

HARIYANA SHIP BREAKERS LIMITED

<b>BOARD OF DIRECTORS</b>	:	Shri Shanti Sarup Reniwal Smt. Lalitadevi Reniwal Shri Rakesh Reniwal Shri Manohar Wagh Shri Pradeep Bhatia Shri Tejas Thakkar
.....		
<b>AUDITORS</b>	:	Jain Seth & Co. (Chartered Accountants) Bhavnagar 364 001.
.....		
<b>BANKERS</b>	:	Punjab National Bank Raheja Chambers, Nariman Point, Mumbai-400 021.
.....		
<b>REGISTERED OFFICE</b>	:	302, Sylverton Bldg., 102 Wodehouse Road, Colaba, Mumbai-400 005.
.....		
<b>BRANCH OFFICE</b>	:	308 Madhav Darshan, Waghawadi Road, Bhavnagar-364 001.  206 Barton Centre, M.G.Road, Bangalore - 560 001.
.....		
<b>SHIP BREAKING YARD</b>	:	Plot No. 14, Ship Breaking Yard, Alang, District : Bhavnagar.
.....		
<b>SPONGE IRON PLANT</b>	:	Survey No. 12, 14, 15 Shanthigrama (Hubli), Kanchanhally Village, Hassan - 573201.
.....		
<b>FINANCIAL YEAR</b>	:	2010-2011
.....		
<b>CONTENTS</b>	:	Notice Directors' Report Corporate Governance Report Auditors' Report Annual Accounts

**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.

**CONTENTS**

	Page No.
Notice	3
Directors' Report	5
Corporate Governance Report	14
Auditor's Report	27
Balance Sheet	32
Profit & Loss Accounts	33
Schedules to Accounts	34
Notes Forming Parts of the Accounts	40
Cash Flow Statement	46
Attendance Slip & Proxy	47

**Annual General Meeting**

**Date** : Friday, 30th September, 2011

**Time** : 11:00 a.m.

**Venue** : 302, Sylverton Bldg., Ground Floor, 102, Wodehouse Road, Colaba, Mumbai-400 005.

**NOTICE**

Notice is hereby given that the THIRTIETH ANNUAL GENERAL MEETING of the Members of **HARIYANA SHIP BREAKERS LIMITED** will be held on Friday, **30<sup>th</sup> September, 2011** at the Registered Office of the Company at **302, Sylverton Building, Ground Floor, 102 Wode House Road, Colaba, Mumbai – 400 005 at 11.00 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, 2011 and Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors' thereon.
2. To declare a dividend on Equity shares.
3. To appoint a Director in place of Shri Pradeep Bhatia, who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint a Director in place of Shri Tejas Thakkar, who retires by rotation and being eligible, offers himself for re- appointment.
5. To appoint M/s. Jain Seth & Co., Chartered Accountants, as Statutory Auditors who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS :**

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED that pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of the members of the company be and is hereby accorded to the Board of the Directors of the Company for borrowing from time to time at its discretion either form the company's bankers or form the Directors or from elsewhere on such terms and conditions as to repayments, interest or otherwise, as it thinks fit, such as may be necessary for the purpose of the company upto limit of Rupees 200,00,00,000/- (Rupees Two Hundred Crores Only) over and above the aggregate of the paid up capital and free reserves of to company, outstanding at any one time and that such borrowing shall be exclusive of temporary loans obtained or to be obtained by the company from the company's bankers in the ordinary course of business."

"RESOLVED FURTHER THAT the Board of Directors or any Committee thereof/ persons authorized by the Board, be and is hereby authorized to do all such acts deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

By order of the Board

For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

Shanti Sarup Reniwal

Chairman & Managing Director

Place : Mumbai

Date : 21/08/2011

## HARIYANA SHIP BREAKERS LIMITED

### NOTES:

- (A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (B) 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.
- (C) The Register of Members and transfer register will remain closed from 21<sup>st</sup> September, 2011 to 30<sup>th</sup> September, 2011 (both days inclusive).
- (D) 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.
- (E) The Dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2011, if declared at the Annual General Meeting will be made payable to those members whose names appears in the Register of Members of the Company as on date of Annual General Meeting. The dividend in respect of Equity Shares held in electronic form as at close of business hours of 20<sup>th</sup> September, 2011 will be payable to the beneficial owners of the Equity Shares as per the details furnished by the Depositories for the purpose.
- (F) 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).
- (G) Members who have not encased their dividend warrant for FY 2005-2006, FY 2006-2007, FY 2007-2008, FY 2008-09 and FY 2009-10 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: sharexindia@vsnl.com
--

- (H) Members are hereby informed that in terms of the provisions of Section 205A of the Companies Act, 1956, dividend not encased 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.
- (I) 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.

### EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

As per the provisions of section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and the Free Reserves of Company, that is to say, reserves not set apart for any specific purposes.

The consent off the members is, therefore, sought under provisions of Section 293(1)(d) of the Companies Act, 1956, to enable the Directors to borrow the aforesaid amount.

None of the Directors is, in any way, concerned or interested in the resolution.

The Board of Directors recommends this enabling resolution for approval of the members.

