

# 32nd Annual Report

2012-13



SPONGE  
IRON

SHIP  
BREAKING

TRADING

REAL  
ESTATE

FINANCE

 **HARIYANA**  
SHIP BREAKERS LTD

ISO Certified

ISO = 14001:2004 / OHSAS = 18001:2007

HARIYANA SHIP BREAKERS LIMITED

BOARD OF DIRECTORS	:	Shri Shanti Sarup Reniwal Smt. Lalitadevi Reniwal Shri Rakesh Reniwal Shri Manohar Wagh Shri Pradeep Bhatia Shri Tejas Thakkar
AUDITORS	:	P. D. Goplani & Associates (Chartered Accountants) Bhavnagar - 364 001.
BANKERS	:	Punjab National Bank Raheja Chambers, Nariman Point, Mumbai-400 021.
REGISTERED OFFICE	:	156, Maker Chamber VI, 220, Jamnnalal Bajaj Marg, Nariman Point, Mumbai - 400 021.
BRANCH OFFICE	:	Hariyana House, 2165/A-2, 2nd Floor, Sanskar Mandal Chowk, Bhavnagar - 364 002. 206 Barton Centre, M.G.Road, Bangalore - 560 001.
SHIP BREAKING YARD	:	Plot No. 14, Ship Breaking Yard, Alang, District : Bhavnagar.
SPONGE IRON PLANT	:	Survey No. 12, 14, 15 Shanthigrama (Hubli), Kanchanhally Village, Hassan - 573201.
FINANCIAL YEAR	:	2012-2013
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**Go Green Today**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, enabling the Company to effect electronic delivery of documents. The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company sent to shareholders.

Members are requested to support this green initiative by updating their email address with the respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding. Join this cause and make the world a cleaner, greener and healthier place to live.

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**Annual General Meeting**

Date : Monday, 30th September, 2013

Time : 10:00 a.m.

Venue : 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021

NOTICE

Notice is hereby given that the THIRTY SECOND ANNUAL GENERAL MEETING of the Members of HARIYANA SHIP-BREAKERS LIMITED will be held on Monday, 30th September 2013 at the Registered Office of the Company at 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2013 and Statement of Profit and Loss for the year ended on that date together with the Report of the Board of Directors and Auditors' thereon.
2. To declare Final dividend for the year 2012-2013 on Equity shares.
3. To appoint a Director in place of Mrs. Lalitadevi Reniwal, who retires by rotation and being eligible, offers herself for re- appointment.
4. To appoint a Director in place of Mr. Manohar Wagh, who retires by rotation and being eligible, offers himself for re- appointment.
5. To appoint M/s. P. D. Goplani & Associates., Chartered Accountants, Firm Registration No. 118023W as Statutory Auditors of the Company and to fix their remuneration.

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 28/05/2013

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIM AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, should reach duly completed, stamped and must be deposited at the registered office of the Company not less than 48 hours before the meeting. Proxies submitted on behalf of the Companies, Societies, Partnership firm, etc must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nomination organization. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the Office. Copies of the Annual Report will not be distributed at the Meeting.
- (b) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing the representative to attend and vote on their behalf at the Meeting.
- (c) Explanatory Statement pursuant to the provisions of the Section 173 (2) of the Companies Act, 1956 is not required as there being no special business.
- (d) The Register of Members and the Share Transfer Books of the Company will be closed from 20<sup>th</sup> September, 2013 to 30<sup>th</sup> September, 2013 (both days inclusive).
- (e) If Dividend on Equity Shares, as recommended by the Directors, is approved at the Meeting, the payment of such dividend will be made on 5<sup>th</sup> October 2013 as under:
  - a. To all Beneficial Owners in respect of the shares held in the electronic form, as per details furnished by the Depositories as on beginning of 20<sup>th</sup> September 2013
  - b. To all members in respect of shares held in physical form, whose names are in the Company's Register of Member on 20<sup>th</sup> September 2013.
- (f) Details required under Clause 49 of the Listing Agreement entered with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, are given in the relevant section of the Corporate Governance Report included in the Annual Report.
- (g) The Shareholders, who still continue to hold shares in physical form, are requested to dematerialise their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) and to eliminate the risks associated with physical shares.
- (h) Members who have not encashed their dividend warrant for FY2005-2006 and onwards, are requested to make their claim to the Company / Registrar and Share Transfer Agent immediately. Members are requested to lodge Share Transfer documents and all other correspondence and queries relating to Share Transfer, Share Certificates, Change of Address etc., at the Office of Registrar & Share Transfer Agent. The relevant address of Registrar and Share Transfer Agent is as under:

Contact Person : Shri Shashikumar  
Sharex Dynamic (India) Pvt Ltd  
Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400 072.  
Ph: 022 28515606, 022 28515644 ☎ Fax: 022 2851 2885 ☎ Email: info@sharexindia.com

- (i) Members are hereby informed that in terms of the provisions of Section 205A of the Companies Act, 1956, dividend not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to Investor Education & Protection Fund established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or said fund after the said transfer.
- (b) As per the provisions of the Companies Act, 1956, facility for making nomination available for the Members in respect of the shares held by them. Nomination forms can be obtained from the Company's Share Registrars and Transfer Agents by Members holding shares in physical form. Members holding shares in the electronic form may obtain Nomination forms from their respective Depository Participant.

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 28/05/2013

# HARIYANA SHIP BREAKERS LIMITED

## DIRECTOR'S REPORT

To,  
The Members,  
Hariyana Ship Breakers Limited  
Mumbai

The Board of Directors hereby are present the 32<sup>nd</sup> Annual Report of the Company together with the Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

Financial Results :

(Rs in Lacs)

	2012-13	2011-12
Sales/Revenue From Operation	1,03,502.48	58,363.97
Add: Other Income	679.81	1,250.24
Total Revenues	1,04,182.29	59,614.22
Profit before Finance Cost, Depreciation & Tax	4,728.66	2,178.28
Less: Finance Cost	2,278.80	472.36
Profit before Depreciation & Tax	2,449.87	1,705.92
Less: Depreciation	183.50	182.73
Profit before Tax	2,266.36	1,523.19
Less: Provision for Current Tax	641.84	505.81
: Provision for Deferred Tax	(18.02)	(19.31)
Profit after tax	1,642.54	1,036.68
Add: Balance brought forward from the previous year	3,279.69	2,568.03
Balance Available for Appropriation	4,922.23	3,604.70
Which the Directors have apportioned as under to:-		
a) Proposed Dividend on Ordinary Shares	215.83	185.00
b) Dividend Distribution Tax thereon	35.01	30.01
c) Transfer to General Reserve	164.25	110.00
Total apportioned	415.10	325.01
Balance to be carried forward	4507.13	3279.69
Earnings Per Share (Face Value Rs.10/-)		
- Basic and Diluted	26.64	16.81

During the year under review, the aggregate gross revenue from operations are at Rs. 1,03,502.48 Lacs as compared to Rs. 58,363.97 Lacs in the Previous Financial Year reflecting 77.34% growth. Net profit, however, increased by 58.44% at 1,642.54 Lacs compared to Rs. 1036.68 Lacs last year, due to volatile market in Iron and Steel product, increased interest costs and high depreciation in value of Indian Rupee against Forex.

Companies consolidated EBIDT for the year are at Rs. 4,728.66 Lacs as compared to Rs. 2,178.28 Lacs last year, which is 117.08% higher than the preceding financial year.

**DIVIDEND :**

Taking into account the sustained good performance of the Company, your Directors have recommended a Dividend of 35% (Rs. 3.50 per share) on the Equity Shares of Rs. 10/- each for approval by the Members. The total dividend, if approved by the shareholders at the Annual General Meeting, would absorb Rs. 215.83 lacs out of profits for the year. Dividend distribution tax payable amounting to Rs. 35.01 lacs has been appropriated out of profits.

**PROSPECTS IN THE COMING YEAR :****Ship Breaking and Iron & Steel**

During the financial year 2012-13, Ship-Breaking Unit at Alang Ship Breaking Yard has shown a stable performance in terms of Sales, however, the industry is still in its booming trend is expected to perform better in coming years also. Trading unit of the company has done tremendously well during the year and the trend is expected to continue in the coming years. Steel and Power unit, however, has not been able to sustain its performance in terms of sales as compared with preceding years because of issues of availability of raw materials and other similar factors at its Hassan, Karnataka, however, the overall scenario of iron and steel is still very positive and it is hoped that the growth story of the unit shall be sustained in the coming years. Overall, since the prices of iron and Steel having reasonably stabilized and the inventory levels of the company and its market position, all the segments of the company, viz. Ship Breaking, Sponge Iron and Trading, are expected to see major increase in terms of Gross Revenues and Net profit Margins in the coming year.

With the changed circumstances, the company is hopeful that in the coming period the company will continue its ship breaking activities and take it to the level of extended growth and will contribute more to the overall growth of the business of the company. The trading in Ferrous and Non Ferrous Metals, Scrap, Coal etc activities of the company are doing very well and are contributing considerably to the profitability of the company. The sponge iron division of the company has not been able to give good results during the year because of various factors like lack of uninterrupted availability of raw materials due to local mining issues, rupee volatility etc, however, with the increased management focus on market environment, the unit is also expected to yield positive results in the current year as well in the coming years. The investment division of the company is also doing well. Your directors see a very positive and bright future prospects ahead for the company looking to the prevailing upward trend in the Iron and Steel sector in India and internationally.

**Industrial Gases :**

The company is into a partnership in M/s. Hariyana Air Products (with 60% share.) for the manufacture and supply of Industrial Oxygen Gas. During the year the oxygen plant at Bhavnagar, Gujarat has also performed well and company's earnings from the said partnership firm are of Rs. 8.79 Lacs as against Rs. 2.02 Lacs last year, Because of proximity to Alang Ship Breaking Yard and huge captive consumption requirements of group companies, the company expects good long term benefits from the said partnership venture.

**Real Estate & Construction :**

The Company is also taking interest into real estate business. For which has been into Partnership in the name of "White Field Projects" (with 40% share) for construction & selling of residential apartments. The firm had acquired 1 Acre & 20 Guntas of land at Seegehalli, Whitefield, Bangalore with the object of constructing 2 & 3 BHK apartments consisting. 132 Flats. The construction work of the Project is



## HARIYANA SHIP BREAKERS LIMITED

fully completed and majority of the flats have been sold. The company's share of profit from the firm during the year under report is Rs. 349.00 Lacs for the year ended 2013.

The Company has also been into Partnership and formed a Partnership Firm "Orchid Woods Projects" (with 50% share) for construction & selling of residential apartments. The firm has acquired 3 Acres of land at Kothanur, Hennur Baglur Main Road, Bangalore with the object of constructing 2 & 3 BHK Apartments consisting of 392 Flats. Likely date of completion of the project is in August, 2014.

The Company has also been into partnership (with 33.33% share) M/s. "Swastik Developers" for construction of building. The firm has acquired 66 Acres of land in Goa. The project is expected to commence soon.

The company has also been into partnership in M/s. "White Mountain" (with 25% share). The firm has acquired 49 acres of land at Devenhalli, Bangalore with the object of cutting 378 plots. Likely date of completion of the project is October 2014.

The company has also been into partnership in M/s. "Orchid Lakeview Developers" (with 33.33% share). The firm has acquired 5 acres of land at Bellandur, Bangalore with the object of construction 2 & 3 BHK apartments consisting 360 flats. Likely date of completion of the project is October 2015.

The company has also entered into partnership and formed a partnership firm "Goyal Hariyana Realty " (with 50% share). The firm has acquired 2,09,632.53 Sq. Ft. of land at Kannur Village, Bangalore, with the object of construction consisting 84 Villas. Likely date of completion of the project is 2015.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and outgo :

In accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956, the required information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed hereto which is Annexure A forming part of this report.

Management Discussion and Analysis – Review of Operations :

Provided in Annexure – B forming part of this report.

Director's Responsibility Statement :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement is annexed herewith as provided in Annexure – C

Corporate Governance :

The disclosures as required under the Corporate Governance standards have been furnished as a part of this report. The Company has been practicing the principles of good corporate governance. In addition to basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. Annexure-D

Board of Directors :

During the year, there has been no change since the last Annual General Meeting.

Pursuant to provisions of Companies Act, 1956 and in accordance with Article number 130 of the Articles of Association of the Company, Mrs. Lalitadevi Reniwal and Mr. Manohar Wagh retire by

rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

**Auditor's Observation/qualification :**

The observation/qualification of the auditors are based on the facts stated in the schedules of notes and members are requested to refer to the Note no. 1.2 (a) to (l) of notes on accounts, which are self explanatory and does not require any further clarification/reply.

**Deposits :**

During the year under review, the Company did not accept any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rule, 1975 as amended.

**Auditors :**

M/s. P.D. Goplani & Associates, Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting. The company has received confirmation and their eligibility and willingness to accept the re-appointment. They have given a certificate to the effect that the appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their appointment.

Members are requested to re-appoint M/s. P.D. Goplani & Associates, Chartered Accountants, as Statutory Auditors of the Company for the period commencing from ensuing Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

**Particular of Employees :**

Pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, your Company has no person in its employment drawing salary within the monetary ceiling prescribed under section 217 (2A) of the Companies Act, 1956.

**Listing of Shares :**

The shares of the Company are listed at Bombay Stock Exchange Limited, Mumbai and applicable listing fees have been paid within the prescribed time limits.

**Acknowledgement :**

Your Directors wish to place on record their appreciation for the continued support from the Shareholders, Investors, Customers, Suppliers and Bankers. Your Directors place on record their appreciation of the consistent contribution made by employees at all levels through their hard work, dedication, and solidarity cooperation and acknowledge that their supports had enabled the Company to achieve new heights of success.

