



Hipolin Limited

**Twelfth Annual Report
2004-2005**

ANNUAL REPORT 2004-2005

HIPOLIN LIMITED

BOARD OF DIRECTORS

Shri Bhupendra J. Shah
Shri Jaykumar J. Shah
Shri Daxesh B. Shah
Shri Rumi B. Shah
Shri Rohit K. Choksi
Shri Kaushik R. Patel
Shri Mahasukh Adani
Shri Narendra N. Shah
Shri Mahesh S. Shah

Chairman & Managing Director
Executive Director
Wholetime Director
Director (Production)
Director
Director
Director (upto 05.07.2004)
Director
Director (W.E.F. 31.07.04)

CHIEF EXECUTIVE

Shri Snehal R. Parikh

COMPANY SECRETARY

Shri L. L. Vora

CHIEF ACCOUNTANT

Dilip N. Shah (C.A.)

AUDITORS

M/s. Harish S. Patel & Co.
Chartered Accountants

BANKERS

The Kalupur Comm.Co.Op.Bank Ltd.
Corporation Bank
Bank of India

CORPORATE OFFICE:

45, Madhuban, 4th Floor,
Nr. Madalpur Garnala,
Ellisbridge, Ahmedabad : 380006.

REGISTERED OFFICE & FACTORY

A/1/1, Nilkanth Ind. Estate.
Sanand-Viramgam Highway,
Nr. Iyava Bus Stand,
Via Virochannagar (P.O.)
Pin Code No. 382 170.

FACTORY AT AHMEDABAD

Subhash Ind. Estate,
Nr. C.T.M. Mills,
Ramol Road,
Ahmedabad : 380 026.

HIPOLIN LIMITED

NOTICE

NOTICE is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the Members of HIPOLIN LIMITED will be held at Nilkanth Ind. Estate, Sanand-Viramgam Highway, Near. Iyava Bus Stand, Via. Virochannagar- 382170 on Friday, the 30th, September, 2005 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity shares.
3. To appoint a Director in place of Shri Daxesh B. Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Kaushik R. Patel, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

Registered Office:

A/1/1, Nilkanth Ind.Estate
Sanand-Viramgam Highway,
Nr. Iyava Bus Stand,
Via- Virochannagar (P.O.)
Pin- 382170

By Order of the Board
For, HIPOLIN LIMITED

31st August 2005
Place: Ahmedabad

Chairman and
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY TO BE EFFECTIVE SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th September 2005 to 30th September 2005 (Both days inclusive).
3. The dividend when sanctioned will be payable on or after 30th September, 2005 to those shareholders whose names will appears as members in the books of the company as on 28th September, 2005.
4. The Members are requested to intimate any change of their address, if any, immediately to the share department at Corporate Office at 45, Madhuban, Nr. Madalpur Garnala, Ellisbridge, Ahmedabad – 380 006 quoting their Folio No. or Clint ID No.
5. Members desiring any information on Accounts are requested to write to the Company outlast one week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.

ANNUAL REPORT 2004-2005

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 and the attendance slip at the meeting.
7. Members who have not encashed the Dividend Warrant for the previous years are requested to make their claims to the Company immediately.
8. Members are requested to provide the Company their bank account number with the name of Bank and its branch so that dividend warrant sent to them includes details of the account number and designated bank branch.
9. Nomination facility is available to the Shareholders in respect of share held by them.
10. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting.
11. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1998 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Companies Act, 1956.

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31st August, 2005
Palce: Ahmedabad

Registered Office:

By Order of the Board
For, HIPOLIN LIMITED

Bhupendra J. Shah
Chairman & Managing Director

HIPOLIN LIMITED**DIRECTOR'S REPORT**

To,
The Members

Your Directors have pleasure in presenting the 12th Annual Report for the year ended on 31st March 2005.

| Financial Results: | (Rs. in Lacs) 2003-04 | (Rs. in Lacs) 2004-05 |
|----------------------------------|--------------------------|--------------------------|
| Gross sales | 2294.36 | 1555.15 |
| Profit Before Tax | 53.81 | 61.54 |
| Provision for Taxation | 30.50 | 25.50 |
| Deferred Tax | 11.90 | 12.89 |
| Profit After Tax | 35.21 | 48.93 |
| Appropriations: | | |
| Proposed Dividend | 25.05 | 31.31 |
| Tax on Dividend | 3.21 | 4.39 |
| Transferred to General Reserve | 4.00 | 15.00 |
| Balance Carried to Balance Sheet | 57.80 | 56.02 |

DIVIDEND:

Your Director are pleased to recommend dividend @ 10% tax free (in the hands of members) on 31,31,300 Equity Shares. The dividend if approved in the Annual General Meeting will be paid to those Shareholders whose names appear on Register of Members of the company on 28.09.05.