By order of the Board  
For **HARIYANA SHIP BREAKERS LIMITED**  
Sd/-  
Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 21/08/2011

**DIRECTOR'S REPORT**

To,  
The Members,  
**Hariyana Ship Breakers Limited**  
Mumbai

Your Directors present herewith their Thirtieth Annual Report of the Company together with the Audited Annual Accounts of the Company for the year ended 31<sup>ST</sup> March, 2011.

**Financial Results :**

(Rs in Lacs)

	<b>2010-11</b>	<b>2009-10</b>
Sales & Other Income	33663.63	14113.98
Profit/(Loss) before Tax	1434.18	1083.22
Provision for Corporate Tax and FBT	480.68	357.17
Adjustment for deferred tax	(5.36)	32.79
Profit after tax	<b>958.86</b>	<b>693.26</b>
Prior period adjustment	32.95	0.05
Profit/(Loss) Brought forward	2355.99	1806.97
Profit/(Loss) available for appropriations	<b>3347.80</b>	<b>2500.28</b>
APPROPRIATIONS / GENERAL RESERVE	100.00	-
- Dividend on Equity Shares	154.17	123.33
- Tax on distributed Profit	25.61	20.96
- Balance carried to balance sheet	<b>3068.03</b>	<b>2355.99</b>

During the year under review, the thrust area was Ship Breaking unit of the company which has achieved 77% increase in terms of Sales Turnover. Sponge Iron unit has achieved 27% increase in terms of Sales Turnover and Trading unit has achieved almost four times increase in terms of Sales Turnover. The finance and investment segment has achieved steady growth of 25%.

Companies consolidated EBIT for the year are at 1833.78 lacs which is 33% higher than the preceding financial year and Net Profit after tax are at 958.86 lacs which is 38% higher than the preceding financial year.

**DIVIDEND**

Taking into account the sustained good performance of the Company, Your Directors have recommended a Dividend of 25% (Rs. 2.5 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. 15,416,668/- out of profits for the year. Dividend distribution tax payable amounting to Rs. 25,60,516/- has been appropriated out of profits.

## **HARIYANA SHIP BREAKERS LIMITED**

### **PROSPECTS IN THE COMING YEAR**

During the financial year 2010-11, ship-breaking industry at Alang Ship Breaking Yard seen a sustained growth and this booming trend is expected to continue 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 has also driven better results in terms of sales and profit as compared with preceding years and it is hoped that the growth story of the unit shall be sustained. Overall, since the prices of iron and Steel 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.

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 activities of the company are doing well and are contributing considerably to the profitability of the company. The sponge iron division of the company also has given good results during the year, and 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 financing and 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.

The company has entered into a partnership in M/s. Hariyana Air Products (with 60% share.) During the year the oxygen plant has become operational at Bhavnagar, Gujarat. 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.

The Company is also taking interest into real estate business. For which has entered into Partnership in the name of "WhiteField Projects" (with 40% share) for construction & selling of residential apartments. The firm has acquired 1 Acre & 20 Guntas of land at Seegehalli, Whitefield, Bangalore with the object of constructing 2 & 3 BHK apartments consisting of 132 Flats. Likely date of completion of the project is August 2012.

The Company has also entered 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 Bagalur Main Road, Bangalore with the object of constructing 2 & 3 BHK Apartments consisting of 392 Flats. Likely date of completion in August 2016.

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

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **a) Overview :**

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

**b) Segmental Review :**

During the financial year 2010-11, ship-breaking industry at Alang Ship Breaking Yard seen a substantial growth and the trend is expected to continue in coming years also. However, fluctuating and volatile prices of old Ships, Iron and Steel products during the year, the net profit margins of this segment has been affected despite substantial increase in sales. Trading unit of the company has done tremendously well during the year and has achieved almost 400% increase in sales turnover and 300% increase in net profit margin. Steel and Power unit has also driven better results in terms of sales and profit as compared with preceding 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) Shipbreaking**

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 is fully operational through out the year. During the financial year 2010-11, ship-breaking unit seen a substantial growth and the trend is expected to continue in coming years also. However, fluctuating and volatile prices of old Ships, Iron and Steel products during the year, the net profit margins of this segment has been affected despite substantial increase in sales. 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 taking into account the inventory level of the company as at the year end, it is hoped that the turnover and the profitability will see a further increase in the current financial year.

**ii) Steel & Power**

As has been stated in the out-look, the sponge Iron segment has also attained 27% growth in terms of sales turnover and has achieved sales turnover of Rs. 5697.28 lacs as against 4471.08 lacs last year. In spite of to price fluctuations during the year, with cautious approach of the management , the unit has achieved net profit of Rs. 77.31 lacs as against loss of Rs. 25.05 lacs last year. The management 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. Sponge iron is one of the basic raw materials for the iron and steel industry and therefore the Directors are confident that the sponge iron division of the company should do better in the coming years.

**iii) Trading**

The Trading segment has also attained almost 4 times growth in terms of sales turnover and has achieved sales turnover of Rs. 18129.67 lacs as against 3889.30 lacs last year. The segment has achieved net profit of Rs. 653.24 lacs as against loss of Rs. 161.12 lacs last year. The management of the view that the iron and steel sector 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.