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Place : Mumbai

Date : 28/05/2013

Shanti Sarup Reniwal

Chairman & Managing Director

ANNEXURE - A

Information as per section 217 (1) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988 and forming part of the Director's Report for the period ended on 31st March, 2013.

A. Conservation of Energy :

All manufacturing plants have implemented various initiatives for the conservation of energy and all efforts are made to minimize energy costs. Company is engaged in Ship Breaking, Sponge Iron Manufacture and trading in Iron and Steel. No significant power consumption is required in ship breaking industry as major portion in production process consist of non mechanical processes. However, industrial gases are used in ship dismantling activities and the company has taken various measures to control the consumption of fuel and energy. In its Sponge Iron Unit, the Company has taken various measures to control the consumption of fuel and energy.

The Company is in the process of setting a co-generation unit for utilizing fuel gas from the sponge iron plant therein reducing the dependence on the grid power. This will reduce the dependence of the company on grid power and also will effectively reduce the production cost.

B. Technology Absorption :

1. Specific area in which R&D carried out by the company :

Company is engaged in Ship Breaking, Sponge Iron Manufacture and trading in Iron and Steel. Therefore, no significant consideration is required in R & D.

2. No Research & Development work has been carried out by the Company and therefore, there is no expenditure under this head. However, plan of action for Research & Development is being worked out.

3. Company has not imported any technology for its plant.

C. Foreign Exchange Earnings and Outgo

Members are requested to refer the notes to the Financial Statements for the year under report.

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Place : Mumbai  
Date : 28/05/2013

Shanti Sarup Reniwal  
Chairman & Managing Director

## ANNEXURE – B

## Management Discussion and analysis

## a) Overview :

The company is now a diversified company with ship breaking, manufacture of sponge & iron, trading activities & investment activities. The company has also diversified into Manufacture of Industrial Gases, Real Estate and Construction by going into partnerships with experienced entrepreneurs in the field.

## b) Segmental Review :

During the financial year 2012-13, ship-breaking industry at Alang Ship Breaking Yard seen a stable performance and but the industry is in the booming trend and the same is expected to continue in coming years also. However, fluctuating and volatile prices of old Ships, Iron and Steel products coupled with depreciation in value of Indian Rupee vis-à-vis US Dollar during the year, the net profit margins of this segment has been affected despite stable performance in terms of Sales. Trading unit of the company has done tremendously well during the year and has achieved nearly 130% increase in sales turnover and more than 200% increase in profit margin. Steel and Power unit, however, has not yielded the desired results in terms of sales due to various reasons viz., problems being faced by the industry in the region (Hassan, Karnataka) as whole of raw materials availability and volatile prices in Iron and Steel sector and also depreciation in value of Indian Rupee vis-à-vis US Dollar during the year during the year unit could not deliver in terms of sales targets and profits. However, prices having been reasonably stabilized and the inventory levels of the company and its market position, all the segments of the company, viz. Ship Breaking, Sponge Iron and Trading, are expected to see manifold increase in terms of Gross Revenues and Net profit Margins in the coming year.

## i) Ship breaking :

As has been stated in the out-look, due to boom in the availability of old ships in the international market, the company's ship breaking unit at Alang Ship Breaking Yard, Bhavnagar was fully operational throughout the year. During the year, company has also attained 1.53% growth in terms of sales turnover and has achieved sales turnover of Rs. 16,712.70 lacs as against 16,456.75 lacs last year. During the financial year 2012-13, ship-breaking unit could not achieve the desired growth, because management took a very cautious view of the prevailing market conditions like fluctuating and volatile prices of old Ships, Iron and Steel products during the year and also major depreciation in value of Indian Rupee vis-à-vis US Dollar etc. The net profit margins of this segment have also been affected because of all such reasons. Though the year under review saw fluctuation in the international market of old ships coming for breaking, the management was very cautious and purchased ships at proper time and built a good level of inventories to earn better profits in coming years. Now the market has stabilized and your management has some definite business plans and it is hoped that the turnover and the profitability will see a further increase in the current financial year.

## ii) Steel &amp; Power

As has been stated in the out-look, the performance of the sponge Iron segment has not been as per the targets in terms of sales turnover and has achieved sales turnover of Rs. 2,952.33 lacs as against of Rs. 5,457.61 lacs last year, resulting in decrease by

46%. Various factors like difficulties in uninterrupted supply and availability of raw materials, fluctuating and volatile prices of Iron and Steel products during the year and also major depreciation in value of Indian Rupee vis-à-vis US Dollar, the unit could not achieve desired sales and positive profits during the year. The management is of the view that the iron and steel industry is doing well and with the expected boost in the economy the requirement of steel is slated to increase and the unit will also move further towards its sustained path of growth.

iii) Trading :

The Trading segment has also attained double of sales turnover at Rs. 82,129.63 lacs as against of Rs. 35,748.94 lacs last year, an increase of 130%. The segment has achieved profit of Rs. 2,674.01 lacs as against net profit of Rs. 836.63 lacs last year, an increase by 220%. The management is of the view that the iron and steel sector is doing well and with the expected boost in the economy the requirement of steel and other metals is slated to increase and the unit will also move further towards its sustained path of growth.

iv) Investment :

Investment and Finance is not main business of the company. As and when surplus funds are available with the company, the company lent the same with a view to earn interest and short term and long term capital gain. As stated in earlier paras of this annual report, the company has entered into partnership in various construction and real estate projects and has acquired a major share in such real estate investments. Such projects are expected to yield good profits to the company in short to medium term of periods.

The segmental results for the year are summaries as under. (Rs. In Lacs)

Particulars	Investment	Ship-Breaking	Trading	Steel & Power	Total
a) External Sales/Revenue	2,077.47	16,724.90	82,423.09	2,956.83	1,04,182.29
Inter segment Sales/Revenue	386.17	827.78	469.25	-	-
Total Revenue	2,463.64	17,552.68	82,892.34	2,956.83	1,04,182.29
b) Segment Results Before Interest and Taxes	2,056.35	(1,251.78)	4,135.75	(395.17)	4,545.16
c) Segment results as % of total	45.25%	(27.55%)	90.99%	(8.69%)	100%
d) Segment Assets	15,912.24	2,229.63	29,407.14	3,634.35	51,183.36
e) Segment Liabilities	2,850.07	8,700.23	31,703.38	833.23	44,086.91

\* Total Gross Revenue is after elimination of inter segment revenues of Rs. 1,683.20

## c) Financial Review and analysis :

## PERFORMANCE :

(Rs in Lacs)

	2012-13	2011-12	% Change
Gross Turnover	1,03,502.48	58,363.97	77.34
Net Turnover	1,03,502.48	58,363.97	77.34
Other income	679.82	1,250.25	(45.63)
Increase/(Decrease) in Stock of Finished Goods	(76.44)	88.24	(186.63)
Total Expenditure	99,377.19	57,524.18	72.76
Operating Profit (PBIDT)	4,728.66	2,178.28	117.08
Interest	2,278.80	472.36	382.42
Gross Profit (PBDT)	2,449.87	1705.92	43.61
Depreciation	183.50	182.73	0.42
Profit before tax	2,266.36	1523.19	48.79
Provision for current Tax	641.84	505.81	26.89
Profit after current tax	1,624.53	1,017.37	59.68
Deferred tax	(18.02)	(19.31)	(6.69)
Net Profit after tax	1,642.54	1,036.68	58.44

## d) Cash Flow Analysis :

	2012-13	2011-12
- Profit after Tax but before Depreciation	1,808.03	1,200.10
- (Increase)/Decrease in Net Working Capital	(3,217.52)	622.74
- Net Cash Flow from Operating Activities	(1,409.49)	1,822.85
- Payment for Acquisition of Assets (Net)	(310.39)	(1,400.54)
- Cash Outflow from Financing Activities	1,707.09	(417.95)
- Net Cash Inform/(Outflow)	(12.79)	4.36

## e) Risk Management :

The Company is exposed to the risk from the market fluctuations of foreign exchange as well as the fluctuation in the price of iron and steel. In the ship breaking division, the raw material is old ship, and also in trading of various ferrous and non ferrous metals and coal, the materials are purchased from the international market on credit ranging up to 180 days to 360 days. Though the Company is regularly monitoring the foreign exchange movement and suitable remedial measures are taken as and when felt necessary. Though the company is employing such measures, the company is still exposed to the risk of any heavy foreign exchange fluctuation. The company's sponge iron unit is also exposed to the risk of availability of sufficient supply of raw materials due to mining issues in around Hassan region.

Likewise the company's finished products are mainly re-rollable scrap generated from ship breaking and the price of the same is linked to the market rate for iron and steel. Any up and down in the price of the iron and steel will affect the profitability of the company. However based on the past trend any further major down fall in the price of iron and steel is not expected.

ANNEXURE – C

Directors' Responsibility Statement :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with Respect to the Directors' Responsibility Statement, it is hereby confirmed:

a)	<p>The financial statements have been prepared in conformity, in all material respects, with the Generally Accepted Accounting Principles in India and the Accounting Standards prescribed by the Institute of Chartered Accountants of India in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.3.2013 and of the results of operations for the year ended 31.3.2013.</p> <p>The financial statements have been audited by M/s. P.D. Goplani &amp; Associates, in accordance with generally accepted auditing standards, which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.</p>
b)	<p>That the Directors had selected such Accounting policies and applied them and made judgments and estimates that were 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 and of the profit or loss of the Company for the year under review.</p>
c)	<p>That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records as required by virtue of statutes.</p> <p>Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.</p>
d)	<p>In the opinion of the Directors, the Company will be in a position to carry on its existing commercial ship breaking business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.</p>
e)	<p>The system of internal control is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.</p> <p>Proper systems are in place to ensure compliance of all laws applicable to the Company.</p>

## ANNEXURE – D

## CORPORATE GOVERNANCE REPORT

As required under Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited (BSE), the report on Corporate Governance is given below :

1. Company's philosophy on code of corporate governance :

Fairness, accountability, disclosures and transparency are the four strong pillars supporting the foundation of your Company's philosophy of Corporate Governance. Responsible Governance is imbibed in your Company's work culture which has enabled it to achieve sustainable growth on its journey to continued success, thereby meeting stakeholders' expectations. The governance processes and systems of your Company have strengthened over a period of time resulting in constant improvisation of sustainable and profitable growth.

Your company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices. Comprehensive disclosures, structured accountability in exercise of powers, adhering to best practices and commitment to compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way the business is done. The governance practices followed by your company are continuously reviewed and the same are benchmarked with the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement.

2. Composition of Board of Directors

The Board consists of 6 (Six) Directors of which 3 (Three) are Executive Directors and 3 (Three) Independent Directors having vast experience in the core business activity of the Company. The Chairman of the Board is an Executive & Promoter of the Company. The composition of the Board of Directors of the Company is in accordance with the provisions of Clause 49 of the Listing Agreement.

Membership, Attendance & Other Directorships :

Membership and Attendance of each Director at the Board of Directors' Meetings and the last Annual General Meeting held on 28<sup>th</sup> September, 2012 and the number of other Directorship and Chairmanship / Membership of Board Committees (as on 31<sup>st</sup> March 2013) :



## HARIYANA SHIP BREAKERS LIMITED

The composition of the Board as on 31<sup>st</sup> March, 2013 was as follows :

Name of Director	Category of Directorship	*No. of other Directorship	
		Public	Private
Mr. Shantisarup Reniwal	Promoter, & Executive Director	Nil	8
Mrs. Lalitadevi Reniwal	Promoter, & Executive Director	Nil	Nil
Mr. Rakesh Reniwal	Promoter, & Executive Director	Nil	10
Mr. Manohar Wagh Director	Independent & Non – Executive	Nil	Nil
Mr. Pradeep Bhatia Director	Independent & Non – Executive	Nil	Nil
Mr. Tejas Thakker Director	Independent & Non – Executive	Nil	Nil

\*Excludes Alternate Directorships, Directorships in Section 25 Companies and Foreign Companies and proprietorship and partnership firms.

## In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, Membership/ Chairmanship of only the Audit Committee, Shareholders'/ Investors grievance Committee of the Public Limited Companies has been considered.

There are no nominees or Institutional Directors in the Company. None of the Directors have pecuniary or Business relationship with the Company other than as mentioned in the elsewhere in the Annual Report. No Director of the Company is either member in more than 10 Committees and / or Chairman of more than 5 Committees across all Companies in which he is Director.

### Board Meetings

The Meetings of the Board of Directors are scheduled well in advance and generally held at the Company's Registered Office in Mumbai. The Board meets at least once a quarter to review the quarterly performance and the financial results.

During the year there were in total 15 (Fifteen) Board Meetings which were held on 20.04.12, 30.04.12, 14.05.12, 20.05.12, 30.07.12, 13.08.12, 14.08.12, 16.08.12, 21.08.12, 10.09.12, 10.11.12, 15.12.12, 13.02.13, 14.02.13 and 31.03.13 and the time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board were made available to them along with detailed Agenda notes.

