONDRA & CO.
CHARTERED ACCOUNTANTS**

201-202 Sarap, Opp. Navjivan Press
Ashram Road, Ahmedabad- 14

Independent Auditor's Report

To the Members of Lippi Systems Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lippi Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following matters in the notes to the financial statement:

- a. Note no. 29 in respect of sale of Plant & Machineries and Inventories on "as is where is basis" for an aggregate consideration of Rs. 945 lakhs to M/s Image Gravures on 05/01/2022.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

LIPPI SYSTEMS LIMITED

| The Key audit matters | How the matter was addressed in our audit |
|--|---|
| <p>The application and transition of the Indian accounting standard 115 ('Ind AS 115') i.e. Revenue from Contracts with Customers, is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> ● We evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard; ● We assessed manual journals posted to revenue to identify unusual items. ● We evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams. ● We evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures. ● We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes and shipping documents, to assess whether the revenue was recognized in the correct period. ● We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards. |

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Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The above-mentioned reports comprising of other information are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the above-mentioned reports comprising other information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Management is responsible for the matters stated in section 134(5) the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity statement of the Company in accordance with the Accounting principles generally accepted in India, including the Accountant Standards (Ind AS) referred to in section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 (as amended). This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial control that we are operating effectively for ensuring the accuracy and completeness of accounting records relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but

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is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control with reference to financial statements that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest

LIPPI SYSTEMS LIMITED

benefits of such communication.

Report on other Legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure-A statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and 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 it appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and Statement of Change in Equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Ind AS financial statements comply with the Accounting Standards (Ind AS) referred to in section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e. On the basis of written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
 - f. With respect to the adequacy of the internal finance controls with reference to financial statements of the Company and the operating effectiveness of such control, refer to our separate Report in "Annexure-B". Our report does not express modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
 - g. With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules 2014, in our opinion and to the best of our information and according to explanations given to us by the management, the requirements of the same are duly complied with as under:
 - i. As informed to us, the Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 35 to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities

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identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- v. The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 35 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - vi. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - h. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and according to the information and explanations given to us, the remuneration paid to any director by the company is not in excess of the limits laid down under section 197 of the Act.

For Vijay Moondra & Co.
Chartered Accountants
(Firm Reg. No. 112308W)

(CA Vinit Moondra)
Partner
M.No. 119398
UDIN: 22119398AJJKMD9103

Place: Ahmedabad
Date: 30/05/2022

LIPPI SYSTEMS LIMITED

Annexure "A" 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

- (i) In respect of its Property, Plant & Equipment & Intangible Assets:
 - a. (A) The Company has maintained proper records showing full particulars including, quantitative details and situation of the Property, Plant & Equipment.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
 - b. The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - c. The title deeds of immoveable properties (other than those that have been taken on lease and the lease agreements are duly executed in favour of the Company) are held in the name of the company as at the balance sheet date.
 - d. The Company has not revalued any of its Property, Plant & Equipment (including right of use of assets) and Intangible Assets during the year.
 - e. No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) In respect of its inventories:
 - a) As explained to us, the inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account. The discrepancies have been properly dealt with in the books of accounts.
 - b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. Accordingly, this clause is not applicable.
- (iii)
 - a) According to the information and explanations given to us, during the year company has advanced loans to parties other than subsidiaries, joint ventures and associated. The details of the said loans are given below:

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| Particulars | Aggregate amount granted / provided during the year (Amt. in Rs.) | | |
|---|---|-----------|------------|
| | Investments | Loans | Guarantees |
| Aggregate amount granted during the year | | | |
| - Others | - | 6.81 Crs. | - |
| Balance Outstanding as at the Balance Sheet date | | | |
| - Others | - | 3.00 Crs. | - |

- b) According to the information and explanation given to us and based on the audit procedures conducted by us, in our opinion, the terms and conditions of the grant of all the above-mentioned loans, during the year are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
- c) According to the information and explanation given to us and based on the audit procedures conducted by us, in our opinion, the schedule of repayment of principal & receipt of interest has not been stipulated. However, the repayment of principal and interest is regular.
- d) According to the information and explanation given to us and based on the audit procedures conducted by us, in our opinion, there are no amounts of loans granted to companies which are overdue for more than ninety days.
- e) According to the information and explanation given to us and based on the audit procedures conducted by us, in our opinion, no loans which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- f) The Company has granted loans aggregating ₹ 6.81 crore during the year without specifying any terms or period of repayment. These loans account for 100% of the loans granted during the year.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loans to persons covered under the provisions of section 185 or granted securities under section 186 of the Act. Hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- (vi) According to the information and explanations given to us, the Central Government of India has not specified the maintenance of cost records under sub-section (1) of the section 148 of the Act for any of the products of the Company.

LIPPI SYSTEMS LIMITED

- (vii) According to the information and explanations given to us in respect of statutory dues:
- a) The Company has generally been regular in depositing undisputed statutory dues including goods and services tax (GST), provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues with the appropriate authorities. There were no undisputed statutory dues in arrears as on 31st March, 2022 for a period of more than six months from the date they became payable.
 - b) There are no amounts payable in respect statutory dues referred to in sub clause (a) which have not been deposited on account of disputes.
- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix)
- a) 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 loans or other borrowings or in the payment of interest thereon to any lender.
 - b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
 - d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, *prima facie*, not been used during the year for long-term purposes by the Company.
 - e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, an associate or a joint venture.
 - f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.
- (x)
- a) During the year, the company has not raised money by way of initial public offer or further public offer (including debt instrument). Hence reporting under clause (x)(a) of the Order is not applicable.
 - b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi)

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- a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company or any fraud on the company has been noticed or reported during the course of our audit that causes the financial statements to be materially misstated.
 - b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
 - c) As represented by the Management, there was no whistle blower complaints received by the Company during the year (and up to the date of this audit report).
- (xii) The company is not a Nidhi Company hence the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- (xiii) Based upon the audit procedures performed and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable Indian Accounting Standards (Ind AS) 24, Related Party Disclosures specified under section 133 of the Act.
- (xiv)
- a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of the entity.
 - b) We have considered the internal audit reports of the Company issued till date, for the year under audit, in determining the nature, timing and extent of our audit procedures.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him. Hence, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi) (a), (b), (c) and (d) of the order is not applicable.
- (xvii) The Company has not incurred any cash losses Lakhs during the financial year covered by our audit and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities (Asset Liability Maturity (ALM) pattern), other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence

LIPPI SYSTEMS LIMITED

supporting the assumptions, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For Vijay Moondra & Co.
Chartered Accountants
(Firm Reg. No. 112308W)

(CA Vinit Moondra)
Partner
M.No. 119398
UDIN: 22119398AJXKMD9103

Place: Ahmedabad
Date: 30th May, 2022

Annexure "B" to Independent Auditors' Report

Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls with reference to financial statements under section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Lippi Systems Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note"), issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

LIPPI SYSTEMS LIMITED

Auditors Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to and audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain evidence about the adequacy of the internal financial controls system with reference to financial statement and their operating effectiveness. Our audit of internal financial controls with reference to financial statement included obtaining and understanding of internal financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial controls with reference to Financial Statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that,

- (1) Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

LIPPI SYSTEMS LIMITED

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Vijay Moondra & Co.
Chartered Accountants
(Firm Reg. No. 112308W)

(CA Vinit Moondra)
Partner
M.No. 119398
UDIN: 22119398AJXKMD9103

Place: Ahmedabad
Date: 30th May, 2022

LIPPI SYSTEMS LIMITED

Accompanying notes to the financial statements

Significant Accounting Policies and notes to the financial statements

1. Corporate Information

During the year, Lippi systems Ltd. ("the company") was engaged in gravure cylinders which are widely used in Rotogravure Printing, Anilox Rollers for flexo, Adhesive Coating, Decorative printing since 1993. The company has its registered office and corporate office in Ahmedabad with manufacturing facilities at Rakanpur (Kalol) – Gandhinagar. The company is a public limited company with its shares listed on BSE Limited (BSE).

2. Basis for Preparation of Financial statements, Significant Accounting Policies and critical estimates & judgments

A. Basis for Preparation of Accounts

The financial statements have been prepared under the historical cost convention, except Investments which are measured at fair value. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The preparation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities and revenue and expenditures during the reporting periods. Difference between actual results and estimates are recognized in the period in which they are known/ materialized.

B. Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as issued under the Companies (Indian Accounting Standards) Rule, 2015.

C. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its financial statements consistently to all the periods presented

I. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intends to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

II. Use of estimates and judgments

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumption and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Difference between actual results estimates are recognized in the period in which the result is known/materialized.

The said estimates are based on the facts and events, that existed as at reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

III. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial asset

i. Classification and measurement

Classification

The Company classifies its financial assets, other than investments in subsidiaries and joint venture in the following measurement categories:

- a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

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- b. those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, all financial assets are measured initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There is only one measurement category into which the Company classifies its debt instruments as follows:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term,

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highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system.

Other bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

ii. Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33.2 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii. Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the financial asset have been transferred, or
- The Company retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognised.

When the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement of the asset.

iv. Income recognition

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the

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financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

B. Financial liabilities

i. Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of Profit and Loss, loans and borrowing, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including cash credit facilities from banks and derivative financial instruments.

ii. Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Statement of Profit and loss. Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through Profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and loss.

Financial liabilities designated upon initial recognition at fair value through statement of profit and loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss.

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in

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the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Financial guarantee contracts:

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value through statement of profit and loss (FVTPL), adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortisation.

iii. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of Profit and loss.

C. Derivative financial instrument:

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instrument is initially recognized at fair value through consolidated statement of Profit and loss (FVTPL) on the date on which a derivative contract is entered into and is subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument are classified in the consolidated statement of Profit and loss and reported with foreign exchange gains/(loss) not within results from operating activities. Changes in fair value and gains/(losses) on settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designed as hedge are recorded as finance cost.

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D. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to relate the assets and settle the liabilities simultaneously.

IV. Property, plant and equipment

Property, plant and equipment are stated at cost, net of recoverable taxes less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and borrowing costs if capitalisation criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significantly parts of fixed assets are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhauling is performed, its cost is recognized in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of parts replaced, are charged to the statement of Profit and Loss for the period during which such expenses are incurred.

Capital work in progress comprised of cost of Property, plant and equipment that are yet not installed and not ready for their intended use at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if applicable.

The Company calculates depreciation on items of property, plant and equipment on a straight-line method (SLM) basis as per the Companies Act 2013.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

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V. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognised.