## HARIYANA SHIP BREAKERS LIMITED

### iv) Investment

The Company has been very cautious in investment in the shares and securities in the stock market with a view to earn short term and long term capital gain.

### v) Money Lending

Money lending 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.

The segmental results for the year are summarized as under. (Rs. in Lacs)

Particulars	Financing	Ship-breaking	Trading	Steel & Power	Total
a) External Sales/Revenue	790.09	8941.64	18210.70	5721.20	33663.63
Inter segment Sales/Revenue	305.91	168.64	227.05	0.00	
Total Revenue	1096.00	9110.28	18437.75	5721.20	33663.63
b) Segment Results Before Interest and Taxes	770.73	(84.37)	605.77	541.66	1833.80
c) Segment results as a % of total	42.03%	(4.60%)	33.03%	29.54%	100%
d) Segment Assets	8407.29	5845.47	7949.27	4744.20	26955.24
e) Segment Liabilities	1838.81	9913.48	8663.89	1640.99	22057.17

\* Total Gross Revenue is after elimination of inter segment revenues of Rs. 701.60 lacs.

### c) Financial Review and analysis :

#### Performance :

(Rs in Lacs)

	2010-11	2009-10	% Change
Gross Turnover	33473.08	13932.55	140.25
Other income	190.55	181.42	5.03
Increase/Decrease in Stock of Finished Goods	48.31	142.20	(66.03)
Total Expenditure	31696.88	12707.09	149.44
Operating Profit (PBIDT)	2015.06	1549.09	30.08
Interest	399.62	292.63	36.56
Gross Profit (PBDT)	1615.45	1256.46	28.57
Depreciation	181.26	173.24	4.63
Profit before tax	1434.18	1083.22	32.40
Provision for current Tax & fringe benefit tax	480.68	357.17	34.58
Profit after current tax	953.50	726.05	31.30
Deferred tax	(5.36)	32.79	(116.35)
Adjustment for MAT Credit	-	-	-
Net Profit after total and Exceptional items	958.86	693.26	38.31



**e) Cash Flow Analysis :**

<b>Sources of Cash</b>	<b>2010-11</b>	<b>2009-10</b>
- Cash from operation	988.67	755.72
- Non-operating cash flow	—	—
- Increase in debts	—	4013.18
- Decrease in cash and cash equivalents	9.76	—
<b>Uses of Cash</b>		
- Net Increase in investments	446.83	54.18
- Increase in working capital	393.41	4552.74
- Decrease in debts	96.50	—
- Net capital expenditure	61.69	153.69
- Increase in cash and cash equivalents.	—	8.30

**f) 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, which is 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.

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.

**DIRECTOR'S 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:

- (i) that in the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing fraud and other irregularities;
- (iv) that the directors had prepared the accounts on a going concern basis.

## **HARIYANA SHIP BREAKERS LIMITED**

### **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, Mr. Pradeep Bhatia and Mr. Tejas Thakkar retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

### **Auditor's Report :**

The observation/qualification of the auditors are based on the facts stated in the schedules of notes, 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 :**

Messrs Jain Seth & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept office, if re-appointed. They have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224(2B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

Members are requested to re-appoint Messrs Jain Seth & Co. Chartered Accountants, as Statutory Auditors for the period commencing from ensuing Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

### **Particulars 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.

### **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 earning and outgo is annexed hereto which is forming part of this report.

### **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.

**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, solidarity cooperation and acknowledge that their supports had enabled the Company to achieve new heights of success.

For and on behalf of the Board

Sd/-  
Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 15/07/2011

## HARIYANA SHIP BREAKERS LIMITED

### ANNEXURE - I

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, 2011.

- A Conservation of Energy
- a) Energy conservation measure taken : The Company has taken various measures to control the consumption of coal which is the main fuel for the sponge iron unit of the company.
- b) Additional investment and proposal if any being implemented for reduction from consumption of energy. : The Company is in the process of setting a co-generation unit for utilizing fuel gas the sponge iron plant therein reducing the dependence on the grid power.
- c) Impact of the measures at (a) & (b) on energy consumption & consequent impact on the cost of production. : The above will reduce the dependence of the company on grid power and also will effectively reduce the production cost
- d) Total energy consumption and energy consumption per unit of production : Coal / Power / Diesel
- B Technology Absorption as per Form-B : Form B Attached

### FORM-B

Form for disclosure of Particulars with respect to absorption, research and development (R&D)

- 1 Specific area in which R&D carried out by the company : Nil
- 2 Benefits derived as a result of the above R&D : Nil
- 3 Future plan of action : Nil
- 4 Expenditure on R&D
- a) Capital : Nil
- b) Recurring : Nil
- c) Total : Nil
- d) Total R&D expenditure as % of total turnover : Nil