Sr. No	Name of the Director	Relationship with other Directors	No. of Board Meetings		Attended Last AGM
			Held	Attended	
1	Mr. Shanti Sarup Reniwal	Husband of Smt. Lalitadevi Reniwal, Father of Mr. Rakesh Reniwal.	15	15	Yes
2.	Smt Lalitadevi Reniwal and mother of Mr. Rakesh Reniwal.	Wife of Mr. Shanti Sarup Reniwal	15	Nil	No
3.	Mr. Rakesh Reniwal	Son of Mr. Shanti Sarup Reniwal and Smt. Lalitadevi Reniwal	15	15	Yes
4.	Mr. Manohar Wagh	# #	15	7	No
5.	Mr. Pradeep Bhatia	# #	15	7	No
6.	Mr. Tejas Thakker	# #	15	7	No

# # There is no relationship among any of the Directors.

The Board has granted leave of absence to the Directors who were absent at the respective Board Meeting(s) at their request.

Code of Conduct:

The Board has formulated a code of conduct for the Board members and senior management of the Company. All Board members and senior management personnel as on 31<sup>st</sup> March 2013 have affirmed their compliance with the code and the declaration to this effect given by the Chairman is annexed hereto.

Notes on Directors seeking re - appointment / appointment:

As per the Companies Act, 1956 and the Articles of Association of the Company, two third of the directors are liable to retire by rotation. One third of these retiring directors are required to retire every year by rotation and if eligible, these directors qualify for re-appointment and in accordance with Clause 49(G)(I) of the Listing Agreement as entered with the Bombay Stock Exchange, following Directors are seeking re – appointment / appointment on the Board of the Company and brief resume of the said Directors is given as below:

a) Mrs. Lalitadevi Reniwal

Mrs. Lalitadevi Reniwal, is the wife of the Managing Director Mr Shantisarup Reniwal. She holds 4,14,800 shares in the Company. She provides guidance for the development of the Company.

b) Mr. Manohar Wagh

Mr. Manohar Wagh is a graduate from Mumbai. He is well conversant with the day to day operations and has a good acumen towards construction and ship breaking activities of the Company.

1. Audit Committee

Your Company has an independent Audit Committee. The composition, procedures, power, role and functions of the Audit Committee are in compliance with the requirements of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreements. The Audit Committee of your Company comprises of an Independent Chairman and two independent Directors, Mr. Pradeep Bhatia as Chairman of the Committee is financially literate person and has a sound accounting knowledge. The committee comprises of Mr. Tejas Thakker and Mr. Manohar Wagh as Members of the Committee.

Composition and attendance during the period ended 31<sup>st</sup> March 2013:

The Committee met 10 (Ten) times during the period under review. The said meetings were held on 10.04.2012, 19.04.2012, 14.05.2012, 24.05.2012, 13.08.2012, 16.08.2012, 10.11.2012, 12.02.2013, 13.02.2013 and 16.03.2013 respectively.

## HARIYANA SHIP BREAKERS LIMITED

Sr. No.	Name of Director	Designation	No of Meetings attended
1	Mr. Pradeep Bhatia	Chairman	10
2	Mr. Tejas Thakker	Member	10
3	Mr. Manohar Wagh	Member	10

Terms of Reference :

The terms of reference of the Audit Committee, inter-alia, includes the following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

The powers and terms of reference of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing Agreement.

The Chairman of the Audit Committee normally attends the Annual General Meeting of the Company.

#### 4. Shareholder's / Investor's Grievance & Share Transfer Committee :

As on 31<sup>st</sup> March 2013, the Shareholder's / Investor's Grievance Share Transfer Committee comprised of Mr. Manohar Wagh as a Chairman and Mr. Rakesh Reniwal and Mr. Shantisarup Reniwal as a Members of the Committee. Sharex Dynamic (India) Private Limited, Mumbai acts as Registrar and Share Transfer Agent of the Company. The committee also monitors redressal of investors' grievances.

The Company has appointed Mr. Shantisarup Reniwal as the Compliance Officer of the Company.

Composition of the Committee and attendance during the year ended 31<sup>st</sup> March 2013 :

Pursuant to Clause 49 (VI) of the Listing Agreement, the Committee met 5 (Five) times during the financial year ended on 31<sup>st</sup> March, 2013 to review, to approve matters related to Shares, etc. namely 10.04.2012, 13.07.2012, 28.08.2012, 10.10.2012 and 17.01.2013 respectively.

Sr. No.	Name of Director	Designation	No. of meetings attended
1	Mr. Manohar Wagh	Chairman	5
2.	Mr. Rakesh Reniwal	Member	5
3	Mr. Shantisarup Reniwal	Member	5

All valid requests for the share transfers received during the year have been acted upon. There is no share transfer request pending as on 31<sup>st</sup> March, 2013. The Board had delegated the authority for approving transfer, transmission etc. of the Company's securities to the Compliance officer.

The Company has received no complaints from shareholders / investors during the year. There are no shareholders / investors complaints pending as on 31<sup>st</sup> March, 2013.

#### 5. Cost Audit :

The Company has appointed M/s. Kewlani & Associates, Cost Accountants, Ahmedabad, as the Cost Auditors for conducting Cost Audit as per the Companies (Cost Accounting Records) Rules 2011.

#### 6. Subsidiary Companies :

The Company does not have any subsidiary Company.

## HARIYANA SHIP BREAKERS LIMITED

### 7. Remuneration Committee :

The Company does not have a Remuneration Committee and no remuneration or commission is paid to any Directors. There is no pecuniary relationship or any transaction with the directors of the Company. No payment except sitting fees is been given to the Non-Executive Directors and other promoters/ Directors.

### 8. CEO / CFO Certification :

The CEO and CFO certification of the financial statements and the cash flow statement for the year are enclosed separately at the end of this report.

### 9. General Body Meetings :

Location and time, where last three Annual General Meetings were held :

Location	Date	Time
Registered Office : 302, Sylverton Building, 102, Wode House Road, Colaba, Mumbai – 400005.	30.09.2010	11.00 a.m.
	30.09.2011	11.00 a.m..
	28.09.2012	12.00 noon

Special resolutions passed at last three Annual General Meetings (AGM)

- a) 29<sup>th</sup> AGM held on 30<sup>th</sup> September, 2010: NONE
- b) 30<sup>th</sup> AGM held on 30<sup>th</sup> September, 2011: NONE
- c) 31<sup>st</sup> AGM Held on 28<sup>th</sup> September 2012:
  - a. For appointment of Managing Director and Payment of Remuneration to Mr. Shantisarup Reniwal
  - b. For Payment of Remuneration to Other Non- Executive Directors

Postal Ballot :

Special Resolution : To make investments and provide loan, give securities, guarantee in excess of 60% of the aggregate of the paid-up share capital and free reserves and/or upto 100% of free reserves of the Company as per the limits prescribed under section 372A in the bodies corporate as they may in their absolute discretion deem beneficial and in the interest of the Company subject to the maximum aggregate amount not exceeding Rs. 200 Crores at any time together with the existing loans, securities, guarantees and investments.			
Particulars	No. of Postal Ballot Forms Received / Shareholders	No. of Votes / Shares	Percentage of Votes/Shares
Total Postal Ballots Received	59		
Postal Ballots- Valid	46	50,25,172	
- Assented to the Resolution	36	49,68,129	98.86
- Dissented to the Resolution	10	57,043	1.14
Postal Ballots- Invalid	13		
Result	Resolution was passed by Special majority		

Extraordinary General Meetings :

No Extraordinary General Meeting were held during the past three years.

1. Disclosures

a) Related party transactions

All the transactions with the related parties are at the prevalent market rate and details and the quantum of such transactions are disclosed in the schedules of notes to accounts as a practice of sound accounting policy and they are not conflicting in any manner with the interest of the Company at large.

b) Accounting Treatment

The accounts are prepared in line with the accounting standard followed and any treatment which is not in consonance with the generally accepted accounting standard and principles are separately stated in the schedules of notes to the accounts with reasons and justifications for such treatment.

c) Risk Management

The Board regularly reviews and discusses the risk perception of the Company and executive management of the Company is guided to control risk through means of a properly defined framework.

d) Remuneration of Directors

The Company does not have practice of payment of any remuneration / fees etc. to Non Executive Director. However, at the last Annual General Meeting, the Non Executive Director shall be paid having regard to prevalent practice in the industry & commensurate with their experience. Besides the above, there is no pecuniary relationship or transaction by the Company with its Non Executive Director. The remuneration being paid to Chairman and Managing Director of the Company is as per the resolution passed in the previous Annual General Meeting.

e) Management Discussion and Analysis

In addition to the Directors Report, Management Discussion and Analysis forms part of the Annual Report.

f) Shareholders

Whenever a new Director is appointed or an existing director seeks re-appointment on the Board of the Company, brief resume, his experience and expertise, his directorships on other Boards and membership of committees and shareholding of all the Directors etc are disclosed in the relevant section of the Corporate Governance Report included in the Annual Report.

g) Non compliance with any statutory provisions and penalties, strictures etc.

Non compliance with any of the statutory provisions, if any are disclosed in the Directors report and wherever penalties, strictures are imposed, if any they are distinctively disclosed in the schedules of notes to the accounts.

h) Whistle Blower Policy

Though there is no formal Whistle Blower Policy, the Company takes cognizance of the complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and wherever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

i) The Company is yet to adopt Non mandatory requirement as per Clause 49 of Listing Agreement as amended from time to time. The Company has adopted all mandatory requirements as are required to be adopted by the Company and to the extent applicable.

11. Means of communication :

- The Unaudited Quarterly Financial Results of the Company to be submitted to the Bombay Stock Exchange Limited (BSE) are approved and taken on record by the Board of Directors of the Company within forty five days of the close of the respective quarter. The approved results are forthwith sent to BSE as prescribed in the Listing Agreement.
- The Company has its own web-site [www.hariyanagroup.com](http://www.hariyanagroup.com). The Company is sending the quarterly results and presentations to the stock exchange on which the Company is listed so as to put it on its web site. No presentations have been made to institutional investors or to the analysts.

12. Green Initiative :

Pursuant to Circular No. 17/2011 dated 21st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the Shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their email addresses with the Company.

Your Company encourages the shareholders to register their email addresses with the Company or its Registrar & Transfer Agents, Sharex Dynamic (India) Pvt Ltd, by sending a letter signed by the Shareholders on addresses given below and intimate changes in the email ids from time to time.

Those shareholders who have not opted for receiving the Annual Report in physical form, we look forward to receiving your full support in our Endeavour to contribute towards greener environment and request you to join us in this noble initiative and look forward to your consent to receive the Annual Report from now onwards in electronic form. Please complete a tear off portion appended as a separate sheet and return the same to our Registrar & Transfer Agent in the postage paid envelope enclosed herewith.

13. General Shareholders information :

- a. Thirty Second Annual General Meeting will be held on Monday, 30<sup>th</sup> September, 2013 at the Registered Office of the Company at 10.00 a.m.
- b. Financial Year: 1<sup>st</sup> April to 31<sup>st</sup> March, 2013

For the financial year ending on 31<sup>st</sup> March, 2014 results will be announced tentatively:

- First Quarter Results : On or around 15<sup>th</sup> August 2013  
 Second Quarter Results : On or around 15<sup>th</sup> November, 2013  
 Third Quarter Results : On or around 15<sup>th</sup> February 2014  
 Fourth Quarter Results : On or around 15<sup>th</sup> May 2014

a. Date of Book Closure :

20<sup>th</sup> September, 2013 to 30<sup>th</sup> September, 2013 (both days inclusive)

b. Dividend Payment Date : Dividend, if declared by the Company at the 32<sup>nd</sup> Annual General Meeting of the Company scheduled to be held on Monday, 30<sup>th</sup> September, 2013 will be paid on or after 5<sup>th</sup> October, 2013 to those shareholders, who's names appear in the Register of Members of the Company as on 20<sup>th</sup> September, 2013.

c. Listing on stock exchange :

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited and all applicable listing fees have been paid up till date. The stock exchange with respective stock code is as follows :

- ISIN NO. : INE400G01011  
 Name of Stock Exchange : Bombay Stock Exchange Ltd., Mumbai  
 Code No. : 526931

d. Market Price data, high, low during each month in the last financial year and Performance in comparison to broad-based indices such as BSE Sensex is as under :

Month	High Price	Low Price	No. of Shares
April 2012	41.40	35.15	8997
May 2012	41.50	35.25	13835
June 2012	42.95	38.50	13399
August 2012	43.95	35.75	29108
September 2012	44.85	36.25	52884
October 2012	43.00	38.70	21072
November 2012	54.90	38.00	110775
December 2012	51.00	46.10	22990
January 2013	53.65	48.00	42080
February 2013	52.50	48.00	18359
March 2013	50.25	45.65	27942



e. Registrar and Share Transfer Agents :

Contact Person : Shri Shashikumar  
 Sharex Dynamic (India) Pvt Ltd  
 Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400 072.  
 Ph: 022 28515606, 022 28515644 ☎ Fax: 022 2851 2885 ☎ Email: info@sharexindia.com

f. Share Transfer System :

All the shares related work is being undertaken by our Registrar & Transfer Agent, M/s Sharex Dynamic (India) Private Limited. The Shareholder's / Investor's Grievance Committee consisting of three Directors has been constituted to specifically look into the redressal of shareholder and investors complaints. The Compliance Officer of the Company has been delegated the power to approve Share Transfer, Transmission, Split, Consolidated, etc. of shares. The shares transfers are registered and returned within 30 days from the date of the receipt if relevant documents are complete in all respects. The investors / shareholders grievances are also taken-up by our Registrar & Transfer Agent.

g. Distribution of shareholding as on 31<sup>st</sup> March 2013 :

