



# **HIPOLIN LIMITED**

**Fifteenth Annual Report**

**2007-2008**

**ANNUAL REPORT 2007-2008**

# **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 Narendra N. Shah  
Shri Mahesh S. Shah  
Shri Vivek S. Shah  
Shri Sunil H. Talati

Chairman & Managing Director  
Executive Director  
Wholetime Director  
Director (Production)  
Director  
Director  
Director  
Director (w.e.f. 01.10.2007)  
Director (w.e.f. 30.07.2008)

## **CHIEF EXECUTIVE**

Shri Snehal R. Parikh

## **AUDITORS**

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

## **BANKERS**

Bank of India  
The Kalupur Comm. Co. Op. Bank Ltd.  
HDFC Bank Ltd.  
Corporation Bank  
ICICI Bank Ltd.  
Vijaya Bank

## **CORPORATE OFFICE:**

45, Madhuban, 4<sup>th</sup> Floor,  
Nr. Madapur Gamala,  
Ellisbridge, Ahmedabad : 380006.

## **REGISTERED OFFICE & FACTORY**

A/1/1, Nilkanth Ind. Estate,  
Sanand-Viramgam Highway,  
Nr. Iyava Bus Stand  
Via. Virochannagar (P.O.),  
Dist. Ahmedabad  
Pin Code No.-382170

## HIPOLIN LIMITED

### NOTICE

NOTICE is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Members of HIPOLIN LIMITED will be held at A/1/1, Nilkanth Ind.Estate Sanand-Viramgam Highway, Near Iyava Bus Stand, Via.Virochannagar, Dist. Ahmedabad - 382170 on Tuesday, 30th September, 2008 at 2.00 p.m. to transact the following business.

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Bhupendrabhai J. Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Rohit K. Choksi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Daxesh B. Shah, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

#### SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution.

"RESLOVED THAT Shri Vivek S Shah who was appointed as an Additional Director by the Board of Directors under section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company retiring by rotation."

7. To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution.

"RESLOVED THAT Mr. Sunil H. Talati who was appointed as an Additional Director by the Board of Directors under section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company retiring by rotation."

Registered Office:  
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Dist. Ahmedabad.  
Pin- 382170

By Order of the Board  
For, HIPOLIN LIMITED

30th August, 2008  
Place: Ahmedabad

Bhupendra J. Shah  
Chairman & Managing Director

**ANNUAL REPORT 2007-2008****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 THEN 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 26<sup>th</sup> September, 2008 to 30<sup>th</sup> September, 2008 (Both days inclusive).
3. The Members are requested to intimate their change of address, if any, immediately to the Share Department at Corporate office at 45, Madhuban, 4<sup>th</sup> Floor, Nr. Madalpur Garmala, Ellisbridge, Ahmedabad 380 006 quoting their Folio No. or Client ID No.
4. Members desiring any information on Accounts are requested to write to the Company at least One week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
5. 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.
6. Members who have not encashed the Dividend Warrant for the previous years are requested to make their claims to the Company immediately.
7. Nomination facility is available to the Share holders in respect of shares held by them.
8. Members who hold shares in dematerialized 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.
9. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31<sup>st</sup> March, 2001 and which remain unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund (IEPF) established by the Companies Act, 1956.
10. The relevant explanatory statement pursuant sec.173(2) of the Companies Act, 1956, of the special business under item number 6 and 7 is annexed.

## **HIPOLIN LIMITED**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

#### **Item no. 6**

Shri Vivek S Shah was appointed as an Additional Director of the Company w.e.f. 01/10/2007. Under Section 260 of the Companies Act, 1956 Shri Vivek S shah continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257, the Company has received a notice from a member signifying his intention to propose Shri Vivek S. Shah as a candidate for the office of Director of the Company and the requisite deposit of Rs. 500 has also been received by the Company along with such notice.

Board recommends the resolution to the members for their approval for his appointment as a Director liable to retire by rotation.

None of the Directors except Shri Vivek S. Shah is interested in the resolution.

#### **Item no. 7.**

Shri Sunil H. Talati was appointed as an Additional Director of the Company w.e.f. 30/07/2008. Under Section 260 of the Companies Act, 1956 Shri Sunil H. Talati continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257, the Company has received a notice from a member signifying his intention to propose Shri. Sunil H. Talati as a candidate for the office of Director of the Company and the requisite deposit of Rs. 500 has also been received by the Company along with such notice.

Board recommends the resolution to the members for their approval for his appointment as a Director liable to retire by rotation.

None of the Directors except Shri Sunil H. Talati is interested in the resolution.

Registered Office :

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By Order of the Board  
For, HIPILIN LIMITED

30th August, 2008  
Palce: Ahmedabad

Bhupendra J. Shah  
Chairman & Managing  
Director

**ANNUAL REPORT 2007-2008****DIRECTORS' REPORT**

To,  
The Members,  
Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report for the year ended on 31<sup>st</sup> March, 2008.