Amortisation

Software is amortized over management estimate of its useful life of 5 years.

VI. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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VII. Inventories

Inventories of Raw material, Work-in-progress, Finished goods and Stock-in-trade are valued at the lower of cost and net realisable value. However, Raw material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Cost of Raw Material, Packing material, Chemicals, Stores and Consumables, Finished goods, trading and other products are ascertained on FIFO basis.

All other inventories of stores, consumables, project material at site are valued at cost. The stock of waste is valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

VIII. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are exclusive of Goods & Services Tax net of returns, trade discounts, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific recognition criteria described below must also be met before revenue is recognized.

a. Sale of Goods: Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

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- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b. Sale of Services

Sales are recognised upon the rendering of services and are recognised net of Goods & Services Tax (GST).

c. Interest income

Interest is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

d. Dividend

Dividend Income is recognised when the Company's right to receive is established which is generally occurred when the shareholders approve the dividend.

e. All other items are recognised on accrual basis.

IX. Taxes on Income

Tax expense comprises of current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of Profit and Loss is recognised outside the statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except.

- When the Deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of

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the transaction affects neither accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent it is probable that future taxable amounts will be available against the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset arises relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of Profit and Loss is recognised outside the statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

X. Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected

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to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period on government bonds using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates the following post-employment schemes:

- a) defined benefit plans such as gratuity and
- b) defined contribution plans such as provident fund.

Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the

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statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

XI. Foreign Currency Transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('The Functional Currency') The Financial statements are presented in Indian Rupee (INR), which is the company's functional and presentation currency.

Transactions in Foreign currency are recorded at the rate of exchange in force at the time transactions are affected and exchange difference, if any, on settlement of transaction is recognized in the Statement of Profit & Loss. Monetary transaction balance other than FCDL as on date of Balance Sheet have been reported at exchange rate on Balance Sheet date and difference charged to the Statement of Profit & Loss. Forward contract premium paid on forward contracts are amortized to Statement of Profit & Loss over life of such contract.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

XII. Fair value measurement

The Company measures financial instruments such as Investments at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and for non-recurring measurement, such as asset held for sale.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's Audit Committee.

Selection criteria include market knowledge, reputation, independence and whether

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professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

XIII. Investment and other Financial Assets

Financial assets are recognized and measured in accordance with Ind AS 109 – Financial Instruments. Accordingly, the company recognizes financial asset only when it has contractual right to receive cash or other financial assets from another Company.

a. Initial recognition and measurement

All financial assets, except investment in subsidiary are measured initially at fair value plus, transaction costs that are attributable to the acquisition of the financial asset. The transaction cost incurred for the purchase of financial assets held at fair value through profit or loss is expended in the statement of Profit and Loss immediately.

b. Subsequent measurement

For the purpose of Subsequent measurement financial assets are classified in three categories:

- Measured at amortised cost
- Measured at fair value through other comprehensive income (FVOCI)
- Measured at fair value through Profit and Loss (FVTPL)

XIV. Debt instruments at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are accounted for at amortized cost using the effective interest method. This category comprises trade accounts receivable, loans, cash and cash equivalents, bank balances and other financial assets. A gain or loss on a debt

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instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the Statement of Profit and Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt instruments at fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through Other Comprehensive Income (FVOCI).

The movement in carrying amount are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in Other Comprehensive Income is reclassified from equity to the Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt instruments at fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation at amortized cost or s FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

XV. Equity investments

All equity investments, except in subsidiary are measured at cost in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instruments as a FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of Investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's Balance sheet) when:

LIPPI SYSTEMS LIMITED

- The rights to receive cash flows from the asset have expired, or
- The company has transferred substantially all the risks and rewards of the asset

XVI. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

XVII. Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements

XVIII. Earnings per share

Basic Earnings per Share is calculated by dividing the net profit/ loss for the year attributable to ordinary equity holders by the weighted average number of equity shares outstanding during the year.

Diluted Earnings Per Share is calculated by dividing the profit attributable to equity holders (or owners) of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares

XIX. Segment Reporting

The segments have been identified taking into account the nature of the products / services, geographical locations, nature of risks and returns, internal organization structure and internal financial reporting system. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

LIPPI SYSTEMS LIMITED

| BALANCE SHEET AS AT MARCH 31, 2022 | | (Amounts in Rs. '000) | |
|---|-------|---------------------------|---------------------------|
| Particulars | Notes | As at 31st March, 2022 | As at 31st March, 2021 |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 3 | 82,030.09 | 1,36,581.01 |
| (b) Intangible assets | 4 | - | 754.14 |
| (d) Other non-current assets | 5 | 1,40,315.45 | 128,634,366 |
| Total Non-current assets | | 2,22,345.53 | 265,969.52 |
| Current assets | | | |
| (a) Inventories | 6 | - | 17,379.34 |
| (b) Financial Assets | | | |
| (I) trade receivables | 7 | 13,951.00 | 45,522.54 |
| (ii) Cash and cash equivalents | 8 | 2,071.52 | 170.39 |
| (iii) Bank balances other than (ii) above | 9 | 580.61 | 1,320.68 |
| (c) Other current assets | 10 | 34,684.15 | 6,263.72 |
| Total Current assets | | 51,287.28 | 70,656.66 |
| TOTAL ASSETS | | 2,73,632.81 | 336,626.18 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 11 | 70,000.00 | 70,000.00 |
| (b) Other Equity | 12 | 1,73,416.36 | 166,600.79 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) borrowings | 13 | - | 14,966.81 |
| (b) Provisions | 14 | 3,98.39 | 8,251.18 |
| (c) Deferred tax liabilities (Net) | 15 | 18,310.59 | 15,962.70 |
| Total Non-current liabilities | | 18,708.98 | 39,180.69 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) borrowings | 16 | 4,452.35 | 42,683.86 |
| (ii) Trade payables | 17 | | |
| - Due to Micro & Small Enterprises | | 175.75 | 1,586.56 |
| - Due to Others | | 2,858.07 | 5,597.41 |
| (b) Other current liabilities | 18 | 2,473.61 | 9,301.27 |

LIPPI SYSTEMS LIMITED

| BALANCE SHEET AS AT MARCH 31, 2022 | | | |
|-------------------------------------|-------|------------------------|------------------------|
| (Amounts in Rs. '000) | | | |
| Particulars | Notes | As at 31st March, 2022 | As at 31st March, 2021 |
| (c) Provisions | 19 | 1,547.69 | 1,675.58 |
| Total Current liabilities | | 11,507.47 | 60,844.70 |
| TOTAL EQUITY AND LIABILITIES | | 2,73,632.81 | 3,36,626.18 |

Significant Accounting Policies Notes on Financial Statements

As per our Report of even date **For and on behalf of the Board**

For Vijay Moondra & Co.
Chartered Accountants
(Firm Reg. No.: 112308W)

**(CA Vinit Moondra)
Partner
M.No.: 119398**

**Nandlal J. Agarwal
(Chairman & M.D.)
(DIN : 00336556)**

Kunal Nandlal Agrawal
(Director)
(DIN:00169324)

Place : Ahmedabad
Date : May 30, 2022

Gopal D. Sharma
(CFO)

**Darshan B. Shah
(Company Secretary)**

LIPPI SYSTEMS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2022

(Amounts in Rs. '000)

| Particulars | Notes | 2021-22 | 2020-21 |
|--|-------|---|---|
| I INCOME | | | |
| Revenue from operations | 20 | 1,05,854.54 | 1,30,865.58 |
| Other income | 21 | 39,713.70 | 8,247.885 |
| Total Income | | 1,45,568.70 | 1,39,113.42 |
| II EXPENSES | | | |
| Cost of materials consumed | 22 | 40,594.40 | 45,157.62 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 23 | 59.37 | (0.94) |
| Employee benefits expense | 24 | 25,177.35 | 28,157.49 |
| Finance costs | 25 | 4,145.66 | 6,763.56 |
| Depreciation and amortization expense | 26 | 13,031.84 | 14,497.58 |
| Other expenses | 27 | 50,623.92 | 49,652.78 |
| Total Expenses | | 1,33,632.52 | 144,228.09 |
| III Profit/(loss) before exceptional items and tax | | 11,935.71 | 5,114.67 |
| IV Exceptional Items | | - | - |
| V Profit/(loss) before tax (5-6) | | 11,935.71 | (5,114.67) |
| VI Tax Expenses | | | |
| Current Tax / MAT | 15 | 2,013.76 | 199.49 |
| MAT Credit Entitlement | | (803.50) | - |
| Deferred Tax Provision / (Reversal) | | 2,347.89 | (1,079.14) |
| VII Profit (Loss) for the year | | 3,558.15 | (879.65) |
| VIII Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | (1,561.99) | 382.56 |
| Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| Items that will be reclassified to profit or loss | | - | - |
| Income tax relating to items that will be reclassified to profit or loss | | - | - |
| IX Total Comprehensive Income for the year | | 6,815.57 | (3,852.45) |
| X Earnings per Share | | | |
| Basic and Diluted (Face Value of Rs. 10 each fully paid up) | 31 | 1.20 | (0.61) |
| Statements | | 1 to 40 | |
| As per our Report of even date | | For and on behalf of the Board | |
| For Vijay Moondra & Co. Chartered Accountants (Firm Reg. No.: 112308W) | | | |
| (CA Vinit Moondra) Partner M.No.: 119398 | | Nandlal J. Agarwal (Chairman & M.D.) (DIN : 00336556) | Kunal Nandlal Agrawal (Director) (DIN:00169324) |
| Place : Ahmedabad Date : May 30, 2022 | | Gopal D. Sharma (CFO) | Darshan B. Shah (Company Secretary) |

