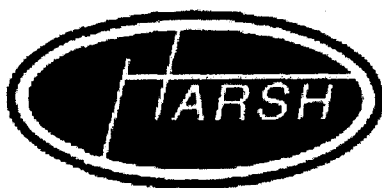


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**Harsh Polymers (India)
Limited**

Annual Report 2004-2005

Board of Directors

Prakashbhai Amin	<i>Chairman & Managing Director</i>
Ashokbhai P. Patel	<i>Director</i>
Jeetendra J. Patel	<i>Director</i>
Narendrakumar J. Shah	<i>Director</i>
Ajaybhai H. Bhavsar	<i>Director</i>

Audit Committee

Ashokbhai P. Patel	<i>Chairman</i>
Jeetendra J. Patel	<i>Member</i>
Narendrakumar J. Shah	<i>Member</i>

Bankers

Corporation Bank,
Naranpura, Ahmedabad.

Shareholders' Grievance Committee

Narendrakumar J. Shah	<i>Chairman</i>
Ajaybhai H. Bhavsar	<i>Member</i>

Auditors

Khese Associates
Chartered Accountant
Ahmedabad

Registered office

S.L. No. 134, At Budasan,
Tal.: Kadi, Dist. Mehsana.

Administrative office

513, Golden Triangle,
Stadium Road, Navrangpura,
Ahmedabad.

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**NOTICE**

NOTICE is hereby given that 14th Annual General Meeting of the Members of Harsh Polymers (India) Limited, will be held on Saturday, the 24th September 2005 at 11.00 a.m. at Registered Office situated at S.L.No. 134, At Budasan, Tal. Kadi, Dist. Mehsana to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Narendra J. Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

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

Sale/Lease of office Building of the Company

"**RESOLVED THAT** pursuant to Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorized to deal, negotiate and dispose of or lease Office Building situated at Administrative Office of the Company and for that purpose to sign, seal and deliver such instruments, assignments, contracts, deeds, conveyances or any other instrument that may be considered necessary, usual or proper for the sale, lease or otherwise disposing of above stated property which according to the Directors may be considered beneficial and convenient for the Company."

Date 23rd July, 2005

Regd. Office

S.L.No. 134, At Budasan,
Tal. Kadi, Dist. Mehsana
Gujarat.

By order of the Board
For Harsh Polymers (India) Limited

Narendra J. Shah
Director

Notes

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must reach the Registered office of the Company not less than 48 hours before the time fixed for the meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 22nd September, 2005 to Saturday, the 24th September, 2005 (both days inclusive).
- The copies of relevant documents can be inspected at the Registered office of the Company on any working day between 11.00 a.m. to 5.00 p.m. up to the date of A.G.M.
- Members are requested to notify any change of address and to bring the copy of Annual Report at the meeting.
- At the ensuing Annual General Meeting, Mr. Narendra J. Shah, retire by rotation and being eligible offer himself for re-appointment. The information or details pertaining to him to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement of Corporate Governance published elsewhere in this Annual Report.
- The Company's shares are listed at Vadodara and Mumbai Stock Exchanges. However, the Stock Exchange, Mumbai has suspended the trading in the securities of the Company.

Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 :**Item No. 4 :**

The Company's manufacturing unit is closed since last two years. Looking at the technology available with the Company, it is not viable to start the plant. The Company has paid all the dues to the Bankers, however, there are certain unsecured creditors in the books. Due to this, the Company do not need to have a Administrative office situated at Golden Triangle, Stadium Road, Ahmedabad

The Board of Directors have examined the same at all the angle and decided to sale/ lease the above property or part thereof to the interested buyers and reduce the debt of the Company, by way of paying the same to Unsecured Creditors.

According to the provisions of section 293(1)(a) of the Companies Act, 1956, any such sale requires approval from the members. The Board considers that it is in the interest of the Company to sale, lease or dispose of the administrative office at best market rate. The Board of Directors recommends the resolution for approvals of the members, as Ordinary Resolution.

None of the Directors is interested in this resolution.

Date 23rd July, 2005

Regd. Office

S.L.No. 134, At Budasan,
Tal. Kadi, Dist. Mehsana
Gujarat.

By order of the Board
For Harsh Polymers (India) Limited

Narendra J. Shah
Director

Annual Report 2004-2005

REVIEW OF BOARD OF DIRECTORS

Your Directors have pleasure in presenting 14th Annual Report together with the Audited accounts for the year ended 31st March 2005.

Financial Results

	(Rs. In lacs)	
	2004-05	2003-04
Total Income	0.72	0.72
Operating Loss	17.46	41.92
Financial charges	—	1.40
Depreciation	0.73	0.84
Loss before tax	18.19	44.16
Provision for tax	—	—
Loss after tax	18.19	44.16

Review of Operation

The Company has not carried out any production activity during the year. Total turnover, which includes other income from the rent received. During the year, the manufacturing plant remained closed and so there was no income generation from that. Due to decrease in value of the stock and Pre-operative expenses provisions, the net loss is Rs. 18.19 Lacs as compared to last year's loss of Rs. 44.16 Lacs.

Dividend

Your Directors do not recommend any dividend for the year 2004-05, in view of loss.

Fixed Deposit

Your Company has not invited or accepted any deposits under Section 58A of the Companies Act, 1956, from the public, during the year.

