

**TWENTYSECOND  
ANNUAL REPORT  
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**Harsh Polymers (India)  
Limited**



## ANNUAL REPORT 2012-2013

### Board of Directors

|                         |  |
|-------------------------|--|
| Prakashbhai Amin        | <i>Chairman, CEO &amp; Managing Director</i> |
| Narendrakumar J. Shah   | <i>Director &amp; CFO</i>                    |
| Ajaybhai H. Bhavsar     | <i>Director</i>                              |
| Ashish Prakash Tripathi | <i>Director (w.e.f. 11/02/2013)</i>          |
| Umang M. Dudhiya        | <i>Director (up to 11/02/2013)</i>           |

### Audit Committee

|                         |                 |
|-------------------------|-----------------|
| Narendrakumar J. Shah   | <i>Chairman</i> |
| Ajaybhai H. Bhavsar     | <i>Member</i>   |
| Ashish Prakash Tripathi | <i>Member</i>   |

### Bankers

Corporation Bank,  
Naranpura, Ahmedabad.

### Shareholders' Grievance Committee

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

### Auditors

Hundlani & Associates  
Chartered Accountant  
Ahmedabad

### Registered office

513, Golden Triangle,  
Stadium Road, Navrangpura,  
Ahmedabad - 380 014.

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## NOTICE

**NOTICE** is hereby given that 22<sup>nd</sup> Annual General Meeting of the Members of Harsh Polymers (India) Limited, will be held on Monday, 30<sup>th</sup> September, 2013 at 11.00 a.m. at Registered Office situated at 513, Golden Triangle, Stadium Road, Navrangpura, Ahmedabad to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2013 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. Ajaybhai Bhavsar, 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 modifications the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** Mr. Ashish Tripathi, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. February 11, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company pursuant to Section 255 and other applicable provisions of the Companies Act, 1956, whose period of office shall be liable to retire by rotation."

Date : 12<sup>th</sup> August, 2013

Regd. Office

513, Golden Triangle,  
Stadium Road, Navrangpura,  
Ahmedabad-380014

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 Saturday, 28<sup>th</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 (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. Ajaybhai H. Bhavsar, 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 are 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

Mr. Ashish Tripathi was appointed as an Additional Director of the Company with effect from 11<sup>th</sup> February, 2013, pursuant to Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Accordingly, his term expire at the ensuing Annual General Meeting.

Your Directors considered that it is in the interest of the Company to have above experience Director in the Board. Hence your Directors recommend his appointment.

The Company has received notices from a Member alongwith deposits of Rs. 500/- for the Director, as required under Section 257 of the Companies Act, 1956, proposing his name as Director of the Company.

None of the Directors of the Company except Mr. Ashish Tripathi himself, is concerned or interested in the Resolution.

Date : 12<sup>th</sup> August, 2013

Regd. Office

513, Golden Triangle,  
Stadium Road, Navrangpura,  
Ahmedabad-380014

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

Narendra J. Shah  
Director

## REVIEW OF BOARD OF DIRECTORS

### Review of Board of Directors

Your Directors have pleasure in presenting 22<sup>nd</sup> Annual Report together with the Audited accounts for the year ended 31<sup>st</sup> March 2013.

|                           | (Rs. In lacs) |         |
|---------------------------|---------------|---------|
| Financial Results         | 2012-13       | 2011-12 |
| Total Income              | 1.65          | —       |
| Operating Profit/(Loss)   | (3.44)        | (3.99)  |
| Financial charges         | —             | —       |
| Depreciation              | —             | —       |
| Profit/ (Loss) before tax | (3.44)        | (3.99)  |
| Provision for tax         | —             | —       |
| Profit/ (Loss) after tax  | (3.44)        | (3.99)  |

### Review of Operation

The Company has not carried out any production activity during the year. Other Income of Rs. 1.65 Lacs was towards the rent income. During the year, the manufacturing plant remained closed and so there was no income generation from that. Due to the employees cost and some administrative expenses, the net loss after tax was Rs.3.44 Lacs as compared to last year's loss of Rs. 3.99 Lacs.

### Dividend

Your Directors do not recommend any dividend for the year 2012-13, in view of loss made during the year.