## Technology Absorption, adaption and innovation.

- |   |   |   |     |
|---|---|---|-----|
| 1 | Efforts in brief toward technology absorption, adaption and innovation  | : | Nil |
| 2 | Benefits derived as result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.                       | : | Nil |
| 3 | In case of imported technology (imported during the last five years) reckoned from the beginning of the financial year following information may be furnished | : | Nil |
|   | a) Technology imported  | : | NA  |
|   | b) Year of Import   | : | NA  |
|   | c) Has technology been fully absorbed   | : | NA  |
|   | d) If no fully absorbed, arrears where this has not been taken place, reasons therefore and future plans of action.   | : | NA  |

## Foreign Exchange Earning &amp; Outgo

- |   |   |   |   |
|---|---|---|---|
| 1 | Activities relating to export initiatives taken to increase exports, development of new markets for products and services and export plans. | : | Nil   |
|   | Total foreign exchange used and earned  | : | Members are requested to refer the notes in the schedules of notes to accounts. |

For &amp; on behalf of the Board of Directors

Sd/-  
Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 15/07/2011

**Corporate Governance Report****Company's philosophy :**

The Company is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Keeping in view the Company's size and complexity in operations, the company's corporate governance framework is based on the following main principles:

- a. Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas and being accountable to the Company and stakeholders.
- b. Strategic guidance and Effective monitoring by the Board and equitable treatment to all stakeholders.
- c. Timely and accurate disclosure of all material operational and financial information to the stakeholders.
- d. Protection to minority interests and rights.

The Securities and Exchange Board of India (SEBI) through clause 49 of the listing agreement with the stock exchanges regulates corporate governance for listed companies. The details of compliance for the year ended March 31, 2011 are as follows:

**Board of Directors :**

The Board composition is in conformity with the provisions of the Companies Act, 1956 and complies with clause 49 of the listing agreement. The strength of the Board as on 31<sup>st</sup> March, 2011 is 6 (Six) Directors comprising of 1(One) Executive Directors and 5 (Five) Non-executive Directors. Out of which three directors are independent.

The composition of the Board as was as follows :

Sr. No.	Name of Director	Category of Directorship	*No. of other Directorship		No. of Committee Membership	
			Public	Private	Public	Private
1	Shri Shanti Sarup Reniwal	Promoter & Executive Director	Nil	8	Nil	Nil
2	Smt Lalitadevi Reniwal	Independent & Non Executive Director	Nil	Nil	Nil	Nil
3	Shri Rakesh Reniwal	Independent & Non Executive Director	Nil	10	Nil	Nil
4	Shri Manohar Wagh	Independent & Non Executive Director	Nil	Nil	Nil	Nil
5	Shri Pradeep Bhatia	Independent & Non Executive Director	Nil	Nil	Nil	Nil
6	Shri Tejas Thakkar	Independent & Non Executive Director	Nil	Nil	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 and the Remuneration Committee of the Public Limited Companies has been considered.

There are no nominees or Institutional Directors in the Company. None of 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 ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

### Board Meetings

During the year there were in total 16 Board Meetings which were held on 10.04.10, 13.04.10, 30.04.10, 10.05.10, 15.07.10, 13.08.10, 20.08.10, 21.08.10, 30.08.10, 01.09.10, 04.09.10, 13.09.10, 15.10.10, 12.11.10, 03.01.2011 and 10.02.2011 and the time gap between the two meetings was not more than 4 months.

Sr. No.	Name of the Director	Category	No. of Board Meetings Attended	Attended Last AGM
1.	Shri Shanti Sarup Reniwal	Promoter & Non Executive Director	16	Yes
2.	Smt Lalitadevi Reniwal	Independent & Non Executive Director	16	Yes
3.	Shri Rakesh Reniwal	Independent & Non Executive Director	16	Yes
4.	Shri Manohar Wagh	Independent & Non Executive Director	16	Yes
5.	Shri Pradeep Bhatia	Independent & Non Executive Director	16	No
6.	Shri Tejas Thakkar	Independent & Non Executive Director	15	No

### 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 31st March 2011 have affirmed their compliance with the code and the declaration to this effect given by the Chairman is annexed hereto.

### Board Committee :

The Board has constituted Committees of Directors to monitor the activities and to deal with matters within the terms of reference of the respective Committees.

### Audit Committee :

The Company has an Audit Committee at the Board level with powers and role that are in accordance with clause 49 of the listing agreement. The Committee acts as a link between the management, the Statutory Auditors and the Board of Directors and oversees the financial reporting process.

## HARIYANA SHIP BREAKERS LIMITED

The Audit Committee presently comprises of 3 Non Executive & Independent Directors. Shri Pradeep Bhatia is an independent Chairman while Shri Tejas Thakkar and Shri Manohar Wagh are the other two independent members of the committee.

The functions of the Audit Committee are as per Company Law and Listing Agreement with the Stock Exchanges. These include the Review of accounting and financial policies and procedures, Review of financial reporting system, Internal control system and Procedures and ensuring compliance of statutory requirements.

The Audit Committee reviews the financial statements with the Statutory Auditors and the Management with reference to the accounting policies and practices before commending the same to the Board for its approval.

The Committee met 8 times during the year under report on 13.04.10, 28.04.10, 15.07.10, 30.07.10, 20.08.10, 15.10.10, 30.10.10 and 10.02.11. The time gap between the two meetings was not more than 4 months.