LIPPI SYSTEMS LIMITED

| CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st, 2022 | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Particulars | For the year ended | | For the year ended | |
| | 31.03.2022 | 31.03.2022 | 31.03.2021 | 31.03.2021 |
| A. Cash flow from operating activities | | | | |
| Net Profit / (Loss) before tax | | 11,935.71 | | (5,114.67) |
| <u>Non-cash adjustment to reconcile profit before tax to net cash flows</u> | | | | |
| Other Comprehensive Income | (1,561.99) | | 382.56 | |
| Depreciation/ amortisation on continuing operation | 13,031.84 | | 14,497.58 | |
| Windmill Income | (4,520.77) | | (4,925.12) | |
| Interest income | (568.22) | | (1,191.49) | |
| Finance Cost | 4,145.66 | | 6,763.56 | |
| Loss on sale of Fixed Assets | - | | 17.86 | |
| Profit on sale of Fixed Assets | (33,333.84) | | - | |
| Profit on sale of Investment | - | (22,807.33) | (37.81) | 15,507.15 |
| Operating profit / (loss) before working capital changes | | (10,871.62) | | 10,392.48 |
| <u>Movements in working capital:</u> | | | | |
| Decrease/ (increase) in inventories | 17,379.34 | | 1,153.98 | |
| Decrease/ (increase) in trade receivables | 31,571.54 | | 12,379.38 | |
| Decrease/ (increase) in other current assets | (28,619.92) | | 255.13 | |
| Increase/ (decrease) in other current liabilities | (6,827.66) | | 206.11 | |
| Increase/ (decrease) in trade payables | (4,150.16) | | 972.77 | |
| Increase/ (decrease) in long-term provisions | (7,852.79) | | 875.77 | |
| Increase/ (decrease) in short-term provisions | (1,428.79) | | 176.15 | |
| | | 71.56 | | |
| Cash generated from /(used in) operations | | (10,800.06) | | 16,019.29 |
| Direct taxes paid (net of refunds) | | 290.12 | | 26,411.77 |
| Net cash flow from / (used in) operating activities (A) | | (10,509.94) | | (1,190.61) |
| B. Cash flow from investing activities | | | | 25,221.16 |
| Interest received | 568.22 | | 1,191.49 | |
| Movement in Long-term loans & advances | (11,681.08) | | (25,008.11) | |
| Windmill Income | 4,520.77 | | 4,925.12 | |
| Decrease / (Increase) in Bank deposits | 740.07 | | 439.96 | |
| Purchase of Fixed Assets | (2,162.90) | | (2,459.43) | |
| Sale of Investment | - | | 2,750.00 | |
| Sale of Fixed Assets | 77,769.97 | | 16.00 | |
| Net cash flow from / (used in) investing activities (B) | | 69,755.05 | | (18,144.97) |

LIPPI SYSTEMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st, 2022

(Amounts in Rs. '000)

| Particulars | For the year ended | | For the year ended | |
|--|--------------------|-------------|--------------------|------------|
| | 31.03.2022 | 31.03.2022 | 31.03.2021 | 31.03.2021 |
| C. Cash flow from financing activities | | | | |
| Finance cost | (4,145.66) | | (6,763.56) | |
| Proceeds / (Repayment) of Long Term Borrowings | (14,966.81) | | 5,958.95 | |
| Proceeds from Short Term Borrowings | (38,231.52) | | (6,326.65) | |
| Net cash flow from / (used in) financing activities (C) | | (57,343.98) | | (7,131.26) |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | | 1,901.13 | | (55.08) |
| Cash and cash equivalents at the beginning of the year | | 170.39 | | 225.46 |
| Cash and cash equivalents at the end of the year | | 2,071.52 | | 170.39 |
| Reconciliation of Cash and Bank Balances with the Balance Sheet | | | | |
| Cash and Bank Balances as per Balance Sheet (refer note 9 & 10) | | 2,652.13 | | 1,491.07 |
| Less: Bank Balances not considered as Cash and Cash Equivalents | | (580.61) | | (1,320.68) |
| Cash and Cash Equivalents as at the end of the year | | 2,071.52 | | 170.39 |
| Components of cash and cash equivalents | | | | |
| Cash on Hand | | 79.44 | | 170.39 |
| Balance with banks in current accounts | | 1,992.08 | | - |
| Total Cash and cash equivalents | | 2,071.52 | | 170.39 |

As per our Report of even date

For and on behalf of the Board

For Vijay Moondra & Co.

Chartered Accountants
(Firm Reg. No.: 112308W)

(CA Vinit Moondra)
Partner
M.No.: 119398

Nandlal J. Agarwal
(Chairman & M.D.)
(DIN : 00336556)

Kunal Nandlal Agrawal
(Director)
(DIN:00169324)

Place : Ahmedabad
Date : May 30, 2022

Gopal D. Sharma
(CFO)

Darshan B. Shah
(Company Secretary)

LIPPI SYSTEMS LIMITED

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

a. Equity Share Capital

(Amounts in Rs. '000)

| Particulars | As at 31st March, 2022 | | As at 31st March, 2021 | |
|---|------------------------|------------------|------------------------|------------------|
| | Nos. | Rs. | Nos. | Rs. |
| Equity shares of Rs. 10 each | | | | |
| Fully paid up | 7,000.00 | 70,000.00 | 7,000.00 | 70,000.00 |
| Add : amount received on forfeited shares | - | - | - | - |
| | 7,000.00 | 70,000.00 | 7,000.00 | 70,000.00 |

b. Other Equity

(Amounts in Rs. '000)

| Particulars | Reserves and Surplus | | | | Total |
|---|----------------------------|-----------------|-----------------|-----------------------------------|-----------------------------------|
| | Securities Premium Reserve | Capital Reserve | General Reserve | Retained Earnings | |
| Balance at 1st April, 2020 | 64,000.00 | 1,500.00 | - | 1,04,953.25 (4,235.01) | 1,70,453.25 (4,235.01) |
| Profit for the year | - | - | - | - | - |
| Changes in accounting policy or prior period errors | - | - | - | - | - |
| Restated balance at the beginning of the current reporting period | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | 382.56 | 382.56 |
| Balance at 31st March, 2021 | 64,000.00 | 1,500.00 | - | 1,01,100.79 | 1,66,600.79 |
| Balance at 1st April, 2021 | 64,000.00 | 1,500.00 | - | 1,01,100.79 8,377.56 | 1,66,600.79 8,377.56 |
| Profit for the year | - | - | - | - | - |
| Changes in accounting policy or prior period errors | - | - | - | - | - |
| Restated balance at the beginning of the current reporting period | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | (1,561.99) | (1,561.99) |
| Balance at 31st March, 2022 | 64,000.00 | 1,500.00 | - | 1,07,916.36 | 1,73,416.36 |

As per our Report of even date

For and on behalf of the Board

For Vijay Moondra & Co.
Chartered Accountants
(Firm Reg. No.: 112308W)

(CA Vinit Moondra)
Partner
M.No.: 119398

Place : Ahmedabad
Date : May 30, 2022

Nandlal J. Agarwal
(Chairman & M.D.)
(DIN : 00336556)

Gopal D. Sharma
(CFO)

Kunal Nandlal Agrawal
(Director)
(DIN:00169324)

Darshan B. Shah
(Company Secretary)

LIPPI SYSTEMS LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2022

3. Property, Plant And Equipment

| Particular | Land | Building | Plant and Equipment | Solar Plant | Furniture and fixtures | Vehicles | Electric installation | Office equipment | Computers | Windmill | Total |
|--|-----------------|------------------|---------------------|-----------------|------------------------|-----------------|-----------------------|------------------|------------------|------------------|--------------------|
| Gross Block | | | | | | | | | | | |
| Balance as at 1st April,2021 | 2,533.00 | 41,379.23 | 2,112,347.06 | 9,033.68 | 6,852.19 | 8,252.46 | 10,592.05 | 5,142.30 | 5,742.37 | 97,973.77 | 3,99,848.10 |
| Additions | - | - | 1,159.20 | - | - | - | 427.00 | 183.78 | 392.92 | - | 2,162.90 |
| Disposals | - | - | (2,112,729.82) | - | - | - | (11,019.05) | - | (4,571.70) | - | - |
| Reclassification as held for sale | | | | | | | | | | | |
| Balance as at 31st March,2022 | 2,533.00 | 41,379.23 | 776.44 | 9,033.68 | 6,852.19 | 8,252.46 | - | 5,326.08 | 1,563.59 | 97,973.77 | 1,73,690.43 |
| Accumulated Depreciation | | | | | | | | | | | |
| Balance as at 1st April,2021 | - | 19,404.41 | 1,68,034.80 | 1,723.33 | 5,864.44 | 3,600.30 | 9,396.42 | 4,135.64 | 4,311.17 | 46,796.58 | 2,63,267.09 |
| Deduction & Adjustment | - | - | (1,71,217.25) | - | - | - | (9,641.34) | - | (3,606.50) | - | (1,84,465.08) |
| Depreciation for the period | 1,542.37 | 3,335.54 | 571.83 | 139.59 | 794.52 | 244.91 | 260.96 | 475.98 | 5,492.64 | 12,858.34 | - |
| Reclassification as held for sale | | | | | | | | | | | |
| Balance as at 31st March,2022 | - | 20,946.78 | 153.09 | 2,295.16 | 6,004.03 | 4,394.82 | - | 4,396.60 | 1,180.66 | 52,289.22 | 91,660.35 |
| Net Carrying Amount | | | | | | | | | | | |
| Balance as at 31st March,2021 | 2,533.00 | 21,974.82 | 44,312.26 | 7,310.36 | 987.75 | 4,652.15 | 1,195.62 | 1,006.66 | 1,431.20 | 51,177.19 | 1,36,581.01 |
| Balance as at 31st March,2022 | 2,533.00 | 20,432.45 | 623.35 | 6,738.52 | 848.16 | 3,857.64 | - | 929.48 | 45,684.55 | 82,030.09 | |

LIPPI SYSTEMS LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2022

4. Intangible Assets (Amounts in Rs. '000)

| Particulars | Computer & Software |
|--|---------------------|
| Gross Amount | |
| Balance as at 31st March, 2021 | 28,440.41 |
| Additions | 28,440.41 |
| Disposals | |
| Reclassification as held for sale | |
| Balance as at 31st March , 2022 | - |
| | |
| Accumulated Depreciation | |
| Balance as at 31st March, 2021 | 27,686.27 |
| Deduction & Adjustment | 27,859.77 |
| Depreciation for the period | 173.50 |
| Reclassification as held for sale | |
| Balance as at 31st March, 2022 | - |
| | |
| Net carrying amount | |
| Balance as at 31st March ,2021 | 754.14 |
| Balance as at 31st March ,2022 | - |

5. Other Non current Assets (Amounts in Rs. '000)

| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 |
|---|-----------------------------|-----------------------------|
| Advance Against Capital Goods (unsecured, considered good) | 1,500.00 | 457.63 |
| Capital Advances | 1,26,400.00 | 1,16,400.00 |
| Advances other than capital advances | | |
| Security Deposit | 1,879.82 | 2,244.10 |
| MAT Credit Entitlement (refer note 5.1) | 10,535.63 | 9,532.65 |
| Total | 1,40,315.45 | 1,28,634.37 |

5.1 MAT credit entitlement :

Based on the assessment of the future taxable income, the Management is of the opinion that there is convincing evidence that the company will pay normal income tax within the specified period during which MAT credit is available for set off.