<b>FINANCIAL RESULTS:</b>	<b>(Rs. in Lacs) 2007-08</b>	<b>(Rs. in Lacs) 2006-07</b>
Gross sales	2358.51	2371.55
Profit Before Tax	15.90	18.55
Provision for Taxation (including fringe Benefit tax)	17.50	24.70
Deferred Tax	(11.84)	(9.33)
Profit After Tax	10.24	3.17
Appropriations:		
Proposed Dividend	—	31.31
Tax on Dividend	—	5.32
Transferred to General Reserve	—	10.00
Balance Carried to Balance Sheet	11.36	1.11

**TAXES ON INCOME:**

In accordance with requirement of new Accounting Standard (AS 22) 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.11.84 lacs ( P.Y Rs.9.33 Lacs) has been adjusted for reversing timing difference.

**OPERATIONS:**

Your Company has been able to maintain its volume of operation in spite of the recessionary trend and stiff competition persisting in the Industry.

**DIRECTORS :**

Shri Bhupendrabhai J. Shah, Shri Daxesh B. Shah and Shri Rohit K. Choksi retire by rotation at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment. Your Directors recommend their reappointment. Shri Vivek S. Shah has been appointed as an Additional Director w.e.f. 01/10/2007. As per Section 260 of the Companies Act, 1956 he holds office upto ensuing A.G.M. The Company has received a notice in writing from a member of the Company signifying his Candidature for the office of Board of Directors of the Company. Shri Sunil H. Talati has been appointed as an Additional Director w.e.f. 30/07/2008. As per Section 260 of the Companies Act, 1956 he holds office upto ensuing A.G.M. The Company has received a notice in writing from a member of the Company signifying his Candidature for the office of Board of Directors of the Company.

**DEPOSITS:**

The Company has not accepted any deposits from public.

## **HIPOLIN LIMITED**

### **DIRECTORS' 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 31<sup>st</sup> March, 2008 the applicable accounting standards had been followed along with proper explanations relating material departures.
2. That the directors have 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 financial year viz. March 31, 2008 and of the profit of the company for that period.
3. That the directors have 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 the directors have prepared the aforesaid Annual Accounts on a going concern basis.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & 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 RECORDS:**

The Company has maintained required cost records.

### **INFORMATION ABOUT STOCK EXCHANGE:**

The securities of the company has been listed at the stock Exchange, Ahmedabad and The Stock Exchange, Mumbai. The Company had paid annual listing fees to Ahmedabad Stock Exchange and Mumbai stock Exchange for the financial year 2008 2009.

### **CORPORATE GOVERNANCE:**

A report on the Corporate Governance code along with a certificate from the Auditor's of the Company regarding Compliance of Conditions of Corporate Governance has stipulated under Clause 49 of the listing agreement has also the management discussion & analysis report are annexure to this report.

### **CFO CERTIFICATION**

The Managing Director and Whole Time Director who looks after finance function have submitted a certificate to the Board regarding the financial statements and other matters as required under clause 49(V) of the Listing Agreement.

## ANNUAL REPORT 2007-2008

### DEMATERIALISATION:

Presently approximately 90.51% capital of the Company has been dematerialized with Depositories.

### AUDITORS:

The Auditors of the Company M/s. Harish S. Patel & Co; Chartered Accountants, Ahmedabad hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Your Directors have recommended their reappointment.

### ACKNOWLEDGEMENTS:

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

### REGISTERED OFFICE

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Pin -382170

For and on behalf of the Board,

Bhupendra J. Shah  
Chairman & Managing Director

30th August, 2008

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**HIPOLIN LIMITED****Annexure to Directors' Report.**

Details as required u/s. 217(1)(e) of the Companies Act, 1956 read with Company (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

**(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 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 no 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:**

	2007-08	2006-07
	(Rs. in lacs)	(Rs. in lacs)
Foreign Exchange earnings	62.34	25.37
Foreign Exchange outgo	Nil	Nil
Export through merchants	71.31	15.32

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For and on behalf of the Board,

Bhupendra J. Shah  
 Chairman & Managing Director

30th August, 2008

**ANNUAL REPORT 2007-2008****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 planning, 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 10 members out of which one is managing Director, Three are Executive/whole time Directors and all other Directors are Non-Executive Directors.

During the Financial year 2007-2008, five meetings of the Board were held. These meetings were held on 30/04/2007, 30/07/2007, 31/08/2007, 30/10/2007 & 30/01/2008. The last Annual General Meeting was held on 29/9/2007.

**Attendance at the Board Meetings and the General Meeting:**

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 Narendrabhai N. Shah	Non-Executive	Five	Yes	-
Shri Rohit k. Choksi	Non-Executive	Five	Yes	-
Shri Mahesh S. Shah	Non-Executive	Five	Yes	-
Shri Vivek S. Shah	Non-Executive	Two	No	-
Shri Sunil H. Talati	Non-Executive	—	No	-

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