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Hipolin

Hipolin Limited

**Thirteenth Annual Report
2005-2006**

Certified True Copy
Per. HIPOLIN LIMITED
[Signature]
Company Secretary

ANNUAL REPORT 2005-2006

HIPOLIN LIMITED

BOARD OF DIRECTORS

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

Chairman & Managing Director
Executive Director
Wholetime Director
Director (Production)
Director
Director
Director
Director

CHIEF EXECUTIVE

Shri Snehal R. Parikh

CHIEF ACCOUNTANT

Shri Dilip N Shah (C.A.)

COMPANY SECRETARY

Shri L. L. Vora

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 THIRTEENTH 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 SATURDAY, the 30th, September, 2006 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 2006, 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 Rumit B. Shah., who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Narendra N. Shah, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. Reappointment of Managing Director.

To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution.

"RESOLVED THAT subject to the approval of Central Government and pursuant to sec. 198, 268, 269, 310, 311 and subject to schedule XIII and other applicable provisions if any of the Companies Act, 1956, approval be and is hereby given to the reappointment of Shri Bhupendra J Shah as the Managing Director of the Company for a period of five years from 01.08.2006 to 31.07.2011 on the terms and conditions contained in an agreement (a draft of which is laid on the table and for the purpose of identification initialled by the Chairman hereof) and that the Board of Directors be authorized to alter and vary the terms conditions of the said reappointment mentioned therein and such manner as may be directed by the Central Government."

"RESOLVED FURTHER THAT where in any financial year closing on or after 31st March, 2007 the Company has no profit or the profit are inadequate, the company shall pay to Shri Bhupendra J Shah as a Managing Director remuneration by way of salary, perquisites, benefits and amenities not exceeding limit of Rs. 12000/- per month and in addition thereto the perquisites not exceeding the limit of Rs. 10000/- per month shall be payable."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as is expedient and desirable to give effect to the above resolution for reappointment and remuneration to Shri Bhupendra J Shah.

7. Re-appointment of Wholetime Director.

To consider and if thought fit to pass with or without modifications the following resolution as ordinary resolution.

"RESOLVED THAT subject to the approval of Central Government and pursuant to sec. 198, 268, 269, 310, 311 and subject to schedule XIII and other applicable provisions if any of the Company Act, 1956, approval be and is hereby given to the reappointment of Shri Daxesh B

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Shah, as the wholetime Director of the Company for a period of five years from 01.10.2006 to 30.09.2011 on the terms and conditions contained in an agreement (a draft of which is laid on the table and for the purpose of identification initialled by the Chairman hereof) and that the Board of Directors be authorized to alter and vary the terms and conditions of the said reappointment mentioned therein and in such manner as may be directed by the Central Government."

"RESOLVED FURTHER THAT where in any financial year closing on or after 31st March, 2007 the Company has no profit or the profit are inadequate, the company shall pay to Shri Daxesh B Shah as a Managing Director remuneration by way of salary, perquisites, benefits and amenities not exceeding limit of Rs. 15000/- per month and in addition thereto the perquisites not exceeding the limit of Rs. 12000/- per month shall be payable."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as is expedient and desirable to give effect to the above resolution for reappointment and remuneration to Shri Daxesh B Shah.

8. Re-appointment of Executive Director.

To consider and if thought fit to pass with or without modifications the following resolution as ordinary resolution.

"RESOLVED THAT subject to the approval of Central Government and pursuant to sec. 198, 268, 269, 310, 311 and subject to schedule XIII and other applicable provisions if any of the Company Act, 1956, approval be and is hereby given to the reappointment of Shri Jaykumar J Shah, as the Executive Director of the Company for a period of five years from 01.10.2006 to 30.09.2011 on the terms and conditions contained in an agreement (a draft of which is laid on the table and for the purpose of identification initialled by the Chairman hereof) and that the Board of Directors be authorized to alter and vary the terms and conditions of the said reappointment mentioned therein and in such manner as may be directed by the Central Government."

"RESOLVED FURTHER THAT where in any financial year closing on or after 31st March, 2007 the Company has no profit or the profit are inadequate, the company shall pay to Shri Jaykumar J Shah as a Executive Director remuneration by way of salary, perquisites, benefits and amenities not exceeding limit of Rs. 12000/- per month and in addition thereto the perquisites not exceeding the limit of Rs. 10000/- per month shall be payable."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as is expedient and desirable to give effect to the above resolution for reappointment and remuneration to Shri Jaykumar J Shah.