LIPPI SYSTEMS LIMITED

| 6. Inventories | | | (Amounts in Rs. '000) | | | | | |
|---|-----------------------|--|-----------------------|-----------------------------|-----------------------|-----------|--|--|
| Particulars | | Balance as at 31.03.2022 | | Balance as at 31.03.2021 | | | | |
| Raw materials | | - | | 13,837.33 | | | | |
| Finished goods | | - | | 59.37 | | | | |
| Stores, chemicals and packing materials | | - | | 3,482.65 | | | | |
| Total | | - | | 17,379.34 | | | | |
| 7. Trade receivables (current) | | | (Amounts in Rs. '000) | | | | | |
| Particulars | | Balance as at 31.03.2022 | | Balance as at 31.03.2021 | | | | |
| Unsecured, considered good | | 13,951.00 | | 45,522.54 | | | | |
| Less : Doubtful | | - | | - | | | | |
| Total | | 13,951.00 | | 45,522.54 | | | | |
| 7.1 Ageing of Trade Receivables | | | | | | | | |
| a. Undisputed Trade receivables : | | | | | | | | |
| (Amounts in Rs. '000) | | | | | | | | |
| | | Outstanding for following periods from due date of payment | | | | | | |
| Particulars | Less than 6 months | 6 months – 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | Total | | |
| - Considered Good | 9,808.56 | 1,758.37 | 113.63 | 133.94 | 24.78 | 11,839.28 | | |
| - which have significant increase in - credit risk | - | - | - | - | - | - | | |
| credit impaired | - | - | - | - | - | - | | |
| b. Disputed Trade Receivables : | | | | | (Amounts in Rs. '000) | | | |
| | | Outstanding for following periods from due date of payment | | | | | | |
| Particulars | Less than 6 months | 6 months – 1 year | 1 - 2 year | 2 - 3 year | More than 3 years | Total | | |
| Considered Good | 134.82 | 101.82 | 500.98 | 137.65 | 1,236.45 | 2,111.72 | | |
| 8. Cash and cash equivalents | | | | | (Amounts in Rs. '000) | | | |
| Particulars | | Balance as at 31.03.2022 | | Balance as at 31.03.2021 | | | | |
| Balances with banks | | 1,992.08 | | - | | | | |
| Cash on hand | | 79.44 | | 170.39 | | | | |
| Total | | 2,071.52 | | 170.39 | | | | |

LIPPI SYSTEMS LIMITED

| 9. Bank balances other than mentioned in cash and cash equivalents | | | (Amounts in Rs. '000) | |
|---|-----------------------------|-----------------------------|------------------------|------------------|
| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 | | |
| Fixed Deposits with Banks (lodged against buyers credit and letter of credit) | 580.61 | 1,320.68 | | |
| Total | 580.61 | 1,320.68 | | |
| 10. Other Current Assets | | | (Amounts in Rs. '000) | |
| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 | | |
| Other advances | | | | |
| Staff advance | 1,797.90 | 2,736.33 | | |
| Prepaid expenses | 135.50 | 290.97 | | |
| Loans & Advances to Others | 30,034.52 | - | | |
| Advances recoverable in cash or in kind | 699.58 | 1,020.28 | | |
| Balance with Income Tax Authorities | 2,016.65 | 2,216.13 | | |
| Total | 34,684.15 | 6,263.72 | | |
| 11. Share capital | | | (Amounts in Rs. '000) | |
| Particulars | As at 31st March, 2022 | | As at 31st March, 2021 | |
| | Units | Rs. | Units | Rs. |
| Authorised Share | | | | |
| Capital : | | | | |
| Equity Shares of | | | | |
| Rs. 10 each | 10,000.00 | 1,00,000.00 | 10,000.00 | 1,00,000.00 |
| Issued & Subscribed : | | | | |
| Equity Shares of | | | | |
| Rs. 10 each | 7,000.00 | 70,000.00 | 7,000.00 | 70,000.00 |
| Paid Up : | | | | |
| Fully paid up | 7,000.00 | 70,000.00 | 7,000.00 | 70,000.00 |
| Add : amount received on forfeited shares | - | - | - | - |
| | 7,000.00 | 70,000.00 | 7,000.00 | 70,000.00 |

LIPPI SYSTEMS LIMITED

11.1 The reconciliation of the no. of shares outstanding is set out below : (Amounts in Rs. '000)

| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 |
|------------------------------------|-----------------------------|-----------------------------|
| Equity shares | | |
| At Beginning of the period | 7,000.00 | 7,000.00 |
| Add : Issued during the year | - | - |
| Less : Bought back during the year | - | - |
| At End of the period | 7,000.00 | 7,000.00 |

11.2 Details of shareholders holding more than 5% shares (Amounts in Rs. '000)

| Name of the shareholder | As at 31st March, 2022 | | As at 31st March, 2021 | |
|--------------------------|------------------------|--------|------------------------|--------|
| | Units | Rs. | Units | Rs. |
| Mr. Kunal N. Agrawal | 1,026.00 | 14.66% | 1,026.00 | 14.66% |
| Mr. Nandlal J. Agrawal | 1,474.90 | 21.07% | 1,474.90 | 21.07% |
| Ms. Neha Nandlal Agarwal | 426.57 | 6.09% | 426.57 | 6.09% |
| Mrs. Shashiben G. Gupta | 646.70 | 9.24% | 646.70 | 9.24% |
| Mr. Dhwarka Vithal Naik | 425.09 | 6.07% | 448.72 | 6.41% |
| Ms. Sangeetha S | 352.02 | 5.03% | 363.08 | 5.19% |

11.3 Shares held by Promoter & Promoter Group

| Promoters' name | No. of Shares | % of total shares | % Change during the year |
|-------------------------------|------------------|-------------------|--------------------------|
| Mr. Kunal N. Agrawal | 10,26,000 | 14.66% | - |
| Mr. Nandlal J. Agrawal | 14,74,895 | 21.07% | - |
| Ms. Neha Nandlal Agarwal | 4,26,574 | 6.09% | - |
| Mrs. Shashikalaben N. Agrawal | 6,46,700 | 9.24% | - |
| Mr. Chimanlal J Agrawal | 11,300 | 0.16% | - |
| Mr. Sanjay C Agrawal | 9,300 | 0.13% | - |
| Mrs. Shilpa C Agrawal | 3,200 | 0.05% | - |
| Mrs. Payal C Agrawal | 2,400 | 0.03% | - |
| Mrs. Satyawati Agrawal | 1,900 | 0.03% | - |
| Suryanagri Fin Lease Limited | 15,500 | 0.22% | - |
| Total | 36,17,769 | 51.86% | - |

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11.3 The Company has only one class of shares i.e. equity shares. All equity shares carry equal rights with respect to voting and dividend.

11.4 In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.

12. Other Equity

(Amounts in Rs. '000)

| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 |
|---|-----------------------------|-----------------------------|
| SECURITIES PREMIUM | 64,000.00 | 64,000.00 |
| CAPITAL RESERVE: | | |
| State Subsidy | 1,500.00 | 1,500.00 |
| SURPLUS IN STATEMENT OF PROFIT AND LOSS: | | |
| Balance at the beginning of the Year | 1,01,100.79 | 1,04,953.25 |
| Add: Profit after tax for the Year | 6,815.57 | (3,852.45) |
| Restatement effect due to Ind AS | - | - |
| Amount available for Appropriaion | 1,07,916.36 | 1,01,100.79 |
| Less: Appropriations | - | - |
| Balance at the end of the Year | 1,07,916.36 | 1,01,100.79 |
| Total | 1,73,416.36 | 1,66,600.79 |

13. Borrowings (Non Current)

(Amounts in Rs. '000)

| Non-current interest-bearing loans and borrowings | Balance as at 31.03.2022 | Balance as at 31.03.2021 |
|---|-----------------------------|-----------------------------|
| (A) Term loans from banks | | |
| Secured | - | 14,966.81 |
| Total | - | 14,966.81 |

13.1 Details of Loans

- I. In FY 2016-17, all the rupee term loans of the company were converted into foreign currency (USD) term loans vide sanction dated 28/10/2016. The outstanding amount of the respective rupee term loans was converted into equivalent USD at the then prevailing rate of USD / INR of 73.78. Accordingly even the repayments are now scheduled to be made in USD.
- ii. Outstanding Term loan of USD 1,49,977 i.e. equivalent to Rs. 110.65 Lakhs as on

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31/03/2021 (including an amount of Rs. 47.23 Lakhs classified under current maturities of long term debt) relates to acquisition indigenous windmill turbine. The interest on the said loan is charged at 6M libor + 4.50%. It is secured by the hypothecation of the windmill acquired from the said loan. The loan is repayable in monthly installments of USD 5,335.09 and is expected to be repaid by July, 2023. (refer note vi below)

- iii. The company has availed working capital loans of USD 3,02,378.71 (USD 3,03,610 outstanding as on 31/03/2021) and cash credit facility in INR of Rs. 2.25 Crs. from Indian Overseas Bank. The Interest on working capital loans in foreign currency is charged at 6M libor + 4.50% and on cash credit facility at 1 year MCLR + 0.20 %(SP)+ 1.40 %(RP)s. The said loans are secured against hypothecation of entire current assets of the company. (refer note vi below)
 - iv. During the year, the company has availed Term loan of Rs. 115 Lakhs (including an amount of Rs. 28.75 Lakhs classified under current maturities of long term debt) which is sanctioned under Gauranteed Emergency Credit Line scheme. The interest on the said loan is charged at RLLR(presently 7.25%) + 1%. The loan is repayable in 36 monthly installments of Rs.3,19,444/- and is expected to be repaid by June, 2024. (refer note vi below)
 - v. The company has provided the following as collateral securities for the above loans and working capital facilities:
 - (a) Equitable mortgage followed by registered memorandum on Factory Land & Building situated at 540/P-2, Village Rakanpur Sola, Satej Road, Kalol in the name of the Company, (b) Plant & Machinery and other Misc. Assets of the Company and (c) Freehold NA Land at village Ranchodpura, Taluka Kalol in the name of M/s. Satya Prakash Infrastructure Private Limited. Further the loans are backed by corporate guarantee of M/s. Satya Prakash Infrastructure Private Limited along with the personal guarantee of Shri Nandlal Agrawal and Shri Kunal Agrawal.
 - vi. During the year all the outstanding secured borrowings were repaid and the No dues certificate was issued by India Overseas bank on 07.01.2022.
- There is no continuing default in repayment of loans and interest as on March 31, 2022 for any loans under this head.