### 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. Ajaybhai Bhavsar, Director retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

Mr. Ashish Tripathi has been appointed as Additional Director with effect from 11<sup>th</sup> February, 2013. His terms expires at the ensuing Annual General Meeting. It will be in the best interest of the Company to appoint him as a director and continue to avail his services. He is proposed to be re-appointed regular Director in the ensuing Annual General Meeting, looking at his experience and knowledge.

Mr. Umang Dudhiya, Director of the Company, has resigned with effect from 11<sup>th</sup> February, 2013. The Board appreciate the contribution made by him during his tenure.

### 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. 60,00,000/- or more per annum employed throughout the year or Rs. 5,00,000/- 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).

### Shifting of Registered office :

Since last many years, the registered office of the Company was situated at the Manufacturing plant of the Company at S.L. No. 134, At Budasan, Tal. Kadi, Dist. Mehsana in the State of Gujarat. The Company decided to sell/dispose of the said undertaking/ unit, including Plant & Machinery and Land & Building situated at that location. Further, as the said destination is far from the City of Ahmedabad, shareholders are unable to participate in the General Meeting of the Company. Considering all these, the Company has shifted its registered office in the City of Ahmedabad at 513, Golden Triangle, Stadium Road, Navrangpura, Ahmedabad – 380014, w.e.f. 13<sup>th</sup> July, 2013, as approved by the members through Postal Ballot process.

### Sell/ Transfer or Dispose off Budasan Unit :

The Manufacturing Plant of the Company is situated at S.L. No. 134, At Budasan, Tal. Kadi, Dist. Mehsana, Gujarat, with facility to manufacture polymer products. Since last many years, the manufacturing plant of the company is closed and the realisable value of the plant & machinery will be lower, day by day due to obsolete technology and closure of the plant. Considering that, it is advantageous for the company to sell/ transfer the undertaking including Land & Building and Plant & Machinery in full, so that these funds can be utilized to pay off the liabilities of the Company. The members have approved Sell/ Transfer or Dispose off Budasan Unit by Special Resolution dated 13<sup>th</sup> July, 2013, through postal Ballot process.

### 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 31<sup>st</sup> March, 2013.
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 31<sup>st</sup> March, 2013, 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. During the year, reconstitution of Audit Committee has been done in the Board Meeting held on 11<sup>th</sup> February, 2013, details of which are provided in the Corporate Governance Report.

## Depositories

The Company had 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 Exchanges have suspended the trading due to technical reason. The Company has made revocation application to BSE, which is under consideration.

## Auditors & Auditors Report

M/s.Hundlani & 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 31<sup>st</sup> March, 2013 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

Ahmedabad  
12<sup>th</sup> August, 2013

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. Further unstable Crude prices are affecting the Polymer 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, increase in raw

material cost and lower price realization, margins are reducing day by day. The future of this industry appears very glumly, especially 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 severe 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 Company intend to sell its Budasan unit/ undertaking and to pay off all the outstanding unsecured debt. For that, members approval by Special Resolution through Postal ballot process is already obtained by 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. It is advantageous for the company to sell/ transfer the undertaking including Land & Building and Plant & Machinery in full because 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 2012-13 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 2012-13.

### 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 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 an Executive- Promoter Director.

Four Board meetings were held during the financial year 2012-2013. The dates on which Board Meetings held are 14<sup>th</sup> May, 2012, 14<sup>th</sup> August, 2012, 3<sup>rd</sup> November, 2012 and 11<sup>th</sup> February, 2013. The 21<sup>st</sup> Annual General Meeting was held on 29<sup>th</sup> September, 2012.

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<br>Designation<br>& 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 31/3/13 % of holding) |
|---|---|---------------------|---|---|------------------------|----------------------------|---|
| Mr. Prakash V. Amin<br>Chairman cum Managing Director<br>63 Years | Promoter & Executive Director- Contractual Employment | 02/05/1995          | 0   | 0   | 0                      | No                         | 2500<br>0.05%                                   |
| Mr. Narendra J. Shah<br>Director 56 Years                         | Independent & Non-Executive Director                  | 13/07/2002          | 0   | 0   | 4                      | Yes                        | 56300<br>1.08%                                  |
| Mr. Ajay H. Bhavsar<br>Director 47 Years                          | Independent & Non-Executive Director                  | 30/07/2003          | 0   | 0   | 4                      | Yes                        | 0   |
| *Mr. Ashish P. Tripathi<br>Additional Director 29 Years           | Independent & Non-Executive Director                  | 11/02/2013          | 0   | 0   | 0                      | No                         | 0   |
| #Mr. Umang M. Dudhiya<br>Director 40 Years                        | Independent & Non-Executive Director                  | 22/10/2005          | 0   | 0   | 4                      | Yes.                       | 0   |

\* Appointed as an additional director w.e.f. 11<sup>th</sup> February, 2013.