TAXES ON INCOME:

In accordance with requirement of new accounting standard (AS22) dealing with the taxes on income issued by the Institute of chartered accountants of India, the net deferred tax liability for the current year of Rs. 12.89 lacs (P.Y. Rs. 11.90 Lacs) has adjusted for reversing timing difference.

OPERATIONS:

Your Company has been able to maintain its volume of operation even if the recessionary trend and liquidity problems persisted in the prevailing Industry.

DIRECTORS:

Shri Daxesh B. Shah and Shri Kaushik R. Patel retire by rotation at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment.

Your Directors recommend their reappointment.

ANNUAL REPORT 2004-2005**DEPOSITS:**

The Company has not accepted any deposits from public.

DIRECTOR'S RESPONSIBILITY STATEMENT:

As required by Section 217(2AA) of the companies Act 1956, the Directors state and confirm:

1. That in preparation of the annual accounts for the year ended 31st March, 2005, the applicable accounting standards had been followed along with proper explanations relating to material departures.
2. That they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the aforesaid financial year and of the profit or loss of the company for that period.
3. That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That they had prepared the aforesaid annual accounts on a going concern basis.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO:

The Particulars as required U/s 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the annexure forming part of this report .

INSURANCE:

Major fixed assets of the Company are adequately insured.

PERSONNEL:

There are no employees who are covered as per the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975.

COST AUDITORS:

The Central Government has directed your Company, pursuant to the provisions of section 233B of the Companies Act, 1956 to carry out cost audit of soaps and detergent products of the Company. Your directors have appointed M/s. A. G. Dalwadi & Co., Cost Auditor after obtaining prior approval of Central Government as required to conduct audit for the year ended 31st March 2005.

HIPOLIN LIMITED

INFORMATION ABOUT STOCK EXCHANGE:

The securities of the company has been listed at The Stock Exchange, Ahmedabad. The Stock Exchange, Mumbai and The Delhi Stock Exchange Association Ltd. The Company has applied for delisting of securities from Delhi Stock Exchange Association Ltd. and Delhi Stock Exchange Authority has delisted our listing of equity shares w.e.f. 30-3-2005. The Company had paid annual listing fees to Ahmedabad Stock Exchange and Mumbai Stock Exchange for the financial year 2005-2006.

CORPORATE GOVERNANCE:

The company has to complied corporate Governance, issued by SEBI. A detail report on the CORPORATE GOVERNANCE is attached herewith.

DEMATERIAL ISATION:

Presently approximately 84% capital of the Company has been dematerialized with depositories.

AUDITORS:

The auditors of the Company M/s. Harish S. Patel & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

Your Directors recommended their reappointment.

ACKNOWLEDGEMENTS:

Your Directors are thankful to the Officers, staff and workers of the Company and Bank for their continued co-operations and contribution extended in the progress of the Company.

REGISTERED OFFICE

A/1/1 Nilkanth Ind. Estate,
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Pin- 382 170

For and on behalf of the Board,

Bhupendra J. Shah
Chairman & Managing Director

31st August, 2005.

ANNUAL REPORT 2004-2005**Annexure to Directors Report.**

Details as required U/s 217(1)(e) of the Companies Act 1956.

(A) Conservation of energy:

At present company is getting its requirements of final products through outside agencies, who carry out the work by manual process. Also the Company has not to incur much amount on electricity, as most of the products of the company are various ingredients. The percentages of electricity expenses to total expenses are not substantial. The company has been generating the electricity by way of non-conventional source of energy from the company's wind farm situated at various places.

However, the company ensures conservation of energy at all possible levels.

(B) Technology absorption.

The Company has established a well-equipped process Control Laboratory and Research and Development laboratory.

The Research & development Laboratory has not sophisticated instruments.

The Company has adopted indigenously available technology for its production process. The Company has not adopted any foreign technology.