DISTRIBUTION SCHEDULE ON NUMBER OF SHARES/DEBS - As On : 31 <sup>st</sup> March 2013				
SHARE (OR DEBENTURE)	NUM OF HOLDERS	(%) OF HOLDERS (or DEBENTURES)	T O T A L SHARES	% OF SH/DB
UPTO TO 100	953	48.03	67945	1.10
101 TO 200	303	15.27	55905	0.91
201 TO 500	351	17.69	137908	2.24
501 TO 1000	198	9.98	163507	2.65
1001 TO 5000	137	6.91	316625	5.13
5001 TO 10000	23	1.16	167379	2.71
10001 TO 100000	10	.50	419406	6.80
100001 TO ABOVE	9	.45	4837992	78.45
T O T A L	1984	100	6166667	100.00

h. Details of Shares held by Directors as on 31<sup>st</sup> March 2013 :

Name of Directors	No. of Equity Shares Held
Mr. Shanti Sarup Reniwal	80080
Smt. Lalitadevi Reniwal	414800
Mr. Rakesh Reniwal	858230
Mr. Manohar Wagh	0
Mr. Pradeep Bhatia	0
Mr. Tejas Thakker	0

## D) Details of Shareholding pattern as on 31st March 2013 :

STATEMENT SHOWING SHAREHOLDING PATTERN								
Name of the Company : HARIYANA SHIP BREAKERS LIMITED								
Scrip Code : 526931				Quarter Ended : 31 <sup>st</sup> March 2013				
Category Code	Category of Shareholder	Number of Shareholder	Total Number of Shares	Number of shares held in demeter-ialized form	Total shareholding as a percentage of total number of shares		shares pledged or otherwise encumbered	
					Asa% of (A+B) <sup>1</sup>	Asa% of (A+B+C)	No. of Shares	Asa % Total No. of Shares
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>							
1	Indian							
A	Individual Huf	9	4529814	4529814	73.456	73.456	0	0.000
B	Central/State Gov	0	0	0	0.000	0.000	0	0.000
C	Bodies Corporates	0	0	0	0.000	0.000	0	0.000
D	Fins / Banks	0	0	0	0.000	0.000	0	0.000
E	Any Other specify	0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(1)	9	4529814	4529814	73.456	73.456	0	0.000
2	Foreign							
A	Indv NRI/For Ind	0	0	0	0.000	0.000	0	0.000
B	Bodies Corporate	0	0	0	0.000	0.000	0	0.000
C	Institutions	0	0	0	0.000	0.000	0	0.000
D	Any Other Specify	0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(2)	0	0	0	0.000	0.000	0	0.000
	Total Shareholding of Promoter and Promoter Group	9	4529814	4529814	73.456	73.456	0	0.000
	Total (A)= (A)(1) + (A)(2)							
(B)	Public shareholding							
1	Institutions							
A	Mutual Funds	0	0	0	0.000	0.000		
B	Fins / Banks	0	0	0	0.000	0.000		
C	Central/State Govt	0	0	0	0.000	0.000		
D	Venture Cap Fund	0	0	0	0.000	0.000		
E	Insurance Comp(s)	0	0	0	0.000	0.000		
F	Foreign Ins Invest	0	0	0	0.000	0.000		
G	Foreign Ven Cap In	0	0	0	0.000	0.000		
H	Any Other -Specify	0	0	0	0.000	0.000		
	Sub-Total (B)(1)	0	0	0	0.000	0.000		
B 2	Non-institutions							
A	Bodies Corporates	57	426054	423854	6.909	6.909		
B	Individuals							
	i) upto Rs 1-Lac	1894	840474	763074	13.629	13.629		
	ii) above Rs1-Lac	8	347131	347131	5.629	5.629		
C	Any Other -Clr-Mem	6	7625	7625	0.124	0.124		
	-OCB	0	0	0	0	0		
	-NRI	10	15569	15569	0.252	0.252		
	Sub-Total (B)(2)	1975	1636853	1557253	26.544	26.544		
(B)	Total (B)= (B)(1) + (B)(2)	1975	1636853	1557253	26.544	26.544		
	TOTAL (A) + (B)	1984	6166667	6087067		100.00	0	0.000
(C)	Held by Custodians against Depository Receipts							
	PROMOTER & PRO GRP	0	0	0		0.000		
	PUBLIC	0	0	0		0.000		
	GRAND TOTAL (A) + (B) + (C)	1984	6166667	6087067		100.000	0	0.000

j. Performance of Share Price of the Company :



k. Dematerialization of shares and liquidity :

As on 31<sup>st</sup> March, 2013, 98.71% of the total equity share capital of the Company is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialized form.

l. Outstanding GDRs / ADRs / Warrants / Convertible instruments and their impact on equity :

The Company does not have any outstanding GDRs / ADRs / warrants / convertible instruments as on 31st March 2013.

m. The plant of the company is situated at :

Ship Breaking Yard  
Plot No.14,  
Ship Breaking Yard  
Alang, Dist. Bhavnagar-364001  
Gujarat

Sponge Iron Plant  
Hariyana Steel & Power  
Survey No. 12,14,15  
Shanthigrama (Hubli) Kanchanhally Ville.  
Dist. Hassan - 573 201  
Ph. 08172-290011

n. Registered Office :  
156 Maker Chambers VI,  
220, Jamnalal Bajaj Marg,  
Nariman Point  
Mumbai 400 021.  
Ph. 022-22043211  
Fax 022-22043215

Branch Office:  
Hariyana House,  
2165/A2, 2<sup>nd</sup> Floor  
Sanskar Mandal Chowk  
Bhavnagar  
Gujarat 364 002.  
Ph. 0278-3005955  
Fax 0278-567222

Branch Office:  
Hariyana Steel & Power  
206, Barton Centre,  
84, M G Road,  
Bangalore 560 001  
Ph. 080-25325716  
Fax 080-25091411.

o. Compliance Certificate of the Auditors :

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement. The certificate is annexed.

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Place : Mumbai  
Date : 28/05/2013

Shanti Sarup Reniwal  
Chairman & Managing Director

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ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all members of the Board and the senior management personnel have affirmed compliance with the code of Conduct for the year ended 31st March, 2013

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Place : Mumbai  
Date : 28/05/2013

Shanti Sarup Reniwal  
Chairman & Managing Director

## HARIYANA SHIP BREAKERS LIMITED

### CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To  
The Board of Directors  
Hariyana Ship-Breakers Limited  
156 Maker Chamber VI,  
220 Jamnalal Bajaj Marg,  
Nariman Point,  
Mumbai 400021.

We hereby certify that for the financial year, ending 31<sup>st</sup> March 2013 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
2. These statements together present a true and a fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal control systems of the Company and we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that:
  - a. There have been no significant changes in internal control during the year;
  - b. There have been no significant changes in accounting policies during the year;
  - c. There have been no instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Place : Mumbai  
Date : 28/05/2013

Shanti Sarup Reniwal  
Chairman & Managing Director

To  
The Members of  
Hariyana Ship-Breakers Limited  
Mumbai

We have examined the compliance of conditions of Corporate Governance by Hariyana Ship-Breakers Limited (the Company) for the financial year ended on 31<sup>st</sup> March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended on March 31, 2013, no investor grievances are pending against the Company for more than one month as per records maintained by the Company and presented to the Investor Grievance / Share Transfer Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For P.D.Goplani & Associates,  
Chartered Accountants

Sd/-

Prem Goplani  
Partner  
Membership No.103765

Place : Bhavnagar  
Date : 28<sup>th</sup> May 2013

## AUDITOR'S REPORT

To  
The Members  
HARIYANA SHIP-BREAKERS LIMITED

We have audited the accompanying financial statements of HARIYANA SHIP-BREAKERS LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, *subject to: Note 1.2(h): with regard to non-Provision for liability for gratuity*

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the *profit* for the year ended on that date;  
and

- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:
    - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
    - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the Balance Sheet and Statement of Profit & Loss dealt with by this report, read with other notes in Note 1, forming part of the accounts, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except *AS-15 for non provision for gratuity and long terms employee benefits*.
    - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
    - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For P.D.Goplani & Associates,  
Chartered Accountants

Sd/-

Prem Goplani  
Partner  
Membership No.103765

Place : Bhavnagar  
Date : 28<sup>th</sup> May 2013



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- i)
  - a) The company has maintained proper records showing the full particulars, including the quantitative details and situation of its fixed assets.
  - b) All the assets have not been physically verified by the management during the year, but there is a regular programme of physical verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c) During the year the company has not disposed off any core assets which could affect the going concern status of the company.
- ii)
  - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The Company is maintaining proper records of the inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii)
  - a) The company has taken loans from a parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 11.16 Crores and the year-end balances of loans taken from such parties were Rs. 8.91 Crores.  

There are two parties covered in the register maintained under section 301 of the Companies Act, 1956, to which the company has granted loans. The maximum amount involved during the year was Rs.72.41 Crores and the year-end balance of loans granted to such party was Rs. 24.92 Crores.
  - b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
  - c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five Lakhs in respect of any party during the year have been made at a price which are reasonable having regard to prevailing market prices at the relevant time.
- vi) According to the information and explanations given to us, the company has not accepted any deposits from the Public. However the company has taken unsecured loans from Associate Companies.
- vii) The Directors themselves conduct the affairs of the company. The company does not have a formal system of internal audit but there are adequate checks and controls at all levels.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Custom Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and cess were in arrears, as at 31<sup>st</sup> March 2013 for a period of more than six months from the date they become payable.
- c) According to the information and explanations given to us, there are no dues of custom duty, wealth tax, central excise duty and cess, which have not been deposited on account of any dispute.

Revenue Authority	Financial Year	Amount Involved
Income Tax, ACIT, Central Circle 38, Mumbai	2006-07	Rs. 3,96,780/-
Income Tax, ACIT, Central Circle 38, Mumbai	2008-09	Rs. 1,88,120/-
Income Tax, ACIT, Central Circle 38, Mumbai	2009-10	Rs. 2,00,550/-

- x) In our opinion, there was no accumulated losses of the company, therefore the provision of clause 4 (x) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
- xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.
- xii) In our opinion and as per the information provided to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

## HARIYANA SHIP BREAKERS LIMITED

- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore the provision of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 is not applicable to the Company.
- xiv) In our opinion, the company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name.
- xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions, the terms of which are not prima facie not prejudicial to the interest of the company.
- xvi) As per the information and explanation given to us the company has not raised any term loans during the year.
- Xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. However the long term funds have been used to finance short-term investment.
- Xviii) According to the information and explanations given to us, the company has not made any issue of shares or securities during the year.
- xix) According to the information and explanations given to us, during the period covered by our audit, the company has not issued any debentures.
- xx) According to the information and explanations given to us, during the period covered by our audit, the company has not raised any money by public issue.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For P.D.Goplani & Associates,  
Chartered Accountants

Sd/-

Prem Goplani  
Partner  
Membership No.103765

Place : Bhavnagar  
Date : 28<sup>th</sup> May 2013

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Hariyan Ship Breakers Limited

We have audited the accompanying consolidated financial statements of HARIYANA SHIP-BREAKERS LIMITED ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India: *subject to: Note 1.2(h): with regard to non-Provision for liability for gratuity*

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

## HARIYANA SHIP BREAKERS LIMITED

- (b) in the case of the consolidated Statement of Profit and Loss , of the *profit* for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date

### Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs.48953.73 Lacs as at March 31, 2013, total revenues of Rs. 87,112.86 Lacs and net cash outflows amounting to Rs.5.53 Lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For P.D.Goplani & Associates,  
Chartered Accountants

Sd/-

Prem Goplani  
Partner  
Membership No.103765

Place : Bhavnagar  
Date : 28<sup>th</sup> May 2013

P. D. Goplani & Associates  
Chartered Accountants

A/104-105, Leela Efcee,  
Nr. Aksharwadi, Waghawadi Road,  
Bhavnagar 364 001

## Auditors' Report on Consolidated Financial Statements

To  
The Board of Directors  
Hariyana Ship-Breakers Limited

We have audited the attached Consolidated Balance Sheet of Hariyana Ship-Breakers Limited and its various Units (collectively referred to as "the Company") as at 31<sup>st</sup> March, 2013, and the Consolidated Statement of Profit & Loss and the Consolidated Statement of Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit..

We conduct our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. Financial statements/consolidated financial statements of certain units, which reflect total assets of Rs. 48,953.73 lacs as at 31<sup>st</sup> March, 2013, total revenue of Rs. 87,457.86 lacs and net cash flows amounting to Rs. 5.53 lacs for the year ended, have been audited by other auditors or jointly by others with other and financial statements of certain associates in which the share of profit of the company is involved have been audited by other auditors.
2. We did not audit the financial statements/consolidated financial statements of certain units, whose financial statements/consolidated financial statements reflect total assets of Rs. 48,953.73 lacs as at 31<sup>st</sup> March, 2013, total revenue of Rs. 87,457.86 lacs and cash flow amounting to Rs. 5.53 lacs for the year ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of those auditors.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS) 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standards) Rules, 2006.