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 2006
Place: Ahmedabad

Managing Director

HIPOLIN LIMITED

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 2006 to 30th September 2006 (Both days inclusive).
3. The dividend when sanctioned will be payable on or after 30th September, 2006 to those shareholders whose names will appear as members in the books of the company as on 28th September, 2006. In respect of shares in electronic form the dividend will be payable on the basis of beneficial ownership as per the details furnished by NSDL and CSDL for this purpose.
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.
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, 1999 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.
12. The relevant explanatory statement pursuant sec. 173(2) of the Companies Act, 1956, of the special business under item number 6, 7 and 8 are annexed.
13. A copy of the draft agreements for reappointment and remuneration of managing director, wholetime director and executive director are available for inspection of the member at the corporate office at 45, "Madhuban", Nr. Madalpur Garnala, Ellisbridge, Ahmedabad 380006 between 3:00 to 5:00 p.m. on any working day of the Company.

ANNUAL REPORT 2005-2006**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Items no. 6**

Shri Bhupendra Jayantilal Shah, was appointed as Managing Director of the Company in the meeting of the members of the Company held on 29.09.2001 for a period of five years with effect from 01.08.2001. His terms as a Managing Director will expire on 31.07.2006 and Board of Directors had in its meeting held on 29.07.2006 re-appointed him as Managing Director for a period of five years from 01.08.2006 to 31.07.2011. The service of the said Managing Director have been and will be very useful to the Company and Board of Directors considers that it is in the best interest of the company being the promoter Director and having rich experience of the business of the Company, to re-appoint him as a managing director subject to approval of central government and shareholders. The draft agreement for reappointment and remuneration to be entered into between the Company and Shri Bhupendra J Shah, interalia, contain the following terms and conditions.

1. Period of reappointment : 5 years 01.08.2006 to 31.07.2011
2. Designation : Managing Director. He shall be not liable for retirement by rotation.
3. Salary : Rs. 12000/- per month and an increase of Rs. 1000/- every year.
4. Perquisites : Perquisites will be allowed in addition to salary. The same would be restricted to an amount not to exceed Rs. 10000/- p.m.

The Managing Director shall be entitled to all the perquisites listed herein below in addition to salary mentioned above.

- i) Medical reimbursement : Reimbursement of medical expenses incurred for self and family subject to ceiling limit of Rs. 10000/- per year.
- ii) Leave Travel Concession : For self and family every year incurred of not exceeding to the ceiling of the one month in a block of three calendar year commencing from 2007.
- iii) Club fees : Fees of two clubs, but this will not include admission and life membership fees.
- iv) Provident Fund : Company's contribution to provident fund shall be as per the statutory rules or the scheme as may be applicable to the Company.
- v) Gratuity : Gratuity payable shall be in accordance with the provisions of the payment of Gratuity Act.
- vi) Car : The Company shall provide the Managing Director a car with driver for business and personal use.
- vii) Telephone facility at residence : Telephone at the residence of the Managing Director shall be provided by the Company and bill in respect thereof shall be born by the Company.
- viii) The personal accident insurance premium not exceeding Rs. 1000/- per annum.

Other Terms and Conditions:

- i) Notwithstanding in above where in any a financial year during the tenure of the office of Managing Director. The Company has no profit or its profit are inadequate it may pay him remuneration by way of salary and perquisites not exceeding the limit specified in herein above.
- ii) "Family" means spouse, dependent children and dependent parents of Mr. Bhupendra J Shah.
- iii) Leave with full pay and allowance shall be allowed as per company's rules.
- iv) Reimbursement of entertainment expenses actually and properly incurred in course of business of the company shall be allowed.

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- v) No sitting fees shall be paid to the Managing Director for attending the meetings of the Board of Directors or committee thereof.

Shri Daxesh B Shah and Jaykumar J Shah are interested in resolution no. 7 being relative of Managing Director and Shri Bhupendra Jayantilal Shah is also interested in respect his reappointment and to the extent of remuneration proposed to be paid to him.