(C) Foreign Exchange Earnings out go:

| | 2003-04 (Rs. in lacs) | 2004-05 (Rs. in lacs) |
|---------------------------|--------------------------|--------------------------|
| Foreign Exchange earnings | Nil | 17.99 |
| Foreign Exchange outgo | Nil | Nil |
| Export through merchants | 168.27 | 144.65 |

Registered Office

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For and on behalf of the Board,

Bhupendra J. Shah
Chairman & Managing Director

31st August 2005.

HIPOLIN LIMITED

REPORT ON CORPORATE GOVERNANCE

Today almost every country has institutionalized a set of governance, codes, spelt out best practices and has sought to impose appropriate Board structures. Accountability, transparency and integrity from the cornerstone of effective governance. Corporate Governance is a phenomenon that stipulates parameters of accountability, control and reporting functions of the Board of Directors and encompasses the relationships among various participants in determining the direction and performance of the Company.

Corporate Governance is a system of making a management accountable to shareholders for effective management of the companies, in the interests of the company and also with adequate concern for ethics, and values. Corporate Governance recognizes issues like maintaining continuity by succession planing, identifying opportunities and allocation of resources towards the right priority. The development of capital market is always dependent on good corporate governance. There is a need for setting of high standards of corporate governance.

For those who value corporate governance, it is the mark of an era, where the corporate governance has been made mandatory through clause 49 of the Listing Agreement with the stock Exchanges, consequent to the introduction of the code on Corporate Governance by the securities and Exchange Board of India (SEBI), your company has complied with the code as per Schedule of implementation. A report on corporate governance is given below:

1. Board of Directors

The Board of Directors is comprised of 8 members of which one is managing Director, Three are Executive/wholetime Directors and all other Directors are Non-Executive Directors.

During the Financial Year 2004 – 2005. Five meetings of the board were held. These meetings were held on 30/4/04, 31/7/04, 30/8/04, 30/10/04 and 31/1/05. The last Annual General Meetings was held on 30/9/2004.

ANNUAL REPORT 2004-2005**Attendance at the Board Meetings and the General Meetings:**

| Directors | Category of Directors | No. Of Board Meetings Attended | Attendance In last AGM | Remarks |
|---------------------------|------------------------------|---------------------------------------|-------------------------------|----------------|
| Shri Bhupendra J. Shah | Executive | Five | Yes | - |
| Shri Jaykumar J. Shah | Executive | Five | Yes | - |
| Shri Daxesh B. Shah | Executive | Five | Yes | - |
| Shri Rumit B. Shah | Executive | Five | Yes | - |
| Shri Kaushik R. Patel | Non-Executive | Five | Yes | - |
| Shri Mahasukh Adani* | Non-Executive | Nil | No | - |
| Shri Narendrabhai N. Shah | Non-Executive | Two | Yes | - |
| Shri Rohit K. Choksi | Non-Executive | Five | No | - |
| Shri Mahesh S. Shah+ | Non-Executive | Three | Yes | - |

* Up to 05.07.2004

+ Appointed as additional director W.E.F. 31.07.2004

Number of other directorship or Board Committee of which the Director is a member.

| Name of Director | No.Of other companies in which directors | No. of Board/Committee in which Members (other than Hipolln Ltd) |
|---------------------------|-------------------------------------------------|-------------------------------------------------------------------------|
| Shri Bhupendra J. Shah | 6 | - |
| Shri Jaykumar J. Shah | 2 | - |
| Shri Daxesh B. Shah | - | - |
| Shri Rumit B. Shah | - | - |
| Shri Kaushik R. Patel | 3 | - |
| Shri Rohit K. Choksi | 1 | - |
| Shri Mahasukh Adani | - | - |
| Shri Narendrabhai N. Shah | - | - |
| Shri Mahesh S. Shah | - | - |

Audit Committee

As per requirement of Para II of clause 49 of the listing agreement the company has formed an audit committee.

Composition of Audit committee

| | |
|------------------------------|------------------------------------------------|
| (1) Shri Rohit K. Chokshi | ... Chairman |
| (2) Shri Kaushik R. Patel | ... Non-Executive Director |
| (3) Shri Mahasukh Adani | ... Non-Executive Director (up to 05.07.2004) |
| (4) Shri Narendrabhai N Shah | ... Non-Executive Director |
| (5) Shri Mahesh S. Shah | ... Non-Executive Director (w.e.f. 31-7-2004) |