### Composition of Audit Committee and details of the meeting attended :

From 01-04-2010 31-03-2011

Name	Category	No. of Committee meetings attend.
Mr. Pradeep Bhatia	Chairman (Non Executive & Independent Director)	8
Mr. Tejas Thakkar	Member Non Executive & Independent Director)	8
Mr. Manohar Wagh	Member Non Executive & Independent Director)	8

### Broad terms of reference of the Audit Committee are as per following :

- Approving and implementing the Audit procedures and techniques.
- Reviewing audit reports of statutory auditors with management and Statutory Auditors.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.
- 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.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with management, performance of statutory auditors, adequacy of the internal control systems.



- Reviewing the finding of any internal investigations 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.
- Review of Related party Transactions:
- Reviewing accounting treatment and confirmation of the fact that financial statement are giving true and fair view as per Company Law and Listing Agreement with the Stock Exchanges.
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

**Shareholders/Investors Grievance Committee :**

The Company has a Shareholder's/Investor's Grievance & Share Transfer committee comprising of Shri Manohar Wagh, Shri Pradeep Bhatia and Shri Tejas Thakkar. Shri Manohar Wagh is the Chairman of the Committee.

The Shareholder's Committee is empowered to perform all the functions of the Board in relation to handling of Shareholder's grievances. The Company has appointed Sharex Dynamic (India) Private Limited to act as Registrar and Share Transfer Agent of the Company. The committee monitors redressal of investors' grievances on regular basis. It primarily focuses on:

- Review of investor complaints and their redressal.
- Review of the queries received from the investors.
- Review of the work done by Share Transfer Agent.
- Review of corporate actions related work.

During the year, the Committee met 4 (Four) times to deliberate on various matters referred above. The Committee met on 28.04.10, 30.07.10, 30.10.10 and 30.01.11.

**Composition of Shareholder's / Investor's Grievance & Share Transfer committee and details of the meeting attended :**

Name	Designation	No. of Committee meetings attend.
Shri Rakesh Reniwal	Member Non Executive & Independent Director	4
Shri Manohar Wagh	Member Non Executive & Independent Director	4
Shri Shantisarup Reniwal	Member Non Executive & Independent Director	4

## HARIYANA SHIP BREAKERS LIMITED

The name and Address of the Compliance Officer is as follows :

Shri Shantisarup Reniwal  
302, Sylverton Building,  
102, Wode House Road, Colaba,  
Mumbai – 400005  
Tel. No. +91 22 22182569 Fax No. +91 22 22182524  
Email id: hsbl@vsnl.com / contact@hariyanagroup.com

All valid requests for the share transfers received during the year have been acted upon. There were no share transfer requests pending as on March 31, 2011. The Company has not received any complaint from shareholders/investors during the year.

### Subsidiary Companies :

The Company does not have any Subsidiary Company.

### 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.

### General Body Meetings :

Details of last three year's Annual General Meetings are given below :

Financial Year	Date	Time	Venue	Special Resolution(s)
2010-2011	30 <sup>th</sup> September 2010	11.00 am	302, Slyverton Building, Ground Floor, 102 Wode House Road, Mumbai 400005	None
2009-2010	30 <sup>th</sup> September 2009	11.00 am	302, Slyverton Building, Ground Floor, 102 Wode House Road, Mumbai 400005	None
2008-2009	26 <sup>th</sup> September 2008	12.00 noon	302, Slyverton Building, Ground Floor, 102 Wode House Road, Mumbai 400005	None

### EXTRA ORDINARY GENERAL MEETING :

No Extra Ordinary General Meeting was held during the year.

No Special Resolution were passed or proposed during the last year through postal ballot.

### 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) Proceeds from public issues, right issues, preferential issues etc.**

As and when money is raised through an issue, right issues, preferential issues etc. the utilization of the said collected fund is properly disclosed through a separate statements duly certified by the auditors of the Company to informed the stakeholders on time.

**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.

**Statutory Compliance :**

The Company has complied with mandatory provisions of Corporate Governance and is in the process of adopting the non-mandatory provisions of Corporate Governance.

## HARIYANA SHIP BREAKERS LIMITED

### 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 sending the quarterly results and presentations to the stock exchanges 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

### General Shareholders Information :

The 30<sup>th</sup> Annual General Meeting is scheduled to be held on Friday the 30<sup>th</sup> day of September 2011 at 11.00 a.m. at the Registered Office Address.

- (i) The Financial year of the company is from April to March. The financial Calendar is as per following.

First quarter results (30 <sup>th</sup> June)	On or around 14 <sup>th</sup> August.
Mailing of Annual Reports	On or around 15 <sup>th</sup> August.
Annual General Meeting	On or before 30 <sup>th</sup> September
Payment of Dividend	On or around 5 <sup>th</sup> October
Second quarter results (30 <sup>th</sup> September)	On or around 14 <sup>th</sup> November.
Third quarter results (31 <sup>st</sup> December)	On or around 14 <sup>th</sup> February.
Fourth quarter / Annual Results	On or around 15 <sup>th</sup> May

- (ii) Book Closure dates are from 21<sup>st</sup> September 2011 to 30<sup>th</sup> September 2011(both days inclusive).