## HARIYANA SHIP BREAKERS LIMITED

4. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements / consolidated financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31<sup>st</sup> March, 2013;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For P.D.Goplani & Associates,  
Chartered Accountants

Sd/-

Prem Goplani  
Partner  
Membership No.103765

Place : Bhavnagar  
Date : 28<sup>th</sup> May 2013

## BALANCE SHEET AS AT 31st MARCH, 2013

Particulars	NoteNo.	As at	
		March 31, 2013	March 31, 2012
I. EQUITY AND LIABILITIES			
1. SHARE HOLDERS' FUNDS			
(a) SHARE CAPITAL	2.1	61,666,670	61,666,670
(b) RESERVES & SURPLUS	2.2	647,978,291	509,481,908
2. NON-CURRENT LIABILITIES			
(a) LONG-TERM BORROWINGS	2.3	51,077,414	46,241,905
(b) DEFERRED TAX LIABILITIES	2.4	37,054,179	38,855,702
(c) OTHER LONG TERM LIABILITIES	2.5	1,417,650	1,583,240
3. CURRENT LIABILITIES			
(a) SHORT TERM BORROWINGS	2.6	226,784,084	35,825,814
(b) TRADE PAYABLES	2.7	3,775,624,860	2,477,254,610
(c) OTHER CURRENT LIABILITIES	2.8	281,571,458	199,734,443
(d) SHORT-TERM PROVISIONS	2.9	35,161,570	24,809,994
	TOTAL	5,118,336,179	3,395,454,286
II. ASSETS			
NON-CURRENT ASSETS			
1 (a) FIXED ASSETS			
(i) Tangible assets	2.10	257,478,346	274,014,104
(ii) Intangible Assets		86,576	-
(iii) Capital work-in-progress			
(b) NON-CURRENT INVESTMENTS	2.11	241,003,156	212,538,726
(c) LONG-TERM LOANS & ADVANCES	2.12	1,142,636	1,144,336
(d) OTHER NON-CURRENT ASSETS	2.13	3,024,320	3,096,817
2. CURRENT ASSETS			
(a) INVENTORIES	2.14	222,237,638	749,775,356
(b) TRADE RECEIVABLES	2.15	2,999,419,346	1,042,917,609
(c) CASH & CASH EQUIVALENTS	2.16	1,626,421	2,905,372
(d) SHORT-TERM LOAN & ADVANCES	2.17	1,392,317,740	1,109,061,966
	TOTAL	5,118,336,179	3,395,454,286

See Accompanying Notes to Financial Statements

As per our separate report of even date attached

For P. D. Goplani &amp; Associates

Chartered Accountants

Firm Registration No: 118023W

Sd/-

Prem Goplani

Partner

M.No.: 103765

Place: Bhavnagar

Date : 28th May, 2013

For and on behalf of the Board of Directors

Sd/-

Shantisarup Reniwal  
Chairman and MD

Sd/-

Rakesh Reniwal  
Director



# HARIYANA SHIP BREAKERS LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2013

Particulars	Note No.	For the Year Ended	
		March 31, 2013	March 31, 2012
<b>INCOME</b>			
a) REVENUE FROM OPERATIONS	2.18	10,350,247,600	5,836,397,324
b) OTHER INCOME	2.19	67,981,694	125,024,973
Total Revenue		10,418,229,294	5,961,422,297
<b>EXPENSES:</b>			
a) COST OF MATERIALS CONSUMED	2.20	1,805,504,316	2,026,238,237
b) PURCHASE OF STOCK-IN-TRADE	2.21	7,792,751,583	3,487,399,332
c) MANUFACTURING & OPERATING COSTS	2.22	55,560,916	60,930,108
d) CHANGES IN INVENTORIES OF FINISHED GOODS	2.23	7,643,569	-8,823,550
e) EMPLOYEE BENEFITS EXPENSES	2.24	25,175,722	35,930,401
f) FINANCE COSTS	2.25	227,879,584	47,236,367
g) DEPRECIATION & AMORTIZATION EXPENSES	2.10	18,350,476	18,273,344
h) OTHER EXPENSES	2.26	258,726,839	141,919,484
Total Expenss		10,191,593,005	5,809,103,723
PROFIT/(LOSS) BEFORE TAX		226,636,289	152,318,574
Extraordinary Items		-	-
PROFIT/(LOSS) AFTER TAX		226,636,289	152,318,574
TAX EXPENSES:	2.27		
(1) CURRENT TAX		64,183,630	50,500,000
(2) DEFERRED TAX		-1,801,523	-1,930,581
3) TAXES OF EARLIER YEARS		-	81,447
PROFIT/(LOSS) AFTER TAX		164,254,182	103,667,708
<b>EARNINGS PER EQUITY SHARES :</b>			
EQUITY SHARES OF PAR VALUE OF Rs. 10/- EACH			
(1) BASIC		26.64	16.81
(2) DILUTED		26.64	16.81
Weighted average number of shares outstanding		6166667	6166667

Significant accounting policies & notes on account

As per our separate report of even date attached

For P. D. Goplani & Associates

Chartered Accountants

Firm Registration No:118023W

Sd/-

Prem Goplani

Partner

M.No.: 103765

Place:Bhavnagar

Date : 28th May, 2013

For and on behalf of the Board of Directors

Sd/-

Shantisarup Reniwal  
Chairman and MD

Sd/-

Rakesh Reniwal  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	March 31, 2013	March 31, 2012
	Rs.	Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	226,636,289	152,318,574
- Adjustment for :		
Depreciation	18,350,476	18,273,344
Preliminary Expenses	72,497	72,497
Extra Ordinary Item	-	-
Operating Profit before Working Capital Changes	244,986,765	170,591,918
- Adjustments for :		
Trade Receivable	-1,956,501,737	-172,162,232
Other Receivable	-283,181,577	-407,290,854
Inventories	527,537,718	-107,966,444
Trade Payable & Other current Liabilities	1,390,393,251	749,693,978
Cash Flow from operation	-76,765,580	232,866,366
Income Tax Paid	64,183,630	50,581,447
Net Cash Inflow/(Outflow) from Operating Activities	-140,949,210	182,284,919
<b>B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:</b>		
- Purchase of Fixed Assets	-2,574,398	-1,401,658
- Sale of Fixed Assets	-	-
- Sale (Purchase) of Investment	-28,464,430	-138,652,460
Net Cash Inflow / (Outflow) in the course of Investing Activities	-31,038,828	-140,054,118
<b>C. Cash Flow arising from Financing Activities:</b>		
- Proceeds from Long Term Secured Borrowings	-89,896	-337,646
- Proceeds from Long Unsecured Loan	4,925,405	18,007,747
- Proceeds from Short Term Secured Borrowing	150,240,368	-37,961,709
- Proceeds from Short Unsecured Loan	40,717,902	-2,000
- Dividend Proposed	-25,084,691	-21,501,164
Net Cash (Outflow) in the course of Financing Activities	170,709,088	-41,794,772
Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)	-1,278,950	436,029
Add: Balance at the beginning of the year	2,905,371	2,469,342
Cash and Cash Equivalents at the close of the year (Refer Note 2.16)	1,626,421	2,905,371

Cash flow Statement has been prepared under the indirect method as set out in Accounting Standard- 3 'Cash Flow Statement' as notified under the Companies (Accounting standard) Rules, 2006.

As per our separate report of even date attached

For P. D. Goplani & Associates

Chartered Accountants

Firm Registration No:118023W

Sd/-

Prem Goplani

Partner

M.No.: 103765

Place: Bhavnagar

Date : 28th May, 2013

For and on behalf of the Board of Directors

Sd/-

Shantisarup Reniwal

Chairman and MD

Sd/-

Rakesh Reniwal

Director

### 1 CORPORATE INFORMATION

Hariyana Ship Breakers Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares is listed on One stock exchanges in India. The company is engaged in various business activities.

During the year, the Company was engaged in Ship Recycling (ship breaking), Manufacturing of Sponge Iron & Steels, Trading in Ferrous & Non-Ferrous Metals and Coal and Investment and Finance. As and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains

#### 1.1 BASIS OF PRESENTATION :

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

##### a) SIGNIFICANT ACCOUNTING POLICIES

During the year ended 31 March 2013, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. Adoption of revised Schedule VI does not materially impact recognition and measurement principles followed for preparation of financial statements.

However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

##### b) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### c) TANGIBLE FIXED ASSETS

Fixed Assets are stated at cost, less accumulated depreciation (other than 'Freehold

Land' where no depreciation is charged) and impairment loss, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies any directly attributable cost of bringing the asset to its working condition and indirect costs specifically attributable to construction of a project or to the acquisition of a fixed asset.

In the event of the same having been revalued, they are stated at the revalued figures. Expenditure relating to fixed assets is added to costs only when the same involved modification work whereby it increases the life of the assets. Fixed assets acquired from ships during the course of scrapping operation are capitalised at value estimated by the management.

d) DEPRECIATION ON TANGIBLE ASSETS

- I Depreciation is provided on the straight line method, pro-rata basis to the period of use, so as to write off the original cost of the asset over the remaining estimated useful life (as per technical evaluation by the Management at the time of acquisition) or at rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher, on the following basis :

Tangible Fixed Assets	Method	Estimated useful Life
Factory Shed & Building	Straight line	Not Estimated
Other Buildings	Straight line	Not Estimated
Plant & Machinery	Straight line	3 to 10 Years
Furniture & Fixtures, Office Equipments, etc	Straight line	5 Years
Vehicle	Straight line	4 Years
Computers	Straight line	3 Years
Leasehold improvements	25% or the rate based on lease period, whichever is higher	

- II No depreciation is provided for assets sold during the year whereas pro-rata depreciation is provided on assets acquired during the year.

e) IMPAIRMENT OF ASSETS

The Company assesses on each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The amount so reduced is treated as an impairment loss and is recognised in the Statement of Profit and Loss, except in case of revalued assets, where it is first adjusted against the related balance in fixed assets revaluation reserve.

If at the balance sheet date, there is an indication that a previously assessed impairment

loss no longer exists, the recoverable amount is reassessed and the asset is carried at the recoverable amount subject to a maximum of depreciated historical cost.

f) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction/development of a qualifying asset are capitalized as a part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Costs in connection with borrowing of funds to the extent not directly related to the acquisition of fixed assets are amortised and charged to the Statement of Profit and Loss, over the tenure of the loan.

g) INVESTMENTS

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Investment in Partnership Firm as trade investment which shown at their book value at cost.

h) VALUATION OF INVENTORIES

Items of inventories are measured as :

- |                             |  |
|-----------------------------|--|
| i) Ship Materials           | At Cost                                  |
| ii) Trading Goods in Trade  | At Lower of cost or net realisable value |
| iii) Steel Raw Materials    | At cost                                  |
| iv) Steel Finished Products | At Lower of cost or net realisable value |

The weight of the ship purchased is accounted in terms of LDT of the ship at the time of its construction. Ascertaining of weight of ship at the time of purchase is not possible due to its nature and size. There is loss of weight on account of corrosion and other factors during the usage of the ship and its voyage for about 20 to 25 years.

Inventory at the close of the year is ascertained by reducing the weight of the scrap sold together with the estimated wastage of the material.

Stores & Spares are written off at the time of purchase itself and no inventory is maintained.

i) RECOGNITION OF INCOME AND EXPENDITURE

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover include sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net) , Value Added Tax and gain/loss corresponding hedge contracts.

Dividend income is recognized when right to receive is established. Interest income is

recognized on time proportion basis taking into account of the amount outstanding and rate applicable.

j) FOREIGN CURRENCY TRANSACTIONS

Purchase in respect of raw materials are accounted for on actual payment basis if the same are made before the year end , and/or at the rate of foreign exchange booking are made. In all other cases, the purchases and also the liability in respect of said foreign exchange are stated as converted at the exchange rate prevalent at the last day of the financial year.

k) EXCISE DUTY & CENVAT

Excise duty is chargeable on production but is payable on clearance of goods. Accordingly excise duty on the goods manufactured by the company is accounted for at the time of their clearance. Excise duty payable is adjusted against the Cenvat credits, to the extent it is available and balance duty is paid and debited to Revenue.

l) PROVISION FOR TAXATION

Tax expense comprises both current and deferred tax.

Current income-tax is recognised at the amount expected to be paid to the tax authorities, using the tax rates and tax laws, enacted or substantially enacted as at the balance sheet date. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.

Deferred income-tax is recognised on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non shipping activities of the Company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

m) RETIREMENT AND OTHER EMPLOYEE BENEFITS

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

The Management is also of the opinion that the payment of pension Act, is not applicable to the Company. Employees are eligible for gratuity at the time of retirement as per provisions of Payment of Gratuity Act. Provision for Gratuity has not been made in the

Accounts as per AS - 15 and the same will be accounted for as and when payment is made.

n) AMORTIZATION OF PRELIMINARY EXPENSES

Preliminary expenditure amounting to Rs. 30,18,523 /- has not been written off during the year as the company is yet to generate revenue from its Power Project. The same will be amortized over a period of 5 years from the year in which revenues are derived from business operations.

o) EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

q) CASH & CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents

include cash on hand, cash at bank and short-term fixed deposits with maturity period not more than three months.

r) MEASUREMENT OF EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from current year operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

1.2 NOTES FORMING PART OF THE ACCOUNTS

- a) During the year, the Company was engaged in Ship Recycling (ship breaking), Manufacturing of Sponge Iron & Steels and Trading in Ferrous & Non-Ferrous Metals activities. However, as and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains.
- b) In the opinion of the Management, the realisable value of the fixed assets of the company are much higher than the carrying cost and therefore, no provision for impairment is required to be made.
- c) There are no micro, small and Medium enterprises, to which the company owes dues, which are outstanding for more than 45 days as at March 31, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.
- d) The major components of the Deferred Tax Assets/Liabilities, based on the tax effect of the timing differences, as at 31st March 2013, are as under:

Particulars	31-March-2013	31-March-2012
Deferred Tax Liability on account of Depreciation	37,054,179	38,871,083
Deferred Tax Assets	-	(15,381)
Net deferred tax liability at the year end	37,054,179	38,855,702
Net deferred tax asects at the year end	-	-

Due to virtual uncertainty in realisation of carry forward Long Term Capital Loss of merged entities considered the same for the purpose of deriving the deferred tax assets.