14. Provisions (Non Current)

(Amounts in Rs. '000)

| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 |
|------------------------|------------------------------------|------------------------------------|
| Provision for Gratuity | 398.39 | 8,251.18 |
| Total | 398.39 | 8,251.18 |

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| 15. Deferred Tax Liabilities (Net) | | | (Amounts in Rs. '000) |
|--|-----------------------------|-----------------------------|-----------------------|
| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 | |
| Liability Relating to earlier years | 15,962.70 | 17,041.84 | |
| Add/(Less): Charge/(Credit) to Statement of Profit & Loss | 2,347.89 | (1,079.14) | |
| Net Total | 18,310.59 | 15,962.70 | |
| 15.1 Component of Deferred Tax Liabilities (Net) | | | (Amounts in Rs. '000) |
| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 | |
| Deferred Tax Liabilities | | | |
| On Account of Depreciation | 18,417.49 | 18,539.08 | |
| On Account of MTM | - | - | |
| Total (A) | 18,417.49 | 18,539.08 | |
| Deferred Tax Assets | | | |
| Disallowance U/S.43B (Gratuity Provision) | 106.90 | 2,576.37 | |
| Total (B) | 106.90 | 2,576.37 | |
| Deferred Tax Liabilities (Net) (A-B) | 18,310.59 | 15,962.70 | |
| 16. Borrowings (Current) | | | (Amounts in Rs. '000) |
| Current interest-bearing loans and borrowings | Balance as at 31.03.2022 | Balance as at 31.03.2021 | |
| From banks | | | |
| - Secured | - | 42,326.04 | |
| Loan & Deposit from Related Parties | | | |
| - Unsecured | 4,452.35 | 357.83 | |
| Total | 4,452.35 | 42,683.86 | |
| For details of working capital loans, please refer point no. 13.1. | | | |
| There is no default in repayment of loan and interest as on March 31, 2022 for any borrowings under this head. | | | |
| 17. Trade Payables (Current) | | | (Amounts in Rs. '000) |
| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 | |
| Unsecured | | | |
| Total outstanding dues of micro enterprises and small enterprises | 175.75 | 1,586.57 | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,858.07 | 5,597.41 | |
| Total | 3,033.82 | 7,183.98 | |

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| 17.1 Disclosures u/s 22 of Micro, Small and Medium Enterprises development Act, 2006 (MSMED ACT) | | |
|--|-----------------------------|-----------------------------|
| | (Amounts in Rs. '000) | |
| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 |
| Principal amount remaining unpaid to any supplier as at the end of accounting year | 175.75 | 1,586.57 |
| Interest due thereon | - | - |
| Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year | - | - |
| Amount of interest due and payable for the reporting period of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED | - | - |
| Amount of interest accrued and remaining unpaid at the end of the accounting year. | - | - |
| Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act. | - | - |
| <p>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.</p> | | |

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17.2 Ageing of Trade Payables

a. Undisputed :

(Amounts in Rs. '000)

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|-------------|--|-----------|-----------|------------|-------------------|----------|
| | Less than 1 year | 1-2 years | 2-3 years | 2 - 3 year | More than 3 years | |
| - MSME | 175.75 | - | - | - | - | 175.75 |
| - Others | 2,678.07 | 180.00 | - | - | - | 2,858.07 |

b. Disputed :

(Amounts in Rs. '000)

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|-------------|--|-----------|-----------|------------|-------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | 2 - 3 year | More than 3 years | |
| - MSME | - | - | - | - | - | - |
| - Others | - | - | - | - | - | - |

18. Other Current liabilities

(Amounts in Rs. '000)

| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 |
|---|-----------------------------|-----------------------------|
| | | |
| Current maturities of long-term debt (refer note no. 13.1) | - | 7,598.47 |
| Creditors for capital expenditure | 27.36 | 27.36 |
| Statutory Dues | 123.07 | 1,675.44 |
| Other payables (refer note no. 18.1) | 2,323.19 | - |
| Total | 2,473.61 | 9,301.27 |

18.1 Other Payables include advance received from customers.

19. Provisions (Current)

(Amounts in Rs. '000)

| Particulars | Balance as at 31.03.2022 | Balance as at 31.03.2021 |
|---------------------------------------|-----------------------------|-----------------------------|
| | | |
| Provisions for Employee Benefits | | |
| Provision for salary & reimbursements | 234.04 | 17.64 |
| Provision for gratuity | 12.76 | 1,657.95 |
| Others: | | |
| Provision for income tax | 1,300.90 | - |
| Total | 1,547.70 | 1,675.59 |

20. Revenue from operations

(Amounts in Rs. '000)

| Particulars | 2021-22 | 2020-21 |
|------------------|--------------------|--------------------|
| | | |
| Sale of Products | 1,05,854.54 | 1,30,865.58 |
| TOTAL | 1,05,854.54 | 1,30,865.58 |

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| 20.1 Sale of Products | | | (Amounts in Rs. '000) |
|--|--------------------|--------------------|-----------------------|
| Name of Products | 2021-22 | 2020-21 | |
| Sales | 76,830.05 | 95,789.35 | |
| Re Engraving Receipt | 29,024.48 | 35,032.43 | |
| Export Sales | - | 43.80 | |
| TOTAL | 1,05,854.54 | 1,30,865.58 | |
| 21. Other income | | | (Amounts in Rs. '000) |
| Name of Products | 2021-22 | 2020-21 | |
| Interest Income | 568.22 | 1,191.49 | |
| Profit on Sale of Investment | - | 37.81 | |
| Income from Windmill | 4,520.77 | 4,925.12 | |
| Profit on Sale of Assets | 33,333.84 | - | |
| Other Non-Operating Income | 1,290.87 | 2,093.44 | |
| Total | 39,713.70 | 8,247.85 | |
| 22. Cost of materials consumed | | | (Amounts in Rs. '000) |
| Name of Products | 2021-22 | 2020-21 | |
| Opening Stock | 13,837.33 | 14,866.82 | |
| Add : Purchases | 26,757.07 | 44,128.13 | |
| Sub Total | 40,594.40 | 58,994.94 | |
| Less : Closing Stock | - | 13,837.33 | |
| Total | 40,594.40 | 45,157.62 | |
| 22.1 Analysis of Raw Materials Consumed | | | (Amounts in Rs. '000) |
| Name of Products | 2021-22 | 2020-21 | |
| Opening Stock | 13,837.33 | 14,866.82 | |
| Add : Purchases | 26,757.07 | 44,128.13 | |
| Sub Total | 40,594.40 | 58,994.94 | |
| Less : Closing Stock | - | 13,837.33 | |
| Total | 40,594.40 | 45,157.62 | |

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| 22.1 Analysis of Raw Materials Consumed | | | (Amounts in Rs. '000) | |
|--|-------------------|-------------------------------|-----------------------|-------------------------------|
| Particulars | 2021-22 | | 2020-21 | |
| | Amount Rs. | % of Total Consumption | Amount Rs. | % of Total Consumption |
| Imported | - | - | 337.54 | 0.75% |
| Indigenous | 40,594.40 | 100.00% | 44,820.08 | 99.25% |
| Total | 40,594.40 | 0.00 | 45,157.62 | 0.00 |

| 23. Changes in Inventories of Finished goods and Waste | | | (Amounts in Rs. '000) | |
|---|--|----------------|-----------------------|----------------|
| Particulars | | 2021-22 | | 2020-21 |
| Closing Stock | | | - | 59.37 |
| Finished goods / stock-in-trade | | | - | 59.37 |
| Total | | | - | 59.37 |
| Opening Stock | | | 59.37 | 58.42 |
| Finished goods / stock-in-trade | | | 59.37 | 58.42 |
| Total | | | 59.37 | (0.94) |
| Total (Increase) / Decrease In Stock | | | | |

| 24. Employee benefits expense | | | (Amounts in Rs. '000) | |
|---|--|------------------|-----------------------|------------------|
| Particulars | | 2021-22 | | 2020-21 |
| Salaries and wages | | 23,888.04 | | 26,296.78 |
| Contribution to provident and other funds | | 152.33 | | 174.64 |
| Staff welfare expenses | | 502.89 | | 233.36 |
| Gratuity (refere note 24.1) | | 634.10 | | 1,452.71 |
| Total | | 25,177.35 | | 28,157.49 |

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24.1 Additional disclosures relating to Employee Benefit Obligations/ Expenses

(I) Post Employment Defined Contribution Plan

The Company contributes to the Provident Fund (PF) maintained by the Regional Provident Fund Commissioner. Under the PF scheme contributions are made by both the Company and its eligible employees to the Fund, based on the current salaries. An amount of Rs.1,52,327 (31st March 2021 : Rs. 1,74,643) has been charged to the Statement of Profit and Loss towards Company's contribution to the aforesaid PF scheme. Apart from making monthly contribution to the scheme, the Company has no other obligation.

(ii) Post Employment Defined Benefit Plan-Gratuity (Funded) The Company provides for Gratuity, a defined benefit retirement plan covering eligible employees.