- (iii) The company's shares are listed at Bombay Stock Exchange.

- (iv) Stock Code : 526931  
Name of Stock Exchange : The Bombay Stock Exchange, Mumbai  
ISIN : INE400G01011

v. Market price data: (All figures in Indian Rupees)

Month	High	Low	No. of shares
Apr 2010	53.90	35.00	5,19,449
May 2010	48.00	38.00	70,357
June 2010	44.00	38.00	42,452
July 2010	46.50	40.20	73,053
August 2010	59.00	43.90	2,04,933
September 2010	50.95	38.25	2,44,290
October 2010	64.80	41.00	13,17,213
November 2010	64.00	46.05	2,21,548
December 2010	58.70	44.05	87,941
January 2011	56.90	45.00	46,114
February 2011	54.50	40.00	85,972
March 2011	50.85	44.00	47,171

**Distribution of shareholding as on 31<sup>st</sup> March, 2011.**

DISTRIBUTION SCHEDULE ON NUMBER OF SHARES/DEBS - As On :31 <sup>st</sup> March 2011				
SHARE (OR DEBENTURE)	NUM OF HOLDERS	(%) OF HOLDERS	T O T A L SHARES (OR DEBENTURE)	% OF SH/DB
UPTO TO 100	1068	50.64	78156	1.27
101 TO 200	308	14.60	56915	0.92
201 TO 500	368	17.45	144844	2.35
501 TO 1000	176	8.35	146700	2.38
1001 TO 5000	143	6.78	323633	5.25
5001 TO 10000	22	1.04	159461	2.59
10001 TO 100000	14	0.66	495873	8.04
100001 TO ABOVE	10	0.47	4761085	77.21
<b>TOTAL</b>	<b>2109</b>	<b>100</b>	<b>6166667</b>	<b>100.00</b>

# HARIYANA SHIP BREAKERS LIMITED

## I) Details of Shareholding pattern as on 31st March 2011 :

STATEMENT SHOWING SHAREHOLDING PATTERN								
Name of the Company : HARIYANA SHIP BREAKERS LIMITED								
Scrip Code : 526931				Quarter Ended : 31 <sup>st</sup> March 2011				
Category Code	Category of Shareholder	Number of Shareholder	Total Number of Shares	Number of shares held in demeterialized 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 %
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	12	4529814	4529814	73.46	73.46	0	0
(b)	Central Government/ State Government(s)							
(c)	Bodies Corporate							
(d)	Financial Institutions/ Banks							
(e)	Any Others (Specify)							
(e-i)								
(e-ii)								
	<b>Sub Total(A)(1)</b>	<b>12</b>	<b>4529814</b>	<b>4529814</b>	<b>73.46</b>	<b>73.46</b>	<b>0</b>	<b>0</b>
2	Foreign							
A	Individuals (Non-Residents Individuals/Foreign Individuals)							
B	Bodies Corporate							
C	Institutions							
D	Any Others(Specify)							
d-i								
d-ii								
	<b>Sub Total(A)(2)</b>	<b>12</b>	<b>4529814</b>	<b>4529814</b>	<b>73.46</b>	<b>73.46</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>12</b>	<b>4529814</b>	<b>4529814</b>	<b>73.46</b>	<b>73.46</b>	<b>0</b>	<b>0</b>
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI							
(b)	Financial Institutions Banks							
(c)	Central Government/ State Government(s)							
(d)	Venture Capital Funds							

Category Code	Category of Shareholder	Number of Shareholder	Total Number of Shares	Number of shares held in dematerialized 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%
(e)	Insurance Companies							
(f)	Foreign Institutional Investors							
(g)	Foreign Venture Capital Investors							
(h)	Any Other (specify)							
(h-i)								
(h-ii)								
	<b>Sub-Total (B)(1)</b>							
<b>B2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	88	493664	491364	8.01	8.01	0	0
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1990	822952	736952	13.35	13.35	0	0
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	8	314630	278130	5.10	5.10	0	0
(c)	Any Other (specify)							
(c-i)	Clearing Member	5	372	372	0.01	0.01	0	0
(c-ii)	NRI	6	5235	5235	0.09	0.09	0	0
	<b>Sub-Total (B)(2)</b>	<b>2097</b>	<b>1636853</b>	<b>1512053</b>	<b>26.54</b>	<b>26.54</b>		
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>2097</b>	<b>1636853</b>	<b>1512053</b>	<b>26.54</b>	<b>26.54</b>		
	<b>TOTAL (A) + (B)</b>	<b>2109</b>	<b>6166667</b>	<b>6041867</b>	<b>100</b>	<b>100</b>		
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued							
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>2109</b>	<b>6166667</b>	<b>6041867</b>	<b>100</b>	<b>100</b>		

**Details of Shares held by Directors as on 31st March 2011 :**

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

## HARIYANA SHIP BREAKERS LIMITED

### j) Dematerialization of shares and liquidity :

As on 31<sup>st</sup> March, 2011, **97.98%** 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.