- e) The company has taken lease right of the ship Breaking plot No. 14 Alang ship breaking yard. The consideration paid to GMB and party for which such plot has been taken over as treated as deferred revenue expenses and written off over the balance lease period.
- f) Income Tax assessment has been completed upto the year assessment year 2010-11. The Management has an opinion that no additional liability will arise in the case of pending



assessment.

- g) Sales tax assessment has been completed upto the year 2008-09. The Company does not anticipate any liability on account of the pending sales tax assessment
- h) As per provisions of Payment of Gratuity Act. Provision for Gratuity has not been made in the Accounts as per AS - 15 and the same will be accounted for as and when payment is made.
- i) Preliminary expenditure amounting to Rs. 30,18,523 /- has not been written off during the year as the company is yet to generate revenue from its Power Project. The same will be amortized over a period of 5 years from the year in which revenues are derived from business operations.
- j) In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provision have been made in the accounts for all the known liabilities.
- k) The Balance of Sundry Creditors, Sundry Debtors, Loans & Advances are unsecured, considered goods and subject to confirmation.
- l) Previous years figures have been regrouped/rearranged wherever necessary so as to make them comparable with current years figures.

( C ) ADDITIONAL INFORMATION AS REQUIRED UNDER PART-IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's General Business Profile:

1 Registration Details

Registration No.		L61100MH1981PLC024774
State Code		11
Balance Sheet Date		31st March, 2013

2 Capital raised during the year

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

3 Position of mobilisation and deployment of funds

Total Liabilities	5,118,336	Total Assets	5,118,336
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## HARIYANA SHIP BREAKERS LIMITED

### 2.1 SHARE CAPITAL

#### A SHARE CAPITAL

PARTICULAR	As at 31st March, 2013		As at 31st March, 2012	
	Number	Amount	Number	Amount
AUTHORISED CAPITAL				
Equity Shares of Rs. 10/- each	6,500,000	65,000,000	6,500,000	65,000,000
4% Redeemable Preference Share of Rs. 10/- each	5,000,000	50,000,000	5,000,000	50,000,000
ISSUED SHARES CAPITAL				
Equity Shares of Rs. 10/- each fully paid up	6,166,667	61,666,670	6,166,667	61,666,670
SUBSCRIBED & PAID UP CAPITAL				
Equity Shares of Rs. 10/- each fully paid up	6,166,667	61,666,670	6,166,667	61,666,670
Total	6,166,667	61,666,670	6,166,667	61,666,670

#### B. Reconciliation of the number of outstanding shares as at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number	Amount	Number	Amount
At the beginning of the year	6,166,667	61,666,670	6,166,667	61,666,670
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	6,166,667	61,666,670	6,166,667	61,666,670

#### C. Terms/rights attached to equity shares

The Company has one class of equity shares having par value of Rs. 10/- each. Each shareholder of the equity shares is entitled to one vote per share entitled to receive dividends as declared from time to time. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity share holders was Rs. 3.50 (31 March 2012: Rs. 3.00).

In the event of liquidation of the company, the holders of the Equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

**D. The details of shareholder holding more than 5% shares as at 31st March, 2013 and 31st March 2012 is set out below :**

NAME OF SHAREHOLDER	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1 Rakesh Reniwal	858,230	13.92%	858,230	13.92%
2 Lalitadevi Reniwal	414,800	6.72%	414,800	6.72%
3 Sanjeev Reniwal	438,267	7.11%	438,267	7.11%
4 Shantisarup Reniwal HUF	625,178	10.14%	625,178	10.14%
5 Rajeev Reniwal	1,539,009	24.95%	1,539,009	24.95%
6 Unnati Reniwal	400,000	6.48%	400,000	6.48%

As per records of the company, including its register of shareholders/members and other declarations received from share holders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**2. 2 RESERVES & SURPLUS**

Particulars	As at	
	31st March, 2013	31st March, 2012
<b>A CAPITAL RESERVES</b>		
Balance as per the last Financial Statements	89,360,940	89,360,940
Add : Current Year Transfer	-	-
Closing Balance	89,360,940	89,360,940
<b>B CAPITAL REDEMPTION RESERVE</b>		
Balance as per the last Financial Statements	50,000,000	50,000,000
Add : Current Year Transfer	-	-
Less : Written back in current year	-	-
Closing Balance	50,000,000	50,000,000
<b>C SECURITIES PREMIUM ACCOUNT</b>		
Balance as per the last Financial Statements	14,038,400	14,038,400
Add: Securities premium credited on Share issue	-	-
Less: Premium Utilised for various reasons	-	-
Amount utilized toward Issue of Fully paid Bonus Shares	-	-
Closing Balance	14,038,400	14,038,400

## HARIYANA SHIP BREAKERS LIMITED

Particulars	As at	
	31st March, 2013	31st March, 2012
<b>D REVALUATION RESERVE</b>		
Balance as per the last Financial Statements	7,113,289	7,937,881
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	673,107	824,592
Closing Balance	6,440,182	7,113,289
<b>E GENERAL RESERVE</b>		
Balance as per the last Financial Statements	21,000,000	10,000,000
Add: Current Year Transfer	16,425,418	11,000,000
Less: Written Back in Current Year	-	-
Closing Balance	37,425,418	21,000,000
<b>F SURPLUS/(DEFICIT) IN THE STATEMENT OF PROFIT &amp; LOSS</b>		
Balance as per the last Financial Statements	327,969,279	256,802,735
Net Profit/(Net Loss) For the current year	164,254,182	103,667,708
Transfer From Reserves	-	-
Less: APPROPRIATIONS		
Proposed Final Equity Dividend	21,583,335	18,500,001
{Current Year of Rs. 3.50 per Share (PY of Rs. 3.00 per Share)}		
Tax on Proposed Equity Dividends	3,501,357	3,001,163
Transfer to General Reserves	16,425,418	11,000,000
Total Appropriations	41,510,110	32,501,164
Net Surplus in the Statement of Profit & Loss	450,713,351	327,969,279
Total Reserve & Surrplus	647,978,291	509,481,908

### 2.3 LONG TERM BORROWINGS

<b>SECURED</b>		
<b>A TERM LOANS</b>		
Indian Rupee Loan From Banks (Car Hypothecation Finance from HDFC Bank)	-	89,896
(A)	-	89,896
<b>UNSECURED</b>		
<b>B LOANS &amp; ADVANCES</b>		
From Related Parties	-	-
From other Parties	51,077,414	46,152,009
(B)	51,077,414	46,152,009
TOTAL (A+B)	51,077,414	46,241,905

## 2.4 DEFERRED TAX LIABILITIES

Particulars	As at	
	31st March, 2013	31st March, 2012
Deferred Tax Liabilities		
- On account of Depreciation	37,054,179	38,871,083
	37,054,179	38,871,083
Deferred Tax Assets		
- On disallowances of expenses	-	15,381
	-	15,381
Total	37,054,179	38,855,702

The major components of deferred tax assets/ liabilities, based on the tax effect of the timing difference as at the year end. Deferred tax is accounted using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

## 2.5 OTHER LONG TERM LIABILITIES

(A) Trade Payables (Including Acceptance)	277,650	283,341
(B) Other Payables		
Advance from Customers	-	39,899
Security Deposit From Tenants	1,140,000	1,260,000
Total	1,417,650	1,583,240

## 2.6 SHORT TERM BORROWINGS

SECURED		
A LOANS REPAYABLE ON DEMAND		
I Working Capital Loans From Banks (Secured )	172,616,182	22,375,814
	(A) 172,616,182	22,375,814
UNSECURED		
B LOANS & ADVANCES		
From Related Parties	54,167,902	13,450,000
	(B) 54,167,902	13,450,000
Total(A+B)	226,784,084	35,825,814

## 1. Details of the secured short-term borrowings:

Working Capital Loan from banks:		
a - Punjab National Bank	2,943,256	10,189,167
b - Punjab National Bank DD-376097	158,022,504	7,691,998
c - Punjab National Bank CC-2793	1,624,838	-
d - Punjab National Bank CC- 600	10,025,584	4,494,649
Total from banks	172,616,182	22,375,814

## HARIYANA SHIP BREAKERS LIMITED

### 2. Details of Security :

- a. Cash Credit facility from Punjab National Bank is secured by way of hypothecation of Stock of Raw-Material, Finished goods, Work in progress, Books debts & personal guarantee of the Directors.
- b. Bank overdraft facility from Punjab National Bank OD-376097 is secured by way of equitable mortgage of immovable property of the company & associated concern as collateral security & personal guarantee of the associated concern & relatives of the key management personnels.
- c. Cash Credit facility from Punjab National Bank CC-2793 is secured by way of hypothecation of Stocks & book debts of the company as primary security and equitable mortgage of immovable property of the company & associated concern as collateral security.
- d. Cash Credit facility from Punjab National Bank CC-600 is secured by way of hypothecation of Stocks & book debts of the company as primary security.

### 2.7 TRADE PAYABLES

Particulars	As at	
	31st March, 2013	31st March, 2012
a. Trade Payables		
- Advance From Customers	-	-
- Creditors Payable	3,774,364,207	2,476,732,761
- Other Creditors Payable	1,260,653	521,849
Total	3,775,624,860	2,477,254,610

### 2.8 OTHER CURRENT LIABILITIES

- INCOME RECEIVED IN ADVANCE	3,050,000	16,916,667
OTHER PAYABLE		
Advance From Services Receipts	-	48,616
Statutory Dues	3,252,980	1,446,618
Advancce from Customers	1,528,646	-
Excise Payable	22,432	21,039
Margin From Customers Received	273,600,000	181,200,000
Outstanding Liabilities	117,400	101,503
Total	281,571,458	199,734,443

### 2.9 SHORT- TERM PROVISIONS

(A) Provision for Employee Benefits		
Contribution to ESI Funds	-	-
Outstanding Liabilities	3,621,795	3,308,830
(B) Others		
Provision for Income Tax	6,455,083	-
Proposed Dividend	21,583,335	18,500,001
Tax on proposed Dividend	3,501,357	3,001,163
Total	35,161,570	24,809,994

## 2.10 FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION						NET BLOCK		
	AS ON 01.04.2012	ADDITION	DEDUCTION	TOTAL 31.03.2013	UPTO 01.04.2012	RATE OF DEP	DEP FOR THE YEAR	ON REVALUATION	WRITTEN BACK	TOTAL AS ON 31.03.2013	AS ON 31.03.2013	AS ON 31.03.2012
FACTORY LAND	23,529,682	-	-	23,529,682	-	-	-	-	-	-	23,529,682	23,529,682
PREMISES												
- Non Factory	39,733,150	-	-	39,733,150	12,364,082	1.63	49,190	598,461	-	13,011,733	26,721,417	27,369,068
- Warehouse (Leasehold)	4,817,420	-	-	4,817,420	1,535,293	1.63	3,878	74,646	-	1,613,817	3,203,603	3,282,127
- Godown	1,356,796	-	-	1,356,796	355,733	1.63	22,116	-	-	377,849	978,947	1,001,063
- Office	2,041,059	-	-	2,041,059	221,381	1.63	33,269	-	-	254,650	1,786,409	1,819,678
FACTORY BUILDING	23,427,076	-	-	23,427,076	3,999,937	3.34	782,464	-	-	4,782,401	18,644,675	19,427,139
ROADS & CULVETS	72,850	-	-	72,850	14,192	3.34	2,433	-	-	16,625	56,225	58,658
PLANT & MACHINERY	213,210,071	19,356	-	213,229,427	81,727,461	4.75	11,198,266	-	-	92,925,727	120,303,697	131,482,610
CRANE	16,805,083	-	-	16,805,083	3,671,064	4.75	938,389	-	-	4,609,453	12,195,630	13,134,019
POLLUTION CONTROL EQUIPMENTS	43,999,330	-	-	43,999,330	14,794,681	5.28	2,323,165	-	-	17,117,846	26,881,484	29,204,649
PLANT & MACHINERY (OTHERS)	10,677,199	-	-	10,677,199	2,729,628	4.75	507,166	-	-	3,236,794	7,440,405	7,947,571
ASBESTO HANDLING SYSTEM	283,500	-	-	283,500	23,022	4.75	13,466	-	-	36,488	247,012	260,478
OFFICE EQUIPMENTS	2,464,225	118,370	-	2,582,595	904,482	4.75	121,523	-	-	1,026,005	1,556,590	1,559,743
MOBILE	66,050	71,080	-	137,130	11,537	4.75	6,122	-	-	17,659	119,471	54,513
FURNITURE	4,132,116	103,730	-	4,235,846	2,328,099	6.33	230,298	295	-	2,558,692	1,677,154	1,804,017
COMPUTERS	2,581,259	66,300	-	2,647,559	2,082,729	16.21	259,398	7,364	-	2,349,491	298,068	498,530
AIRCONDITIONERS	91,370	250,200	-	341,570	32,212	4.75	19,238	-	-	51,450	290,120	59,158
METAL DETECTOR	102,222	-	-	102,222	4,131	16.21	16,570	-	-	20,701	81,521	98,091
SCOOTER - BAZAZ PLETTINA	87,822	-	-	87,822	4,401	9.50	8,343	-	-	12,744	75,078	83,421
VEHICLES	9,133,737	-	-	9,133,737	5,653,805	9.50	950,079	-	-	6,603,884	2,529,850	3,479,932
TRANSPORT VEHICLES	5,550,203	1,423,417	-	6,973,620	2,293,823	9.50	527,270	4,816	-	2,825,909	4,147,713	3,256,379
PORTABLE GENERATOR SET	23,800	-	-	23,800	17,623	4.75	1,131	-	-	18,754	5,046	6,177
WIRE ROPES	3,894,411	363,630	-	4,258,041	892,233	4.75	202,021	-	-	1,094,254	3,163,787	3,002,178
FIRE FIGHTING EQUIPMENTS	165,134	-	-	165,134	54,244	4.75	7,844	-	-	62,088	103,046	110,890
BUILDING	241,857	50,685	-	292,542	20,002	3.34	8,247	-	-	28,249	264,293	221,855
SPECTRO METER	811,981	-	-	811,981	85,569	4.75	38,569	-	-	124,138	687,843	726,412
WEIGHING MACHINE	87,289	-	-	87,289	28,483	4.75	4,146	-	-	32,629	54,660	58,806
WEIGH BRIDGE	790,492	-	-	790,492	366,187	4.75	37,548	-	-	403,735	386,757	424,305
WINCH	101,000	-	-	101,000	48,045	4.75	4,798	-	-	52,843	48,157	52,955
TOTAL	410,278,184	2,466,768	-	412,744,952	136,264,079		18,316,947	665,582	-	155,266,608	257,478,343	271,014,104
INTANGIBLE ASSETS												
WEBSITE	-	107,630.00	-	107,630.00	-	20.00	21,054.00	-	-	21,054.00	86,576.00	-
TOTAL	410,278,184	2,574,398	-	412,852,582	136,264,079		18,338,001	665,582	-	155,287,662	257,564,919	274,014,104
PREVIOUS YEAR	408,876,527	1,401,668	-	410,278,195	117,166,144		18,273,344	824,593	-	136,264,080	274,014,105	291,710,383