A. Defined Contribution Plans

Contributions to defined contribution plans, recognised as expense for the year is as under :

| Particulars | 2021-22 | 2020-21 |
|--|---------|---------|
| Employer's contribution to provident fund and pension fund | 152.33 | 174.64 |

B. Defined Benefit Plans

Contributions to defined benefit plan is as under :

| Change in defined benefit obligation | 2021-22 | 2020-21 |
|--|---------------|-----------------|
| Opening defined benefit obligation | 9,909.13 | 8,838.98 |
| Current Service cost | 43.89 | 921.69 |
| Interest cost | 590.21 | 531.02 |
| Actuarial losses (gains) due to change in financial assumption | (57.89) | 38.45 |
| Actuarial losses (gains) due to experience adjustments | 1,619.88 | (421.01) |
| Benefit paid | (11,694.07) | - |
| Closing defined benefit obligation | 411.15 | 9,909.13 |

| Change in plan assets | 2021-22 | 2020-21 |
|-----------------------------------|---------|---------|
| 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 | - | - |

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| Reconciliation of fair value of assets and obligations | 2021-22 | 2020-21 |
|---|--|--|
| Fair value of plan assets | - | - |
| Present value of obligation | 411.15 | 9,909.13 |
| Amount recognised in Balance Sheet | 411.15 | 9,909.13 |
| <hr/> | | |
| The net amount recognised in the Statement of Profit & Loss for the year ended 31st March,2021 | 2021-22 | 2020-21 |
| Current service cos | 43.89 | 921.69 |
| Interest on obligation | 590.21 | 531.02 |
| Expected return on plan assets - | - | - |
| Past service cost and loss/ (gain) on curtailments and settlement | - | - |
| Total recognised in the Statement of Profit & Loss | 634.10 | 1,452.71 |
| <hr/> | | |
| The net amount recognised in Other Comprehensive Income (OCI) for the year ended 31st March,2022 | 2021-22 | 2020-21 |
| Components of actuarial (Gains)/Losses on Obligation | | |
| - Due to change in financial assumptions | 57.89) | 38.45 |
| - Due to experience adjustments | 1,619.88 | (421.01) |
| Net (income)/ expense for the period recognised in OCI | 1,561.99 | (382.56) |
| <hr/> | | |
| Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) | 2021-22 | 2020-21 |
| Discount rate | 7.35% | 7.35% |
| Expected rate of return on plan assets | - | - |
| Annual increase in salary costs | 6.00% | 6.00% |
| Withdrawal rate | 10% p.a at younger ages reducing to 2% at older ages | 10% p.a at younger ages reducing to 2% at older ages |
| Mortality table | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

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The expected maturity analysis of undiscounted gratuity benefit is as follows:

| Projected benefits Payable in Future Years from the date of Reporting: | 2021-22 | 2020-21 |
|---|----------------|----------------|
| 1st Following Year | 72.50 | 1,657.95 |
| 2nd Following Year | 13.30 | 304.11 |
| 3rd Following Year | 32.08 | 733.68 |
| 4th Following Year | 79.66 | 1,821.73 |
| 5th Following Year | 8.81 | 201.46 |
| Sum of Year 6 to year 10 | 04.81 | 4,683.80 |

Sensitivity Analysis

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

| Particulars | 2021-22 | 2020-21 |
|---|----------------|----------------|
| Project Benefit Obligation on Current Assumption | 411.15 | 9,909.13 |
| Delta Effect of +0.5% Change in Rate of Discounting | 381.51 | 9,536.44 |
| Delta Effect of -0.5% Change in Rate of Discounting | 443.97 | 10,309.11 |
| Delta Effect of +0.5% Change in Rate of Salary Increase | 431.13 | 10,281.95 |
| Delta Effect of -0.5% Change in Rate of Salary Increase | 389.25 | 9,552.45 |
| Delta Effect of 10% Change in Withdrawal rate (W.R.) | 417.44 | 9,921.58 |
| Delta Effect of -10% Change in Withdrawal rate (W.R.) | 404.56 | 9,896.07 |

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is actuarially determined upon which reliance is placed by the auditors.

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

25. Finance costs

(Amounts in Rs. '000)

| Particulars | 2021-22 | 2020-21 |
|-----------------------|-----------------|-----------------|
| Interest expense | | |
| - Bank interest | 3,494.25 | 4,918.87 |
| - Others | 95.71 | - |
| Other Borrowing Costs | 555.70 | 1,844.70 |
| Total | 4,145.66 | 6,763.56 |

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| 26.Depreciation and Amortisation expense | | | (Amounts in Rs. '000) |
|---|------------------|------------------|-----------------------|
| Particulars | 2021-22 | 2020-21 | |
| Depreciation | 12,858.34 | 14,306.50 | |
| Amortisation | 173.50 | 191.08 | |
| Total | 13,031.84 | 14,497.58 | |
| 27.Other expenses | | | (Amounts in Rs. '000) |
| Particulars | 2021-22 | 2020-21 | |
| Manufacturing Expenses | | | |
| Stores, chemicals and packing materials | 8,762.53 | 9,507.35 | |
| Freight & Cartage | 190.61 | 868.31 | |
| Processing & other expenses | 1,133.61 | 2,301.51 | |
| Power & Fuel | 8,840.62 | 10,523.70 | |
| Repairs to machinery | 1,135.63 | 2,311.17 | |
| Selling and Distribution Expenses | | | |
| Advertisement | 320.94 | 313.12 | |
| Sales Promotion & Exhibition Expenses | 1,361.34 | 898.55 | |
| Others | | | |
| Commission | 2,597.77 | 4,098.21 | |
| Travelling & Conveyance | 1,414.70 | 1,009.73 | |
| Postage & Telephone | 504.72 | 484.15 | |
| Insurance | 238.11 | 263.59 | |
| Rent, Rates & Taxes | 3,687.78 | 3,811.84 | |
| Professional & Legal Expenses | 4,855.33 | 1,652.75 | |
| Repairs & Maintenance - Buildings | 283.85 | 774.05 | |
| Repairs & Maintenance - Others | 2,783.42 | 2,301.76 | |
| Factory General Expenses | 536.31 | 1,051.74 | |
| Printing & Stationery | 904.93 | 1,028.90 | |
| Electricity Charges | 547.54 | 535.63 | |
| Auditors' Remuneration (refer note 27.3) | 50.00 | 50.00 | |
| Office Expenses | 466.32 | 517.05 | |
| Security | 596.52 | 720.57 | |
| Web & Internet Expenses | 288.28 | 241.07 | |
| Bank Charges | 242.97 | 72.32 | |

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| | | |
|------------------------------|------------------|------------------|
| Bad debts | 3,442.90 | 62.96 |
| Claim & Vatav | 1,053.51 | 976.01 |
| Sundry balance written off | 1,125.10 | - |
| Donation | 72.00 | 291.00 |
| Transmission & other charges | 2,582.71 | 2,513.69 |
| Interest on TDS & TCS | 37.30 | 9.47 |
| Interest on Indirect Tax | 90.56 | 1.76 |
| Interest on Professional Tax | 2.57 | - |
| GST Expense | 49.50 | 9.80 |
| Housekeeping Expenses | 202.47 | - |
| Misc. Expenses | 32.81 | 193.92 |
| Sales Tax | 164.28 | - |
| Penalty | 23.38 | 210.13 |
| Membership Fees | 1.00 | 29.14 |
| Loss on sale of Fixed Assets | - | 17.86 |
| Total | 50,623.92 | 49,652.78 |

27.1 Break Up of Stores and Spares Consumed (Amounts in Rs. '000)

| Particulars | 2021-22 | | 2020-21 | |
|--------------|-----------------|------------------------|------------------|------------------------|
| | Amount Rs. | % of Total Consumption | Amount Rs. | % of Total Consumption |
| Imported | - | - | 337.54 | 3.15% |
| Indigenous | 7,855.28 | 100% | 10,369.08 | 96.85% |
| Total | 7,855.28 | 0.00 | 10,706.62 | 0.00 |

27.2 CIF Value of Import (Amounts in Rs. '000)

| Particulars | 2021-22 | 2020-21 |
|-----------------|----------|---------------|
| Raw Material | - | - |
| Stores & Spares | - | 337.54 |
| Total | - | 337.54 |

27.3 Auditor Remuneration & others (Amounts in Rs. '000)

| Particulars | 2021-22 | 2020-21 |
|------------------|--------------|--------------|
| Fees as Auditors | 50.00 | 50.00 |
| Total | 50.00 | 50.00 |

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| 27.4Expenditure in Foreign Currency (Amounts in Rs. '000) | | |
|---|------------------|-----------------|
| Particulars | 2021-22 | 2020-21 |
| Bank Interest | 1,199.82 | 2,436.43 |
| Bank Loan Principle Repayment | 10,705.77 | 4,345.62 |
| Bank Charges | - | - |
| Total | 11,905.59 | 6,782.04 |

| 28.Earnings In Foreign Currency (Amounts in Rs. '000) | | |
|---|-----------------|----------------|
| Particulars | 2021-22 | 2020-21 |
| Exports :- | | |
| Direct Exports (FOB Value) | 1,154.98 | 44.40 |
| Total | 1,154.98 | 44.40 |

| | |
|------------|--|
| 29. | During the financial year ended 31st March, 2022, the Company had Disposed-off its Plant & Machineries and Inventories ("Assets") on as is where is basis for an aggregate consideration of INR 945.00 Lakhs to M/s Image Gravures ("The Buyer"). The said Sale & Disposal had been approved by the Board of Directors at their meeting held on 14th October, 2021, Shareholders of the Company by way of Postal Ballot and also by the Bankers and other regulatory authorities. Further, the Company had entered into the Sale Agreement with the Buyer on 27th December, 2021 and the said transaction has been completed on 05th January, 2022. The Company had made all the necessary intimations & disclosures as applicable to the transaction from time to time. |
| 30. | RELATED PARTY DISCLOSURES : As per the Indian Accounting Standard 24, disclosure of transactions with related parties (as identified by the management), as defined in the Indian Accounting Standard are given below: |

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| 30.1 (Amounts in Rs. '000) | | |
|---|---|----------------|
| RELATIONSHIP | 2021-22 | 2010-21 |
| 1. Holding Company: | NIL | NIL |
| 2. Subsidiary Company: | NIL | NIL |
| 3. Key Managerial personnel & their relatives: | Mr. Nandlal Agarwal, Managing Director Mr. Kunal Agarwal, Whole Time Director Mr. Minesh Shah, Whole Time Director (upto 31.03.2022) Mr. Govindbhai Thakkar, Independent Director Mr. Tirthraj pandya, Independent Director Mr. Kamlesh Sharma, Independent Director Ms. Swetal Sapra, Woman Independent Director Mrs. Shashi Nandlal Agarwal, Relative of Director M/s. Prince Enterprise, Related party Mr. Gopalkrishna Sharma, Chief Financial Officer Mr. Darshan Shah, Company Secretary | |
| 30.2 Directors Remuneration (Amounts in Rs. '000) | | |
| Particulars | 2021-22 | 2020-21 |
| Mr. Nandlal Agarwal | 1,800.00 | 1,800.00 |
| Mr. Kunal N. Agrawal | 1,200.00 | 1,200.00 |
| Mr. Minesh C. Shah | 914.49 | 1,170.00 |
| 30.3 Details of loans (Amounts in Rs. '000) | | |
| Particulars | Key Managerial Personnel (KMP) & Relatives | |
| Loan taken | 16,770.00 | |
| Loan repaid | 12,675.48 | |
| 30.4 Rent (Amounts in Rs. '000) | | |
| Particulars | 2021-22 | 2020-21 |
| Rent paid to Mrs. Shashi Nandlal Agarwal | 3,000.00 | 3,000.00 |
| Rent received from Prince Enterprise | 840.00 | 950.00 |