This explanatory note together with the accompanying notice should be treated as the abstract U/s. 302 of the Companies Act, 1956.

The proposed agreement to be entered between Managing Director and Company is available for inspection of the members on any working days between 3:00 to 5:00 p.m. at 4th Floor, Madhuban, Nr. Madalpur Garnala, Ellisbridge, Ahmedabad-380006.

Hence the resolution is proposed before you for your approval.

Items no. 7

Shri Daxesh Bhupendrabhai Shah, was appointed as Wholetime Director of the Company in the meeting of the members of the Company held on 30.09.2001 for a period of five years with effect from 01.10.2001. His terms as a Wholetime Director will expire on 30.09.2006 and Board of Directors had in its meeting held on 29.07.2006 re-appointed him as Wholetime Director for a period of five years from 01.10.2006 to 30.09.2011. Looking to the involvement of work in the Company and having rich experience in the marketing field, it is necessary and beneficial for the Company to re-appoint him as a wholetime director subject to approval of central government and shareholders.

The draft agreement for reappointment and remuneration to be entered into between the Company and Shri Daxesh B Shah, interalia, contain the following terms and conditions.

1. Period of reappointment : 5 years 01.10.2006 to 30.09.2011
2. Designation : Wholetime Director. He shall be not liable for retirement by rotation.
3. Salary : Rs. 15000/- per month and an increase of Rs. 1000/- every year.
4. Perquisites : Perquisites will be allowed in addition to salary. The same would be restricted to an amount not to exceed Rs. 12000/- p.m.

The Executive Director shall be entitled to all the perquisites listed herein below in addition to salary mentioned above.

- i) Medical reimbursement : Reimbursement of medical expenses incurred for self and family subject to ceiling limit of Rs. 10000/- per year.
- ii) Leave Travel Concession : For self and family every year incurred of not exceeding to the ceiling of the one month in a block of three calendar year commencing from 2007.
- iii) Club fees : Fees of two clubs, but this will not include admission and life membership fees.
- iv) Provident Fund : Company's contribution to provident fund shall be as per the statutory rules or the scheme as may be applicable to the Company.
- v) Gratuity : Gratuity payable shall be in accordance with the provisions of the payment of Gratuity Act.
- vi) Car : The Company shall provide the Wholetime Director a car with driver for business and personal use.
- vii) Telephone facility at residence : Telephone at the residence of the Wholetime Director shall be provided by the Company and bill in respect thereof shall be born by the Company.
- viii) The personal accident insurance premium not exceeding Rs. 1000/- per annum.

ANNUAL REPORT 2005-2006**Other Terms and Conditions:**

- i) Notwithstanding in above where in any a financial year during the tenure of the office of Wholetime Director. The Company has no profit or its profit are inadequate it may pay him remuneration by way of salary and perquisites not exceeding the limit specified in herein above.
- ii) "Family" means spouse, dependent children and dependent parents of Mr. Daxesh B Shah.
- iii) Leave with full pay and allowance shall be allowed as per company's rules.
- iv) Reimbursement of entertainment expenses actually and properly incurred in course of business of the company shall be allowed.
- v) No sitting fees shall be paid to the Wholetime Director for attending the meetings of the Board of Directors or committee thereof.

Shri Bhupendra J Shah and Jaykumar J Shah are interested in resolution no. 7 being relative of Wholetime Director and Shri Daxesh B Shah is also interested in respect his reappointment and to the extent of remuneration proposed to be paid to him.

This explanatory note together with the accompanying notice should be treated as the abstarct U/s. 302 of the Companies Act, 1956.

The proposed agreement to be entered between Wholetime Director and Company is available for inspection of the members on any working days between 3:00 to 5:00 p.m. at 4th Floor, Madhuban, Nr. Madalpur Garnala, Ellisbridge, Ahmedabad-380006.

Hence the resolution is proposed before you for your approval.

Items no. 8

Shri Jaykumar Jayantilal Shah, was appointed as Executive Director of the Company in the meeting of the members of the Company held on 29.09.2001 for a period of five years with effect from 01.10.2001. His terms as a Executive Director will expire on 30.09.2006 and Board of Directors had in its meeting held on 29.07.2006 re-appointed him as Executive Director for a period of five years from 01.10.2006 to 30.09.2011. Looking to the involvement of work in the Company and being promoted director, it is necessary and beneficial for the Company to re-appoint him as an executive director subject to approval of central government and shareholders.