## HARIYANA SHIP BREAKERS LIMITED

### 2.11 NON-CURRENT INVESTMENTS

Particulars	As at	
	31st March, 2013	31st March, 2012
A LONG TERM INVESTMENTS (AT COST)		
INVESTMENT IN EQUITY SHARES - UNQUOTED	10.00	10.00
The Cuffe Persepolis premises of Co-Operative Ltd.		
1 (PY 1.00) share of Rs.10/- each paid up		
INVESTMENTS IN PARTNERSHIP FIRMS *	241,003,146	212,538,716
Total	241,003,156	212,538,726

\* Details Of Investment in Firms

Particulars	Share in Profit/ (Loss)		Amount	
	March, 31 2013	March, 31 2012	March, 31 2013	March, 31 2012
In Partnership Firms				
Fixed Capital A/c				
Orchid Lakeview Developers	20%	20%	100,000	100,000
White Mountain	25%	25%	25,000	25,000
Orchid Woods Project	50%	50%	10,000,000	10,000,000
Hariyana Air Product	60%	60%	4,500,000	4,500,000
Goyal Hariyana Realty	50%	-	50,000	-
Current A/c (Loan)				
Whitefield Projects	-	40%	-	37,372,793
Swastik Developers	33.33%	33.33%	30,540,484	27,268,289
Orchid Lakeview Developers	20%	20%	111,543,498	76,740,811
White Mountain	25%	25%	62,861,712	56,029,496
Hariyana Air Product	60%	60%	5,120,753	502,327
			224,741,447	212,538,716

### 2.12 LONG TERM LOANS & ADVANCES

A	Security Deposits		
	Secured, considered good	65,000	65,000
	Unsecured, considered good		
	(A)	65,000	65,000
B	Unsecured, Considered good		
	Loans and advances to :		
	- Related parties	-	-
	- Other	894,075	894,075
	(B)	894,075	894,075
C	Other loans and advances (specify nature)		
	Income Tax	-	-
	Balance with statutory/government authorities	185,261	
	(C )	183,561	185,261
	Total(A+B+C)	1,142,636	1,144,336

## 2.13 NON-CURRENT ASSETS

Particulars	As at	
	31st March, 2013	31st March, 2012
Miscellaneous expenses to the extent to be w/off or adjusted		
- Preliminary Expenses	5,797	78,294
- Pre-operative Expenses pending for Capitalisation	3,018,523	3,018,523
Total	3,024,320	3,096,817

Preliminary expenditure amounting to Rs. 30,18,523 /- has not been written off during the year as the company is yet to generate revenue from its Power Project. The same will be amortized over a period of 5 years from the year in which revenues are derived from business operations.

## 2.14 INVENTORIES

A	RAW MATERIALS & COMPONENTS (Valued at Cost)		
	CLOSING BALANCE OF UNCUT SHIP	154,254,200	665,884,668
	CLOSING BALANCE OF MANUFACTURING OF SPONGE IRON	34,926,298	38,827,565
		189,180,498	704,712,233
B	FINISHED GOODS (At Cost or Net realisable Value)		
	CLOSING BALANCE	29,593,785	35,808,903
C	BY PRODUCTS ( DOLACHAR) -Valued at realisable Value		
	CLOSING BALANCE	228,929	52,281
D	STORES AND SPARES		
	CLOSING BALANCE	2,211,925	6,574,339
E	WORK-IN-PROGRESS- (Valued at Cost)		
	CLOSING BALANCE	1,022,501	2,627,600
	Total	222,237,638	749,775,356

## 2.15 TRADE RECEIVABLES

Trade receivables outstanding		
For a period less than six months from the date they are due for payment		
Unsecured, Considered good	2,996,488,862	1,041,305,994
(A)	2,996,488,862	1,041,305,994
Trade receivables outstanding		
For a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	2,930,484	1,611,615
(B)	2,930,484	1,611,615
Total(A+B)	2,999,419,346	1,042,917,609

## HARIYANA SHIP BREAKERS LIMITED

### 2.16 CASH & CASH EQUIVALENTS

Particulars	As at	
	31st March, 2013	31st March, 2012
Cash in Hand	1,344,189	2,716,298
Balances with scheduled banks	282,232	189,074
<b>Total</b>	<b>1,626,421</b>	<b>2,905,372</b>

The details of balances as on balance sheet dates with banks are as follows

In current account		
- Punjab National Bank (Mumbai) HFPL A/c No.34332	13,500	13,700
- Punjab National Bank (Mumbai) HMEPL A/c No.32662	11,445	11,645
- Punjab National Bank (Mumbai) CC 1040	45,089	12,659
- Punjab National Bank - Bhavnagar Branch	9,634	10,284
- balance with bank	156,310	59,822
- Punjab National Bank - CC2793	-	15,469
- State Bank of India	46,254	65,495
<b>Total</b>	<b>282,232</b>	<b>189,074</b>

### 2.17 SHORT-TERM LOANS & ADVANCES

Unsecured, considered good		
A Loans and Advances to		
- Related parties	248,845,725	339,649,769
- Other parties	1,080,000,000	690,570,000
(A)	<b>1,328,845,725</b>	<b>1,030,219,769</b>
Unsecured, considered good		
B Others		
Prepaid Expenses	259,568	194,815
Deposits	3,739,031	8,886,963
Advance to Supplier	524,728	191,544
Advances recoverable in cash or kind	55,845,519	65,605,047
Balance with statutory/government authorities	3,103,169	1,590,080
Advance Income Taxes	-	2,373,748
(B)	<b>63,472,015</b>	<b>78,842,197</b>
<b>Total(A+B)</b>	<b>1,392,317,740</b>	<b>1,109,061,966</b>

## 2.18 REVENUE FROM OPERATIONS

Particulars	As at	
	31st March, 2013	31st March, 2012
SALES OF PRODUCTS	1,966,503,500	2,191,435,228
SALES OF TRADING GOODS		
- HIGH SEAS SALES	163,082,706	781,859,936
- LOCAL SALES	8,049,879,978	2,793,033,788
INCOME FROM HO OPERATIONS	170,781,416	70,068,372
Total	10,350,247,600	5,836,397,324

## 2.19 OTHER INCOME

INTEREST INCOME ON		
ON BANK FDR	240	4,642
FROM OTHER PARTIES	29,346,812	32,240,579
FROM PARTNERSHIP FIRMS	698,654	801,030
DISCOUNT RECEIVED	15,467	505,964
RENT RECEIVED	2,851,076	1,934,326
INSURANCE CLAIM RECEIVED	298,895	-
OTHER NON OPERATING INCOME (LEASE RIGHT COMPESATION)	-	90,000,000
PROFIT/(LOSS) FROM PARTNERSHIP FIRM	-	-
SHARE OF PROFIT/(LOSS) OF ORCHID LAKEVIEW DEVELOPERS ( F.Y. 2011-12)	-760	-
SHARE OF PROFIT/(LOSS) OF WHITEFIELD PROJECTS (F.Y. 2011-12)	-440,774	-
SHARE OF PROFIT/(LOSS) OF WHITE MOUNTAIN ( F.Y. 2011-12)	-4,582	-
SHARE OF PROFIT/(LOSS) OF WHITEFIELD PROJECTS (F.Y. 2012-13)	34,900,079	-
SHARE OF PROFIT/(LOSS) - HARIYANA AIR PRODUCT	179,877	-598,703
OTHER INCOME		
EXCISE REFUNDS	70,864	-
OTHER MISC - INCOME	65,846	137,135
Total	67,981,694	125,024,973

## 2.20 COST OF MATERIALS CONSUMED

INVENTORY AT THE BEIGINNING OF THE YEAR	704,712,233	606,195,355
ADD: PURCHASE OF RAW MATERIA	1,289,972,581	2,124,755,115
	1,994,684,814	2,730,950,470
LESS: INVENTORY AT THE END OF THE YEAR	189,180,498	704,712,233
COST OF RAW MATERIAL CONSUMED	1,805,504,316	2,026,238,237

## HARIYANA SHIP BREAKERS LIMITED

### 2. 21 PURCHASE OF STOCK-IN-TRADE

Particulars	As at	
	31st March, 2013	31st March, 2012
PURCHASES	7,792,751,583	3,487,399,332
PURCHASE OF RAW MATERIAL	7,792,751,583	3,487,399,332

### 2. 22 MANUFACTURING & OPERATING COSTS

CARRIGE & CARTAGE	1,413,056	3,977,112
COMPENSATION TO FARMERS	1,102,214	1,084,739
CONSUMPTION OF STORE & SPARE PARTS	3,954,314	3,778,850
ENVIRONMENT PROTECTION CHARGES	151,150	329,663
GASES EXPENSES	26,968,528	24,502,291
GMB PENALTY CHARGES	10,000	-
OTHER MANUFACTURING & OPERATING EXPENSES	10,112	15,909
PLOT RENT & PLOT DEVELOPMENT CHARGES	1,223,600	1,154,016
POWER & FUEL	13,471,720	18,354,693
REPAIRS & MAINTENACES	6,670,842	7,682,440
TESTING & INSPECTION CHARGES	26,090	50,395
OTHER EXPENSE	474,300	-
WEIGHING EXP	84,990	-
Total	55,560,916	60,930,108
2. 23 CHANGES IN INVENTORIES OF FINISHED GOODS		
- FINISHED GOODS	35,808,903	27,613,811
- BY PRODUCT GOODS	52,281	556,423
- WORK-IN-PROGRESS	2,627,600	1,495,000
(A)	38,488,784	29,665,234
INVENTORY AT THE END OF THE YEAR		
- FINISHEDGOODS	29,593,785	35,808,903
- BY PRODUCT GOODS	228,929	52,281
- WORK-IN-PROGRESS	1,022,501	2,627,600
(B)	30,845,215	38,488,784
INCREASE/(DECREASE) IN FINISHED STOCK	(A-B)	7,643,569
		-8,823,550

### 2. 24 EMPLOYEE BENEFITS EXPENSES

SALARIES & WAGES	21,921,527	31,216,344
CONTRIBUTION TO PROVIDENT FUND	243,066	258,543
CONTRIBUTION TO E.S.I	137,248	169,368
BONUS	2,081,413	3,348,709
WORKER INSURANCE	286,573	73,440
STAFF WELFARE EXPENSES	505,895	863,997
TOTAL	25,175,722	35,930,401

## 2.25 FINANCE COSTS

Particulars	As at	
	31st March, 2013	31st March, 2012
BANK COMMISSION & CHARGES	143,109,072	4,085,035
INTEREST EXPENSES ON :		
BANK LOANS	22,815,085	8,448,584
PAID TO BRANCH OFFICE	1,529	28,054
PAID TO OTHER PARTIES	12,861,349	10,684,496
DELAYED PAYMENT OF STATUTORY DUES	211,320	3,418
LC DISCOUNTING CHARGES	48,881,229	23,986,780
Total	227,879,584	47,236,367

## 2.26 OTHER EXPENSES

ADMINISTRATIVE EXPENSES		
ADVERTISEMENTS	39,994	7,465
ACCOUNTING CHARGES	120,000	120,000
BAD DEBTS	1,636,300	108,486
COMPUTER CHARGES	53,792	85,969
COMPESATION-OTHERS	40,000	-
CUSTOMS DUTY EXPENSE	46,480	-
DONATION	100,396	27,000
ELECTRIC EXPESNSES	175,459	527,291
FEES & SUBSCRIPTION	26,234	113,770
FOREIGN CURRENCY TRANSACTION VARIATION	128,343,447	49,411,750
GENERAL EXPENSES	296,609	165,351
INSURANCE	245,622	918,449
LEGAL & PROFESSIONAL EXPENSES	1,714,009	1,393,204
LISTING EXPENSES	61,798	60,665
OFFICE RENT	216,000	177,000
OFFICE & FACTORY MAINTENANCE	6,335	154,426
PAYMENT TO AUDITOR *	182,789	168,738
POSTAGE & COURIER	218,665	168,465
PRELIMINARY EXPENSES- WRITTEN OFF	72,497	72,497
PRINTING & STATIONERY	302,181	377,537
PROFESSIONAL TAX	2,000	2,000
RATE & TAXES	1,356,789	809,989
REPAIR & MAINTENANCE	193,545	320,559
SECURITIES GAURD EXPENSES	1,683,998	1,382,944
SERVICE TAX	-	103,670