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31. Earning Per Share

Earning Per share is calculated by dividing the Profit / (Loss) attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The numbers used in calculating basic and diluted earning per Equity Share as stated below:

| Particulars | 2021-22 | 2020-21 |
|--|--------------|---------------|
| Profit/(Loss) for the year | 8,377.56 | (4,235.01) |
| Less: Dividend on Preference Shares | - | - |
| Net Profit / (Loss) attributable to Equity Shareholders | 8,377.56 | (4,235.01) |
| Add\Less: Extra Ordinary Items | - | - |
| Profit / (Loss) after taxation before Extra Ordinary Items | 8,377.56 | (4,235.01) |
| Number of shares outstanding during the Year | 7,000.00 | 7,000.00 |
| Number of Equity Shares for Basic EPS | 7,000.00 | 7,000.00 |
| Add : Diluted Potential Equity Shares | - | - |
| Number of Equity Shares for Diluted EPS | 7,000.00 | 7,000.00 |
| Basic Earning Per Share | 1.20 | (0.61) |
| Diluted Earning Per Share | 1.20 | (0.61) |
| Nominal Value Per Share | 10.00 | 10.00 |

32. Segment Information

The company is organised into two main business segments, namely production of engraving cylinders and generation of power from wind turbine generator. The disclosures regarding the segment information is as follows :

(Amounts in Rs. '000)

| Particulars | 2021-22 | 2020-21 |
|---|-----------------|-----------------|
| 1. Segment Revenue (Net Revenue) | | |
| a. Manufacturing of Engraved Cylinders | 1,410.47 | 1,341.88 |
| b. Power Generation through Windmill | 45.21 | 9.25 |
| TOTAL | 1,455.68 | 1,391.13 |
| 2. Segment Result | | |
| Profit before tax and interest | | |
| a. Manufacturing of Engraved Cylinders | 196.36 | 50.65 |
| b. Power Generation through Windmill | (35.55) | (34.16) |
| | 160.81 | 16.49 |
| Less : Interest | 41.46 | 67.64 |
| Total Profit / (loss) before tax | 119.36 | (51.15) |

LIPPI SYSTEMS LIMITED

33. Risk measurement, Objectives and Policies

33.1 Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings in domestic & foreign currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and how the Company is managing such risk.

The company's Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

33.2 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and others. In addition, credit risk arises from financial guarantees.

The Company implements a credit risk management policy under which the Company only transacts business with counterparties that have a certain level of credit worthiness based on internal assessment of the parties, financial condition, historical experience, and other factors. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component that are expected to occur. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Debt securities are analyzed individually, and an expected loss shall be

LIPPI SYSTEMS LIMITED

directly deducted from debt securities.

Credit risk also arises from transactions with financial institutions, and such transactions include transactions of cash and cash equivalents and various deposits. The Company manages its exposure to this credit risk by only entering into transactions with banks that have high ratings. The Company's treasury department authorizes, manages, and oversees new transactions with parties with whom the Company has no previous relationship.

The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly.

(a) The ageing analysis trade receivables from the date the invoice falls due is given below :

(Amounts in Rs. '000)

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|----------------------------|---------------------|---------------------|
| Up to 3 months | | 25,491.34 |
| 3 to 6 months | 9,943.38 | 14,981.70 |
| 6 to 12 months | 1,860.19 | 11,464.39 |
| Beyond 12 months | 2,147.43 | 5,964.48 |
| Gross Carrying Amount | 13,951.00 | 57,901.91 |
| Expected Credit Losses | - | - |
| Net Carrying Amount | 13,951.00 | 57,901.91 |

(b) Details of single customer accounted for more than 10% of the accounts receivable as at 31st March 2022 and 31st March 2021 (Amounts in Rs. '000)

| Name of Customer | As at 31.03.2022 | As at 31.03.2021 |
|----------------------------|---------------------|---------------------|
| Makers Polyfilms Pvt. Ltd. | - | 4,031.97 |
| Uma converter limited | - | 3,805.81 |
| Phoenix Flexibles Pvt Ltd | - | 4,286.29 |

(c) Details of single customer accounted for more than 10% of revenue for the year ended at 31st March 2022 and 31st March 2021 (Amounts in Rs. '000)

| Name of Customer | As at 31.03.2022 | As at 31.03.2021 |
|----------------------------|---------------------|---------------------|
| Makers Polyfilms Pvt. Ltd. | - | 9,571.05 |
| Uma converter limited | - | 13,409.12 |

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33.3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecast on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual discounted payments.

(Amt in Rs. '000)

| Particulars | As at 31.03.2022 | | | As at 31.03.2022 | | |
|---|------------------|-------------|-----------------|------------------|------------------|------------------|
| | Less than 1 year | 1 to 5 yrs. | Total | Less than 1 yr. | 1 to 5 yrs. | Total |
| Borrowings including interest obligations | - | - | - | 49,924.51 | 14,966.81 | 64,891.32 |
| Trade payables | 3,033.82 | - | 3,033.82 | 7,183.98 | - | 7,183.98 |
| Total | 3,033.82 | - | 3,033.82 | 57,108.48 | 14,966.81 | 72,075.29 |

33.4 Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loan borrowings. The goal of market risk management is optimization of profit and controlling the exposure to market risk within acceptable limits.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limits and policies.

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a) Interest rate risk

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings.

(Amounts in Rs. '000)

| Nature of Borrowing | Change in basis points | As at 31.03.2022 | As at 31.03.2021 |
|--------------------------------------|-------------------------------|-------------------------|-------------------------|
| Term Loan from Banks | 50 | - | 112.83 |
| | (50) | - | (112.83) |
| Working Capital Facilities from Bank | 50 | - | 211.63 |
| | (50) | - | (211.63) |

b) Foreign currency risk

Though company's operation are mainly in domestic market, company is exposed to foreign exchange risk arising from foreign currency transactions, with respect to export of goods and short term borrowings in USD. Foreign exchange risk arises from commercial transactions and recognized assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

- I) The Company has exposure to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The exposure to currency risk as of 31st March 2022 and 31st March 2021 are as follows:

(Amounts in Rs. '000)

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|--|-------------------------|-------------------------|
| Financial Liabilities | | |
| Borrowings (at exchange rate as on 31st March) | - | 22,400.32 |
| Borrowings (Considering increase in USD/INR rate by 5%) | - | 23,520.34 |
| Borrowings (Considering increase in USD/INR rate by 10%) | - | 24,640.36 |
| Borrowings (Considering decrease in USD/INR rate by 5%) | - | 21,280.31 |

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- ii) As of 31st March 2022 and 31st March 2021, provided that functional currency against foreign currencies other than functional currency hypothetically strengthens or weakens by 5% and strengthens by 10%, the changes in gain or loss for the years ended 31st March 2022 and 31st March 2021 were as follows:

(Amounts in Rs. '000)

| Particulars | Impact on PBT | |
|--------------|------------------------------|------------------------------|
| | Year ended 31 March, 2022 | Year ended 31 March, 2021 |
| USD | | |
| 5% Increase | - | 3.82 |
| 10% Increase | - | 7.64 |
| 5% Decrease | - | (3.82) |

c) Commodity Price Risk

Principal Raw Material for company's products are Copper Nuggets, MS Flange, MS Pipe, Nickle pallate (ball) and Old Cylinder. Company sources its raw material requirements from domestic markets as well as International markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee vis-a-vis other prominent currencies coupled with demand-supply scenario in the world market affects the effective price of raw materials. Company effectively manages availability of material as well as price volatility through well planned procurement and inventory strategy and also through appropriate contracts and commitments.

d) Sensitivity Analysis

The table below summarises the impact of increase/decrease in prices of Copper Nuggets, MS Flange, MS Pipe, Nickle pallate (ball) and Old Cylinder on profit for the period.

(Amounts in Rs. '000)

| Particulars | Impact on PBT | |
|--|---------------|------------|
| | 2021-22 | 2020-21 |
| Increase in price of raw materials by 5% | - | (2,011.73) |
| Decrease in price of raw materials by 5% | - | 2,011.73 |

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34. Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximize shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirement of the financial covenants.

(Amounts in Rs. '000)

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|-------------------------------------|---------------------|---------------------|
| Borrowings | 4,452.35 | 65,249.14 |
| Less: Cash & Cash Equivalents | 2,071.52 | 170.39 |
| Net Debt (A) | 2,380.83 | 65,078.76 |
| Total Equity (B) | 2,43,416.36 | 2,36,600.79 |
| Equity and Net Debt [(C) : (A)+(B)] | 2,45,797.19 | 3,01,679.55 |
| Gearing Ratio [(A)/(C)] | 0.01 | 0.22 |

35. ADDITIONAL REGULATORY INFORMATION

- (a) The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- (b) The Company has not advanced or loaned or invested funds to any promoter(s), Director(s), KMP(s) or Related Parties.
- (c) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- (d) Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
- (e) The Company is not declared wilful defaulter by any bank or financial institution or lender during the year.
- (f) The Company does not have any transactions with companies which are struck off.
- (g) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (h) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

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| (I) Key Ratios | | | | | | |
|---|--|---|------------------------|------------------------|------------|--|
| Particulars | Numerator | Denominator | As at 31st March, 2022 | As at 31st March, 2021 | % Variance | Reason for Variance (if variance >= 25%) |
| Current Ratio (in times) | Total Current Assets | Total Current Liabilities | 4.46 | 1.16 | 283.80% | Increase in current ratio is due to significant decrease in current borrowings as all the outstanding borrowings were repaid during the year. |
| Debt-Equity Ratio (in times) | Total Debt | Shareholder's Equity | 0.02 | 0.24 | -92.49% | Decrease in Debt-Equity Ratio is due decrease in borrowings as all the outstanding borrowings were repaid during the year (refer note no. 13.1) |
| Debt Service Coverage Ratio (in times) | Earnings available for Debt Service (Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash) | Debt Service (Interest and lease payments + principal repayments) | 2.48 | 2.25 | 10.00% | - |
| Return on Equity Ratio (%) | Net Profit after Taxes | Average Shareholder's Equity | 0.03 | -0.02 | 296.60% | Return on Equity has increased due to increase in net profit that was caused due to sale of the major part of plant & machineries during the current financial year. (refer note no. 29) |
| Inventory turnover ratio (in days) | COGS | Average Inventory | 6.99 | 3.94 | 77.54% | Inventory Turnover Ratio has increased as the company has sold all the inventories on "as is where is basis" (refer note no. 29). |
| | | | | | | |