# Resigned w.e.f. 11<sup>th</sup> February, 2013.

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.



# Harsh Polymers (India) Limited

## Details of the Directors seeking Re-appointment in the forthcoming Annual General Meeting :

|  |   |                                |
|--|---|--------------------------------|
| Name of Director   | Ajaybhai Bhavsar  | Ashish Tripathi                |
| Date of Birth  | 22/10/1964  | 10/02/1984                     |
| Date of Appointment  | 30/07/2003  | 11/02/2013                     |
| Qualifications   | Under Graduate  | B.Com, LL.B, Company Secretary |
| Expertise in specific functional areas   | General Administration  | Corporate Law and legal work   |
| List of Public Limited Companies in which Directorship held                      | —   | —                              |
| Chairman(C)/Member(M) of the Committees of the Board of Directors of the Company | Audit Committee (Member)<br>Shareholders Grievance Committee (Member) | Audit Committee (Member)       |
| Chairman/Member of the Committees of the Board of other Companies                | —   | —                              |
| No. of Shares held   | —   | —                              |

### Remuneration to Directors:

No Director has drawn any remuneration by way of Salary, Perquisites, Sitting Fess or commission during the financial year.

### Audit Committee :

The Audit Committee comprises of Mr. Narendra J. Shah as the Chairman of the Committee, Mr. Ajaybhai Bhavsar and Mr. Ashish Tripathi, as Members. All members of the Audit Committee are Non-Executive Independent Directors. Reconstitution of Audit Committee has been done in the Board Meeting held on 11<sup>th</sup> February, 2013, in which Mr. Ashish Tripathi was appointed in place of Mr. Umang Dudhiya, as member of the Committee.

The above composition meets all the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. As there is no Company Secretary, Mr. Narendra Shah, Director of the Company acts as the Secretary of the Audit Committee.

During the year under review, four meetings were held, as on 14<sup>th</sup> May, 2012, 14<sup>th</sup> August, 2012, 3<sup>rd</sup> November, 2012 and 11<sup>th</sup> February, 2013, which was attended by the following members of the Audit Committee. The chairman of Audit Committee had attended last Annual General Meeting of the company held on 29<sup>th</sup> September, 2012. The Audit Committee at its meeting held on 14<sup>th</sup> May, 2012, reviewed the unaudited Annual Accounts for the year 2011-12 and recommended the accounts for approvals by the Board of Directors. The Audit Committee at its meeting held on 14<sup>th</sup> August, 2012, on 3<sup>rd</sup> November, 2012 and 11<sup>th</sup> February, 2013, reviewed the unaudited financial results for the quarter ended on 30<sup>th</sup> June, 2012, 30<sup>th</sup> September, 2012 and 31<sup>st</sup> December, 2012. Audited Accounts for the FY. 2011-12 were also reviewed by the Committee in their meeting held on 14<sup>th</sup> August, 2012.

The composition of committee and particulars of attendance at the meeting are provided herein below :

| Name of Member          | Category/Status | No. of meeting attended |
|-------------------------|-----------------|-------------------------|
| Mr. Narendra J. Shah    | Chairman        | 4                       |
| Mr. Umang Dudhiya       | Member          | 4                       |
| Mr. Ajaybhai H. Bhavsar | Member          | 4                       |
| #Mr. Ashish Tripathi    | Member          | 0                       |

# Appointed, w.e.f. 11<sup>th</sup> February, 2013

### Broad Terms of Reference

The broad terms of reference of the Committee as approved by the Board includes overseeing of the Company's financial reporting process, the appointment of statutory auditors and internal auditors, reviewing the quarterly and annual financial statements before submission to the Board for approval, compliance with listing and other legal requirements relating to financial statements, reviewing adequacy of the internal and internal audit function, etc.

In addition to the above, the Committee shall have such functions/role/powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable law.

The Audit Committee has reviewed the Management Discussion and Analysis of financial condition and results of operations forming part of this Annual Report and other information as mentioned in Clause 49 (II) (E) of the Listing Agreement.