### k) The plant of the company is situated at :

#### Ship Breaking Yard

Plot No.14, Ship Breaking Yard  
Alang, Dist. Bhavnagar - 364 001,  
Gujarat.

#### Sponge Iron Plant

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

#### Registered Office :

302 Sylverton Building,  
Ground Floor, 102 Wodehouse Road,  
Colaba, Mumbai 400 005.  
Ph. 022-22182569 • Fax 022-22182524  
Email: hsbl@vsnl.com

#### Branch Office (Bhavnagar) :

308 Madhav Darshan,  
Waghawadi Road, Bhavnagar 364 001  
Ph. 0278-2433033 • Fax 0278-3001122

### Register and 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: sharexindia@vsnl.com
--

### viii. Share Transfer System

The Share transfer of Securities in Physical form are registered, duly transferred and dispatched within one month of the receipt, if the transfer documents are in order. The shares in de-materialized form are normally processed and transferred with 21 days from receipt of dematerialization requests.

### ADDRESS FOR CORRESPONDENCE :

Shareholders of the company can send correspondence at company's Share & Transfer Agent's Office or at the Registered Office address office of the company.

### 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.



**ANNEXURE TO CORPORATE GOVERNANCE REPORT**

**Declaration Regarding Affirmation Of Code Of Conduct**

In terms of the requirements of 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 31<sup>st</sup> March 2011.

**FOR HARIYANA SHIP BREAKERS LIMITED**

Sd/-

Date: 15/07/2011

Place: Mumbai.

**SHANTISARUP RENIWAL  
Chairman & Managing Director**

---

---

**CERTIFICATION BY**

**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

To,

The Board of Directors,  
HARIYANA SHIP BREAKERS LIMITED  
302, Sylverton Building,  
102, Wode House Road,  
Colaba, Mumbai – 400005

We hereby certify that for the financial year, ending 31<sup>st</sup> March, 2011 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 fair view of the company's affairs and are in compliance with 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 controls and that we have evaluated the effectiveness of the internal control systems 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 the 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.

Sd/-

Date: 15/07/2011

Place: Mumbai.

**SHANTISARUP RENIWAL**

Managing Director

## HARIYANA SHIP BREAKERS LIMITED

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 2011, 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, 2011, 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 Jain Seth & Co.  
Chartered Accountants  
Firm Reg No. 002069W

Sd/-

Prem Goplani  
Partner  
M.No.103765

Place : Mumbai  
Date : 15/07/2011

**AUDITOR'S REPORT**

To,  
The Members  
Hariyana Ship Breakers Limited  
Bhavnagar

We have audited the attached Balance Sheet of **HARIYANA SHIP BREAKERS LIMITED** as at 31st March 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 misstatement. 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.

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 Companies Act, 1956 we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above we report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the propose of our audit;
- ii) In our opinion, proper books of account, as required by the law have been kept by the Company so far as appears from our examination of the books;
- iii) The Balance Sheet and Profit & Loss Account and cash flow statements dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, read with other notes in Schedule-19, forming part of the accounts, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956:
- v) On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011, from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956:
- Vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes and schedules thereon give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting the principles generally accepted in India.
  - i) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 2011 and
  - ii) In the case of Profit & Loss account of the Profit of the company for the year ended on that date.
  - iii) In the case of the cash flow statement of the cash flows for the year ended on that date

For Jain Seth & Co.  
Chartered Accountants  
Firm Reg No. 002069W

Sd/-  
Prem Goplani  
Partner  
M.No.103765

Place : Mumbai  
Date : 15/07/2011

**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 disposed off few non-core surplus assets. According to the information and explanations given to us, we are of the opinion that the sale of the said assets has not affected 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 four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 31.36 Crores and the year-end balances of loans taken from such parties were Rs. 4.16 Crores.  

There is one party 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. 76.91 Crores and the year-end balance of loans granted to such party was Rs. 63.09 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) As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- 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 2010 for a period of more than six months form the date they become payable.
  - c) According to the information and explanations given to us, there are no dues of sales tax, custom duty, wealth tax, central excise duty and cess, which have not been deposited on account of any dispute.
- 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.
- 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 nor 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.

## HARIYANA SHIP BREAKERS LIMITED

- 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 Jain Seth & Co.  
Chartered Accountants  
Firm Reg No. 002069W

Sd/-  
Prem Goplani  
Partner  
M.No.103765

Place : Mumbai  
Date : 15/07/2011

**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, 2011, and the Consolidated Profit & Loss Account and the Consolidated 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.21099.81 lacs as at 31<sup>st</sup> March, 2011, total revenue of Rs. 24721.99 lacs and net cash flows amounting to Rs. 11.85 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.

We did not audit the financial statements / consolidated financial statements of certain units, whose financial statements / consolidated financial statements reflect total assets of Rs. 21099.81 lacs as at 31<sup>st</sup> march, 2011, total revenue of Rs. 24721.99 lacs and cash flow amounting to Rs. 11.85 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.

1. 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.