LIPPI SYSTEMS LIMITED

| | | | | | | |
|--|-----------------------------------|--|------|-------|----------|--|
| Trade Receivables turnover ratio (in days) | Net Credit Sales | Average Accounts Receivables | 3.56 | 2.53 | 40.66% | Trade Receivable Ratio has improved as the company has ceased its major operations & has realised major amount of Accounts Receivables. |
| Trade payables turnover ratio (in days) | Net Credit Purchases | Average Trade Payables | 5.24 | 6.59 | -20.51 | - |
| Net capital turnover ratio | Net Sales | Working Capital | 2.66 | 13.34 | -80.05 | Decrease in Net Capital turnover ratio is due to decrease in the working capital as all the loans were repaid & Inventory was sold off during the year on "as is where is basis" (refer note no. 29) |
| Net profit ratio (%) | Net Profit | Net Sales | 0.08 | -0.03 | 344.56% | Increase in net profit ratio is due to significant increase in net profit as major part of plant and machineries were sold during the year. (refer note no. 29) |
| Return on Capital employed (%) | Earning before interest and taxes | Capital Employed (Tangible Net Worth + Total Borrowings + Deferred Tax Liabilities (if any)) | 0.06 | -0.00 | 7735.37% | Return on capital employed has increased as all the borrowings were repaid during the year (refer note no. 29). |
| Note : Ratio for Return on Investment is not covered because no investment is held by the company | | | | | | |

LIPPI SYSTEMS LIMITED

- (j) No scheme of arrangements have been approved by the competent authority. Hence, reporting under this point is not applicable.
- (k) (I) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries)
 - (or)
 - (ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (II) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries)
 - (or)
 - (ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (l) There are no transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961
- (m) The Company is not covered under section 135 hence reporting under this point is not applicable.
- (n) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

36. GLOBAL HEALTH PANDEMIC - COVID-19

In the fourth quarter of FY 2019-20, we had seen an unprecedented global breakout of the COVID-19 pandemic leading to a humanitarian crisis and a significant economic fallout. The complexity and volatility continue to rise. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc. In assessing the recoverability of Company's assets such as Investments, Loans, intangible

LIPPI SYSTEMS LIMITED

assets, Goodwill, Trade receivable etc. the Company has considered internal and external information.

37. In terms of Ind AS 36, the management has reviewed its fixed assets and arrived at the conclusion that impairment loss which is difference between the carrying amount and recoverable value of assets, was not material and hence no provision is required to be made.
38. The company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of June 30, 2021, there were no subsequent events to be recognized or reported that are not already previously disclosed.
39. During the previous year ended 31st March, 2021 the Central Government has published The Code on Social Security, 2020 and Industrial Relations Code, 2020 ("the Codes") in the Gazette of India, inter alia, subsuming various existing labour and industrial laws which deals with employees related benefits including post-employment. The effective date of the code and the rules are yet to be notified. The impact of the legislative changes, if any, will be assessed and recognised post notification of the relevant provisions.
40. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classifications/disclosures and to conform with the requirements of the amended Schedule III to the Companies Act, 2013 effective from 1st April 2021.

As per our Report of even date

For and on behalf of the Board

For Vijay Moondra & Co.
Chartered Accountants
(Firm Reg. No.: 112308W)

(CA Vinit Moondra)
Partner
M.No.: 119398

Place : Ahmedabad
Date : May 30, 2022

Nandlal J. Agarwal
(Chairman & M.D.)
(DIN : 00336556)

Gopal D. Sharma
(CFO)

Kunal Nandlal Agrawal
(Director)
(DIN:00169324)

Darshan B. Shah
(Company Secretary)

LIPPI SYSTEMS LIMITED

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :- L22100GJ1993PLC020382
Name of the company :- LIPPI SYSTEMS LIMITED
Registered office :- 3RD Floor, Satya Complex, Opp. IOC Petrol Pump,
Nr. Ashwamegh-IV Satellite, Ahmedabad -380 015

Name of the Member(s):
Registered Address :
Email Id :
Folio No / Client Id :
DP Id :

I/we, being the member(s) of Equity Shares of the above named company, hereby appoint
1. Name :- Address :
Email id : Signature: or failing him ;
2. Name :- Address :
Email id : Signature: or failing him ;
3. Name :- Address :
Email id : Signature: or failing him ;
as my / our proxy to attend and vote (on a poll) for me/us and on my /our behalf at the 29th Annual General Meeting of the Company, to be held on the 30th day of September, 2022 at 11.30 A.M. at registered office of the company Ahmedabad and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | RESOLUTIONS | Optional * |
|--------------------------|--|------------|
| Ordinary Business | | |
| 1. | Adoption of financial statements for the year ended 31st March, 2022 | |
| 2 | Re-appointment of Mr. Nandlal J. Agrawal (DIN: 00336556), who retires by rotation. | |
| 3. | To consider and appoint M/s Ashok Dhariwal & Co, Chartered Accountants (FRN-100648W) as Statutory Auditors of the Company. | |

Signed this.....day of.....2022

Signature of Shareholder.....

Signature of Proxy Holder.....

Affix
Revenue
Stamp
Re.1

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less 48 hours before the commencement of the meeting.
2. For the resolutions, Explanatory statement and Notes, please refer to the notice of the 29th Annual General Meeting
3. It is optional to put a "X" in the appropriate column against the resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

LIPPI SYSTEMS LIMITED

CIN :- L22100GJ1993PLC020382

Registered office :- 3rd Floor, Satya Complex, Opp. IOC Petrol Pump, Nr. Ashvamegh –IV,
132ft Ring Road, Satellite, Ahmedabad – 380 015

E-mail :- cs@lippisystems.com web site :- www.lippisystems.com

**29th Annual General Meeting on Friday,
30th September, 2022 at 11:30 A.M**

ATTENDANCE SLIP

Folio / DP & Client ID No :

No. of Share held :

Name (s) and Registered Address of Member(s), including joint-holder, if any
(in block letters) :

I/We, hereby record my/our presence at the 29th Annual General Meeting of the Company held on Friday, 30th September, 2022 at 11:30 A.M at 3rd Floor, Satya Complex, Opp. IOC Petrol Pump, Nr. Ashvamegh –IV, 132 ft Ring Road, Satellite, Ahmedabad – 380 015

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

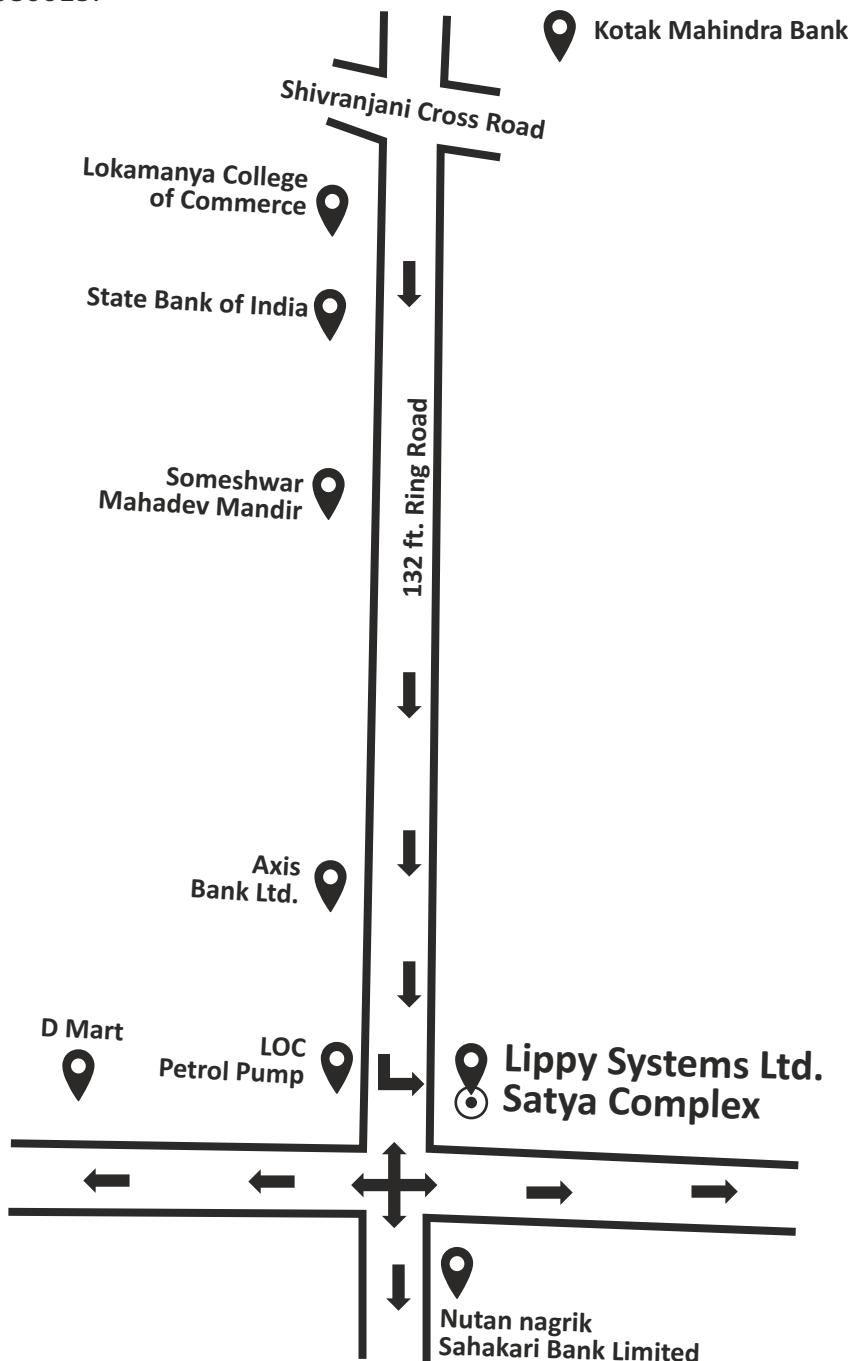
- Notes :**
1. Please fill the name, sign this Attendance Slip and hand it over at the entrance of the Meeting Hall.
 2. Members holding shares in physical form are requested to notify the change in their address, if any, to the Company at its Registered Office, quoting their Folio Number(s). Members holding shares in electronic form may update such details with their respective Depository Participant(s).
 3. Members are requested to bring this slip along with them as duplicate slips will not be issued at the venue of the Meeting.

LIPPI SYSTEMS LIMITED

THE ROUTE MAP FOR AGM VENUE :

Lippi Systems Limited

3rd floor, Satya Complex,
Opp. LOC Petrol Pump,
132ft. Ring Road, Satellite,
ahmedabad-380015.



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