The draft agreement for reappointment and remuneration to be entered into between the Company and Shri Jaykumar J Shah, interalia, contain the following terms and conditions.

1. Period of reappointment : 5 years 01.10.2006 to 30.09.2011
2. Designation : Executive Director. He shall be not liable for retirement by rotation.
3. Salary : Rs. 12000/- per month and an increase of Rs. 1000/- every year.
4. Perquisites : Perquisites will be allowed in addition to salary. The same would be restricted to an amount not to exceed Rs. 12000/- p.m.

The Wholetime Director shall be entitled to all the perquisites listed herein below in addition to salary mentioned above.

- i) Medical reimbursement : Reimbursement of medical expenses incurred for self and family subject to ceiling limit of Rs. 10000/- per year.
- ii) Leave Travel Concession : For self and family every year incurred of not exceeding to the ceiling of the one month in a block of three calendar year commencing from 2007.
- iii) Club fees : Fees of two clubs, but this will not include admission and life membership fees.
- iv) Provident Fund : Company's contribution to provident fund shall be as per the statutory rules

HIPOLIN LIMITED

or the scheme as may be applicable to the Company.

- v) Gratuity : Gratuity payable shall be in accordance with the provisions of the payment of Gratuity Act.
- vi) Car : The Company shall provide the Executive Director a car with driver for business and personal use.
- vii) Telephone facility at residence : Telephone at the residence of the Wholetime Director shall be provided by the Company and bill in respect thereof shall be born by the Company.
- viii) The personal accident insurance premium not exceeding Rs. 1000/- per annum.

Other Terms and Conditions:

- i) *Notwithstanding in above where in any a financial year during the tenure of the office of Executive Director. The Company has no profit or its profit are inadequate it may pay him remuneration by way of salary and perquisites not exceeding the limit specified in herein above.*
- ii) "Family" means spouse, dependent children and dependent parents of Mr. Jaykumar J Shah.
- iii) Leave with full pay and allowance shall be allowed as per company's rules.
- iv) Reimbursement of entertainment expenses actually and properly incurred in course of business of the company shall be allowed.
- v) No sitting fees shall be paid to the Executive Director for attending the meetings of the Board of Directors or committee thereof.

Shri Daxesh B Shah and Bhupendra J Shah are interested in resolution no. 9 being relative of Executive Director and Shri Jaykumar Jayantilal Shah is also interested in respect his reappointment and to the extent of remuneration proposed to be paid to him.

This explanatory note together with the accompanying notice should be treated as the abstarct U/s. 302 of the Companies Act, 1956.

The proposed agreement to be entered between Executive Director and Company is available for inspection of the members on any working days between 3:00 to 5:00 p.m. at 4th Floor, Madhuban, Nr. Madalpur Garnala, Ellisbridge, Ahmedabad-380006.

Hence the resolution is proposed before you for your approval.

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**

**Bhupendra J. Shah
Chairman & Managing
Director**

31st August, 2006
Palce: Ahmedabad

ANNUAL REPORT 2005-2006**DIRECTOR'S REPORT**

To,

The Members

Your Directors have pleasure in presenting the 13th Annual Report for the year ended on 31st March 2006.

Financial Results:

	(Rs. in Lacs)	
	2004-05	2005-06
Gross sales	1555.15	2522.45
Profit Before Tax	61.54	34.20
Provision for Taxation	25.50	25.55
Deferred Tax	12.89	25.60
Profit After Tax	48.93	34.25
Appropriations:		
Proposed Dividend	31.31	31.31
Tax on Dividend	4.39	4.39
Transferred to General Reserve	15.00	10.00
Balance Carried to Balance Sheet	56.02	44.57

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 28.09.06

TAXES ON INCOME:

In accordance with requirement of 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. 25.60 lacs (P.Y. Rs. 12.89 Lacs) has adjusted for reversing timing difference.

OPERATIONS:

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

DIRECTORS:

Shri Narendra N. Shah and Shri Rumit B. Shah retire by rotation at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment.

Your Directors recommend their reappointment.

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, 2006 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.