Directors

In accordance with the provisions of the Articles of Association and of the Companies Act, 1956, Mr. Narendra J. Shah, Director retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

Statutory Disclosure

The information required under section 217(2A) of the Companies Act, 1956 and the rules made thereunder, is not applicable to the Company, as no employees drawing remuneration of Rs. 24,00,000/- or more per annum employed throughout the year or Rs. 2,00,000/- or more per month employed for a part of the year.

Particulars required to be furnished by the Companies (Disclosure of particulars in the report of the Board of Directors) Rule, 1988.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under :

As the production unit of the Company is closed, the Research and development activities programs and Technology absorption are not carried out by the Company. There is no energy consumption or additional investment to conserve the energy is made during the year (previous year nil).

There is no foreign exchange earning and outgo during the year (previous year nil).

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm the following :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. Your Directors have selected such accounting policies and applied them consistently and made judgments 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 ended on 31st March, 2005.
3. Your 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. Your Directors have prepared the attached statements of accounts for the year ended 31st March, 2005, not on a going concern basis, as there were no manufacturing activities..

Management Discussion and Analysis Report

The Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement with the Stock Exchange has been attached as a part of the Directors' Report.

Corporate Governance

The Company has adopted Corporate Governance practices and has complied with all the mandatory requirements as specified under clause 49 of the Listing Agreement by SEBI. As required under the listing agreement, a separate Report on Corporate Governance forms part of this Annual Report. The certificate from statutory Auditors of the Company regarding compliance of conditions of Corporate Governance is part of this report and is annexed.

The Board of Directors supports the basic principles of corporate governance. In addition to this, the board lays strong emphasis on transparency, accountability and integrity.

Formation of various committees

Details of various committees constituted by the Board of Directors are given in the Corporate Governance Report annexed and forms part of this report.

Depositories

The Company has already approached NSDL and CDSL for obtaining electronic connectivity for company's shares. However, both of them have rejected our request. So, shares of the Company will continue to be traded in Physical form.

Listing

The Company's shares are listed at Vadodara as well as Mumbai Stock Exchanges. However, the Mumbai Stock Exchange has suspended the trading due to technical reason.



Sale of Administrative office

The Company's manufacturing unit is closed since last two years. Looking at the technology available with the Company, it is not viable to start the plant. The Company has paid all the dues to the Bankers, however, there are certain unsecured creditors in the books. Due to this, the Company do not need to have a Administrative office situated at Golden Triangle, Stadium Road, Ahmedabad. The Board members explore the various opportunities and necessary approval from the members is considered as one of the resolution in the Notice of the forthcoming annual general meeting.

Auditors

M/s. Khese Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting. You are requested to appoint auditors from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and fix their remuneration.

Acknowledgements

Your Directors would like to place on record their sincere gratitude for the support received from clients, suppliers and bankers. The Board of Directors also takes this opportunity to acknowledge the dedicated efforts and commitment made by other associates at all levels and their contribution to the Company during the year.

For and behalf of the Board of Directors

Ahmedabad,
July 23, 2005

Narendra J. Shah
Director

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry Structure and Developments :

The scenario of the Polymer industry and economy in general have undergone drastic changes during the past few years, due to introduction of WTO and free trade development with various countries of the World. The Industry is now exposed to global competition with globalization policy of the government. The Industry is passing through a bad phase in respect of the availability of low cost of raw materials, very high cost of power and steam, entry of large scale players, etc. More than that, due to Global competition and lower price realization, the future of this industry appears very glumly, specially for small players.

b. Opportunities and Threats :

The Polymer industry is subject to competition among various segments of manufactures within the country and from manufactures of outside the country. The threats of competition is very high in the products which your company was manufacturing, in past.

c. Segment wise Performance :

As such, the Company has no different segments, as its total involvement is in Polymer only. The Company's plant is closed. There is no production/turnover during the year.

d. Recent Trend and Future Outlook :

The Polymer industry in India is facing server competition, as every big Companies and Government Organisation, specially Diaries have started their own plant with latest technology. Due to this, the Company is unable to generate the demand and as the technology and machinery of the Company is old, it is not viable to run the plant. The Management is intend to sell it out/lease the whole plant or Administrative office, which to clear all the outstanding debt of the Company. Necessary approval from the members is considered as part of notice.

e. Risks and Concerns :

Like any other industry, Polymer industry is also exposed to risk of competition, government policies, natural factor etc. As the Company is neither importing nor exporting raw materials/finished product, the Company has no risk on account of Exchange Rate fluctuations. However, as the manufacturing plant of the Company is closed, there is not much risk, except the realisable value of the plant at the time of sale will be lower day by day, due to obsolete technology.

f. Internal Control Systems and their Adequacy :

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information. However, as the manufacturing facility is closed, most of the things will not apply to the Company.

g. Financial Performance with respect to Operational Performance :

The financial performance of the Company for the year 2004-05 is described in the Directors' Report under the head 'Financial Results' and 'Review of Operation'.

h. Material Developments in Human Resources and Industrial Relations Front :

The Company has continued to give special attention to Human Resources/Industrial Relations development. Industrial relations remained cordial throughout the year. However, as the manufacturing facility is closed, most of the things will not apply to the Company.

i. Cautionary Statement :

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual things may differ materially from those either expressed or implied.