## HARIYANA SHIP BREAKERS LIMITED

SHARE DEMAT	449	3,530
SOCIETY MAINTENANCE	119,871	140,259
TELEPHONE EXP	221,252	468,692
TRAVELLING EXPENSES	470,556	435,979
VEHICLE & CONVEYANCE EXPENSES	1,433,175	1,582,474
SUB TOTAL	139,380,242	59,308,159
SELLING & DISTRIBUTION EXPENSES		
BUSINESS PROMOTION CHARGES	283,511	666,096
BROKERAGE & COMMISSION	789,754	3,827,805
CENTRAL EXCISES EXPENSES	33,573,846	-
FREIGHT OUTWARD	693,862	5,924,921
PACKING MATERIAL	280	21,000
SALES TAX	84,005,344	72,171,503
SUB TOTAL	119,346,597	82,611,325
Total	258,726,839	141,919,484
# PAYMENT TO AUDITOR		
AS AUDITOR :		
AUDIT FEE	136,662	126,236
TAX AUDIT FEE	23,483	21,236
OTHER SERVICES	22,644	21,266
Total	182,789	168,738

### 2.27 TAX EXPENSES

CURRENT TAX:		
- INCOME TAXES	64,183,630	50,500,000
DEFERRED TAXES	(1,801,524)	(1,930,581)
TAXES OF EARLIER YEARS W/OFF	-	81,447
TOTAL	62,382,106	48,650,866

### 2.28 EARNING PER SHARES

The annualised earning per equity shares has been calculated as under:

Profit after tax as per profit & Loss accounts	164,254,183	103,667,708
Add: Prior Period Adjustments	-	-
Less :Dividend on Preference Shares including dividend Tax	-	-
Net profit for calculation of Earning per shares	164,254,183	103,667,708
Weighted average No. of shares outstanding during the year	6,166,667	6,166,667
Weighted average No. of shares including to be issued	6,166,667	6,166,667
Basic Earning per shares	26.64	16.81
Diluted earnings per share	26.64	16.81

## 2.29 SEGMENT INFORMATION

The business of the company is divided into Four segment: Investment & Finance, Ship Recycling, Manufacturing of Sponge Iron & Steels and Trading activities and separate set of books of accounts are maintained. The principal activities of these segments are as under

Segment	Principal Activities
Investment & Finance Activity	Investment and Short Term Finance
Ship Breaking Activity	Dismantling / Breaking of old and used ships
Steel and Power	Manufacture of Sponge Iron
Trading Activity	Trading in Ferrous and Non Ferrous metals, Coils, Sheets Coke, Coal etc.

Segment Revenue, Segment Expenses and Segment Result include inter segment revenues / expenses between business segments. Those transfer are eliminated in total revenue/expense/results.

Business Segments :

Particulars	Investment & Finance	Ship-Breaking	Trading	Steel & Power	Total
a) External Sales/Revenue	2,077.47	16,724.90	82,423.09	2,956.83	1,04,182.29
Inter segment Sales/Revenue	386.17	827.78	469.25	-	-
Total Revenue	2,463.64	17,552.68	82,892.34	2,956.83	1,04,182.29
b) Segment Results Before Interest and Taxes	2,056.35	(1,251.78)	4,135.75	(395.17)	4,545.16
c) Segment results as % of total	45.25%	(27.55%)	90.99%	(8.69%)	100%
d) Segment Assets	15,912.24	2,229.63	29,407.14	3,634.35	51,183.36
e) Segment Liabilities	2,850.07	8,700.23	31,703.38	833.23	44,086.91

\* Total Gross Revenue is after elimination of inter segment revenues of Rs. 1683.20 lacs.

## 2.30 Related Party Transactions:

## a) Key Management personnel

- i) Sweety Reniwal
- ii) Sandeep Rampurshottam Agarwal
- iii) Shivshankar G. Agarwal
- iv) Tanmay Trilokchand Agarwal

## b) Other related parties where there have been transactions:

Enterprises commonly controlled or influenced by major shareholder/directors/ relative of directors of the Company:

- i) Orchid Lakeview Developers
- ii) Swastik Developers
- iii) White Mountain
- iv) Whitefield Project
- v) Hariyana Internation Private Limited
- vi) Hariyana Ship Demolition Private Limited
- vii) Hariyana Air Product
- viii) Inducto Steel Limited



# HARIYANA SHIP BREAKERS LIMITED

The details of transaction with related parties

In Rupees

Nature of transactions	Related Personnel		Other related parties	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
<b>I N C O M E</b>				
<b>SALES (NON EXCISES)</b>				
Hariyana International Private Limited	-	-	-	21,945
Hariyana Air Product	-	-	-	61,478
Inducto Steel Limited	-	-	-	5,084
	-	-	-	88,507
<b>INTEREST INCOME</b>				
Hariyana Ship Demolition Private Limited	-	-	11,569,753	55,724,601
Orchid Lakeview Developers	-	-	9,803,447	2,840,811
Swastik Developers	-	-	3,272,195	2,928,747
White Mountain	-	-	6,732,216	2,179,496
Whitefield Project	-	-	-	4,014,020
Goyal Hariyana Realty	-	-	261,698	-
Hariyana Air Product	-	-	698,654	259,452
	-	-	32,337,963	67,947,127
<b>OXYGEN GAS PURCHASES</b>				
Hariyana Air Product	-	-	13,297,326	12,680,107
	-	-	13,297,326	12,680,107
<b>INTEREST PAID</b>				
Sandeep Rampurshottam Agarwal	-	1,668,329	-	-
Shivshankar G.Agarwal	-	1,668,329	-	-
Tanmay Trilokchand Agarwal	1,843,948	1,668,329	-	-
	1,843,948	5,004,987	-	-
<b>RENT PAID</b>				
Sweety R Reniwal	-	150,000	-	-
	-	150,000	-	-
<b>LOAN GIVEN (REPAID)</b>				
Hariyana Ship Demolition Private Limited	-	-	3,714,205,005	2,614,044,000
	-	-	3,714,205,005	2,614,044,000
<b>LOAN TAKEN (RECEIVED)</b>				
Hariyana Ship Demolition Private Limited	-	-	3,815,392,224	6,444,000
	-	-	3,815,392,224	6,444,000

OUTSTANDING BALANCES AS ON MARCH 31, 2013

The details of transaction with related parties

Nature of transactions	Key Management Personnel		Other related parties	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
SUNDRY CREDITORS				
Hariyana Air Product	-	-	430,591	221,606
	-	-	430,591	221,606
LOAN & ADVANCE RECEIVED				
Hariyana Ship Demolition Private Limited	-	-	248,845,725	339,649,769
	-	-	248,845,725	339,649,769

2. 31 CONTINGENT LIABILITIES

CONTINGENT LIABILITIES & COMMITMENTS (TO EXTENT NOT PROVIDED FOR)

(A) Contingent Liabilities

- In respect of pending appeal before Hon. ACIT, Rs. 785,450 785,450  
Central circle 38, Mumbai

1. The company do not anticipate any liability on account of counter guarantees given to bank for various loan facility availed by associated concerns.
2. The company does not anticipate any liability except above on account of pending income tax and sales tax assessments.

2. 32 Detail of Quantity & Value of Stock

Information Pursuant to para No.3 & 4 of the Part-II of Schedule -VI of the Companies Act, 1956

Particulars of licenced, installed capacity & actual production	As at 31st March 2013		As at 31st March 2012	
	Ship Breaking	Steel & Power	Ship Breaking	Steel & Power
	Quantity MT	Quantity MT	Quantity MT	Quantity MT
i) Licenced capacity	N.A.	85,000.000	N.A.	N.A.
ii) Installed capacity	N.A.	60,000.000	N.A.	N.A.
iii) Actual production	48,728.190	15,601.140	49,530.950	29,210.000

**HARIYANA SHIP BREAKERS LIMITED**

(In Lacs)

1-A Particulars of Finished Goods	Quantity MT.		Value Rs.	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Ship Breaking				
Opening Stock	-	-	-	-
Production	48,728.190	49,530.950	15,381.65	15,836.94
Sales of Finished Goods	48,728.190	49,530.950	16,712.70	16,456.75
Closing Stock	-	-	-	-
Steel & Power				
Opening Stock	2,554.140	1,987.320	358.09	276.14
Sales of Finished Goods	16,056.420	28,643.180	2,952.33	5,457.61
Closing Stock	2,098.850	2,554.140	295.94	358.09
Trading Division				
Opening Stock	-	-	-	-
Purchases	5,20,711.61	439,910.921	77,927.52	34,873.99
Sales	5,20,711.61	439,910.921	82,129.63	35,748.94
Closing Stock	-	-	-	-
B Value of Imported and indigenous Raw Materials consumed (Excluding Trading)				
Indigenous	57,228.280	75,280.805	2,673.39	2,156.63
Imported	53,820.200	92,913.190	15,381.65	15,836.94
	111,048.480	168,193.995	18,055.04	17,993.57
C Value of Imported and indigenous Stores & Spares consumed				
Indigenous	-	-	106.25	114.61
Imported	-	-	-	-
	-	-	106.25	114.61
D CIF Value of Imports				
Raw Material of Melting Scrap			8,583.74	16,982.89
Stores & Spares			-	-
Trading Goods			1,597.58	7,660.72
Capital Goods			-	-
			10,181.32	24,643.61

2. 33 Significant accounting policies and practices adopted by the Company are disclosed in the statement annexed to these financial statements.

Significant accounting policies & notes on account

For P. D. Goplani & Associates

Chartered Accountants

Firm Registration No: 118023W

Sd/-

Prem Goplani

Partner

M.No.: 103765

Place: Bhavnagar

Date : 28th May, 2013

For and on behalf of the Board of Directors

Sd/-

Shantisarup Reniwal

Chairman and MD

Sd/-

Rakesh Reniwal

Director

## HARIYANA SHIP BREAKERS LIMITED

Reg, Office: 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021.

### ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the Meeting Venue.

(Joint Shareholders may obtain additional Attendance Slip on request).

Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Name and Address of the Shareholders \_\_\_\_\_

I hereby record my presence at the 32<sup>nd</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday, the 30<sup>th</sup> day of September, 2013 at 10.00 a.m. at 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021.

\_\_\_\_\_  
Signature of the Shareholder or Proxy\*

\* Strike out whichever is not applicable

## HARIYANA SHIP BREAKERS LIMITED

Reg, Office: 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021.

### PROXY FORM

Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of HARIYANA SHIP BREAKERS LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote me/ us and on my/our behalf at the 32<sup>nd</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday, the 30<sup>th</sup> day of September, 2013 at 10.00 a.m. at 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021 or at any adjournment thereof.

Date this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Affix One  
Rupee  
Revenue  
Stamp

Note : The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

## HARIYANA SHIP BREAKERS LIMITED

### GREEN INITIATIVE IN CORPORATE GOVERNANCE – ANNUAL REPORT IN ELECTRONIC FORM

Dear Shareholder,

In connection with the Green Initiative in Corporate Governance taken by the Ministry of Corporate Affairs(MCA), Govt. of India vide Circular No. 17/2011 dated 21st April, 2011, and Circular No. 18/2011 dated 29.04.2011, it had allowed paperless compliances by the companies. It had permitted companies to issue Annual Report and other documents by email to the shareholders. The Listing Agreement with the Stock Exchanges, amended recently, now requires a company to send soft copies of the report and Accounts to the members who register their email addresses with the Company.

In its constant endeavor the company proposes to enhance sustainability to the environment and cutting down on consumption of paper, proposes to give an option to the shareholders to receive Annual Report in electronic Form at their email address registered with their respective Depository Participant (DP)accounts( in the records of the Depositories, viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). Shareholders holding shares in physical form will receive the Annual Report at their email address registered with/ provided to the Company's Registrar & Transfer Agents(RTA).

We request you to join us in this noble initiative and look forward to your consent to receive the Annual Report from now onwards in electronic form. Please complete a tear off portion appended below and return the same to our Registrar & Transfer Agent in the postage paid envelope enclosed herewith.

Please note that the Annual Report will also be available on the Company's website [www.hariyanagroup.com](http://www.hariyanagroup.com) under link Annual Report, for your ready reference. The shareholders of the Company are entitled to request and receive a printed copy of the Annual Report of the Company.

We are sure that you would appreciate the GREEN INITIATIVE taken by the Company and opt for receiving Annual Report in electronic Form.

Thanking You  
For HARIYANA SHIP BREAKERS LIMITED

Sd/-

DIRECTOR

To,

Sharex Dynamic (India) Pvt Ltd  
Unit-1, Luthra Ind. Premises, Safed Pool,  
Andheri Kurla Road, Andheri (E),  
Mumbai – 400 072

Re: Consent of shareholders to receive Annual Report in Electronic Form

Dear Sir,

I give my consent to receive the Annual Report in the electronic Form at my following e-mail address.

Name of the Shareholder	
Folio No./ DPID & Client ID	
Email ID	
Phone Number	

Thanking You

Signature of the first named shareholder

## HARIYANA SHIPBREAKERS LIMITED

156, Maker Chambers VI,

Nariman Point, Mumbai - 400 021.

Tel.: 91-22-2204 3211 Fax : 91-22-2204 3215

Email : [hsbl@vsnl.com](mailto:hsbl@vsnl.com) Website : [www.hariyanagroup.com](http://www.hariyanagroup.com)