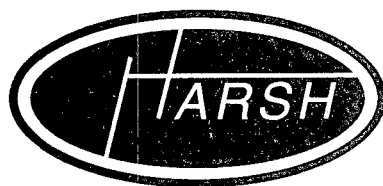


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**Harsh Polymers (India)
Limited**



ANNUAL REPORT 2008-2009

Board of Directors

| | |
|-----------------------|--|
| Prakashbhai Amin | <i>Chairman, CEO & Managing Director</i> |
| Narendrakumar J. Shah | <i>Director & CFO</i> |
| Umang M. Dudhiya | <i>Director</i> |
| Ajaybhai H. Bhavsar | <i>Director</i> |

Audit Committee

| | |
|-----------------------|-----------------|
| Narendrakumar J. Shah | <i>Chairman</i> |
| Ajaybhai H. Bhavsar | <i>Member</i> |
| Umang H. Dudhiya | <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 - 380 014

| CONTENTS | Page No. |
|------------------------|-----------------|
| Notice | 2 |
| Directors' Report | 3 |
| Management Discussion | 4 |
| Corporate Governance | 5-10 |
| Auditors' Report | 11-12 |
| Balance Sheet | 13 |
| Profit & Loss Account | 14 |
| Schedule to Accounts | 15-18 |
| Cash flow Statement | 19 |
| Balance Sheet Abstract | 20 |

Annual Report 2008-2009

NOTICE

NOTICE is hereby given that 18th Annual General Meeting of the Members of Harsh Polymers (India) Limited, will be held on Wednesday, 30th September 2009 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 2009 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. Umang Dudhiya, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration.

Date : 27th June, 2009

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

- Explanatory Statement pursuant to 173(2) of the Companies Act, 1956 is annexed as a part of this Notice.
- 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 **Friday, 25th September, 2009 to Wednesday, 30th September 2009 (both days inclusive)**.
- The copies of relevant documents can be inspected at the Administrative 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. Umang Dudhiya, 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.



Harsh Polymers (India) Limited

REVIEW OF BOARD OF DIRECTORS

Your Directors have pleasure in presenting 18th Annual Report together with the Audited accounts for the year ended 31st March 2009

| Financial Results | (Rs. In lacs) | |
|-------------------|---------------|---------|
| | 2008-09 | 2007-08 |
| Total Income | 0.72 | 0.72 |
| Operating Loss | 8.51 | 10.58 |
| Financial charges | — | 0.61 |
| Depreciation | 1.31 | — |
| Loss before tax | 9.82 | 11.19 |
| Provision for tax | — | — |
| Loss after tax | 9.82 | 11.19 |

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 preliminary exp. written off to the extent of Rs. 5 lacs and other administrative expenses of Rs. 4.23 Lacs & Depreciation of Rs. 1.31 Lacs, the net loss is Rs. 9.82 Lacs as compared to last year's loss of Rs. 11.19 Lacs.

Dividend

Your Directors do not recommend any dividend for the year 2008-09, 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. Umang Dudhiya, Director retire by rotation at the ensuring 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 there under, 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.

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, 2009.
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, 2009, 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/ reconstituted 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.

Annual Report 2008-2009

Listing

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

Auditors & Auditors Report

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.

The auditors comments on the company's accounts for the year ended on 31st March, 2009 are self explanatory in nature and do not require any explanation as per the provisions of section 217(3) of the Companies Act, 1956.

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

Place : Ahmedabad
Date : June 27, 2009

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 now stabilized, due to stable Crude price in the International market. However, the technology has changed drastically over last few years. At the same time, cost of power and steam is very high. More than that, due to Global competition and lower price realization, margins are reducing day by day. The future of this industry appears very glumly, specially for small players, considering crude and inflation factor.

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 intention is to sell it out/lease the whole plant or Administrative office, which to clear all the outstanding unsecured debt of the Company.

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 2008-09 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.



REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance practices by introducing the Clause 49 in the listing agreement with the Stock Exchanges. Clause 49 lays down several corporate governance practices that listed companies are required to adopt. Most of the practices laid down in Clause 49 require mandatory compliance and there are some more provisions, which are voluntary for adoption. This report sets out the compliance status of the Company during the financial year 2008-09.

Philosophy on Code of Corporate Governance

The Philosophy on Corporate Governance aims at attainment of the highest levels of transparency, accountability and equity in the functioning of the Company vis-a-vis interactions with employees, shareholders, creditors, depositors and customers. The objective of the Company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

Board of Directors

The Company's board comprises of 4 Directors with a mix of Non-executive and promoter/ independent directors. The composition of Board complies with the requirements of the Corporate Governance code with more than 50% of the directors being non-executive directors as well as independent directors. The Chairman of the Board is also Non-Executive Director.

Five Board meetings were held during the financial year 2008-2009. The dates on which Board Meetings held are 15th April, 2008, 20th June, 2008, 19th July, 2008, 23rd October 2008 and 28th January 2009. The 17th Annual General Meeting was held on 29th September 2008.

The table below provides the composition of the Board, their attendance at Board meetings & AGM and number of other directorship, chairmanship/membership of other companies.

| Name of the Director Designation & Age | Category | Date of Appointment | No. of other Directorship held in public companies in India | No. of other Board committees of which Member /Chairman | Board meeting attended | Attendance at the last AGM | No. of Shares held (as on 31/3/09 % of holding) |
|---|---|---------------------|---|---|------------------------|----------------------------|---|
| Mr. P. V. Amin Chairman cum Managing Director 59 Years | Promoter & Non-Executive Director- Contractual Employment | 02/05/1995 | 0 | 0 | 0 | No | 2500 0.05% |
| Mr. A. P. Patel Director 52 Years (upto 20/06/2008) | Independent & Non-Executive Director | 02/05/1995 | 0 | 0 | 0 | No | 7300 0.14% |
| Mr. U. M. Dudhiya Director 36 Years | Independent & Non-Executive Director | 22/10/2005 | 0 | 0 | 5 | Yes. | 0 |
| Mr. N. J. Shah Director 52 Years | Independent & Non-Executive Director | 13/07/2002 | 0 | 0 | 5 | Yes | 56300 1.08% |
| Mr. A. H. Bhavsar Director 43 Years | Independent & Non-Executive Director | 30/07/2003 | 0 | 0 | 5 | Yes | 0 |

Notes :

1. This number excludes the directorships/committee memberships held in private companies and also of the Company.
2. As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the directors hold directorship in more than 15 public companies, membership of board committees (audit /remuneration/investors grievance committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

None of the Non-executive Directors has any pecuniary relationship. Non-executive Directors have no transaction with the company. The details of sitting fees, commission and remuneration paid to each director appear later under the disclosure relating to Remuneration to Directors.