2. 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, 2011;
- (ii) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
- (ii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

**For Jain Seth & Co.**  
Chartered Accountants  
(Firm Registration No. 002069W)

Sd/-  
Prem D. Goplani (Partner)  
Membership No. 103765

Place : Mumbai  
Date : 15/07/2011

# HARIYANA SHIP BREAKERS LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2011

SOURCES OF FUNDS	Sch.	Current Year	Previous Year
<b>1 Share Holders Fund</b>			
a) Share Capital	1	61,666,670	61,666,670
b) Reserves & Surplus	2	428,139,957	347,884,027
<b>2 Loan Funds</b>			
a) Secured Loans	3	60,711,978	74,415,788
b) Unsecured Loans	4	41,594,262	37,539,961
<b>3 Deferred Tax Liability</b>		40,786,283	41,322,552
Total		632,899,150	562,828,998
<b>APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>	5		
a) Gross Block		408,877,265	402,737,038
b) Less: Depreciation		117,166,882	98,121,299
c) Net Block		291,710,383	304,615,739
<b>2 Investment</b>	6	73,886,266	29,203,268
<b>3 Working Capital</b>			
a) Current Assets, Loans & Advances	7		
i) Inventories		641,808,912	283,978,662
ii) Sundry Debtors		870,755,377	69,475,415
iii) Cash & Bank Balances		2,416,255	3,392,071
iv) Loans & Advances		811,777,057	569,454,213
Total		2,326,757,601	926,300,361
b) Less: Current Liabilities & Provisions	8	2,062,624,414	700,532,181
c) Net Working Capital		264,133,187	225,768,180
<b>4 Miscellaneous Expenditure yet to be W/Off or adjusted</b>	9		
- Preliminary Expenses		150,791	223,288
- Pre-operative Expenses pending capitalisation		3,018,523	3,018,523
Total		632,899,150	562,828,998
Notes forming part of the accounts	19	-	-

As per our separate report of even date attached

For Jain Seth & Co.

Chartered Accountants  
(Firm Reg.no. 002069W )

Sd/-

Partner

**Prem Goplani**

M.No 103765

Place : Mumbai

Date : 15/07/2011

For Hariyana Ship Breakers Limited

Sd/-

Director

Sd/-

Director



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2011**

Particulars	Sch.	Current Year	Previous Year
<b>INCOME</b>			
- Gross Sales and Receipts	10	3,347,308,012	1,393,255,304
- Other Receipts	11	19,055,006	18,142,264
- Increase/(Decrease) in finished goods	12	4,830,729	14,220,471
<b>TOTAL INCOME</b>		<b>3,371,193,747</b>	<b>1,425,618,039</b>
<b>EXPENDITURE</b>			
- Raw Material Consumed /Traded	13	2,979,853,551	1,117,078,314
- Labour & Wages	14	30,438,372	18,359,515
- Works expenses	15	52,489,411	53,640,267
- Administrative Expenses	16	13,447,919	15,995,081
- Financial Expenses	17	39,961,645	29,262,557
- Selling Expenses	18	93,385,791	65,563,768
<b>TOTAL EXPENDITURE</b>		<b>3,209,576,689</b>	<b>1,299,899,502</b>
Profit before depreciation & Tax		161,617,058	125,718,537
Depreciation	5	18,126,413	17,323,885
Share Issue Expenses Written Off	9	72,497	72,497
Profit Before Tax		143,418,148	108,322,155
Less: Provision for current Income Tax		48,068,000	35,717,000
Add/(Less) MAT Credit Entitlement (Adjustment) for the year		0	0
Less: Provision for Fringe Benefit Tax		0	0
Add/(Less) Adjustment for Deferred Tax for the Year		(536,269)	3,279,137
Profit after tax for the year		95,886,417	69,326,018
Income Tax of earlier years		3,294,763	5,348
Prior Period Adjustments		0	0
Profit Bought Forward from Balance Sheet		235,598,740	180,696,758
Profit/(Loss) available for appropriation		<b>334,779,920</b>	<b>250,028,124</b>
<b>APPROPRIATIONS</b>			
- Transfer to Capital Redemption Reserve		50,000,000	0
- Transfer to General Reserve		10,000,000	0
- Dividend on Equity Shares		15,416,668	12,333,334
- Tax on distributed Profit		2,560,516	2,096,050
- Balance carried to balance sheet		256,802,736	235,598,740
<b>Total</b>		<b>334,779,920</b>	<b>250,028,124</b>
Earning per share - Basic		16.08	11.24
Earning per share - Diluted		16.08	11.24

As per our separate report of even date attached

For **Haryana Ship Breakers Limited**

**For Jain Seth & Co.**

Chartered Accountants

(Firm Reg.no. 002069W )

Sd/-

Partner

**Prem Goplani**

M.No 103765

Place: Mumbai

Date : 15/07/2011

Sd/-  
Director

Sd/-  
Director

# HARIYANA SHIP BREAKERS LIMITED

## SCHEDULES TO BALANCE SHEET

Particulars	Current Year	Previous Year
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
6500000 (6500000) Equity Shares of Rs 10/- each	65,000,000	65,000,000
5000000 -4% Redeemable Preference Share Of Rs. 10/- Each	50,000,000	50,000,000
Issued, Subscribed & Paid up		
6166667(6166667) Equity Shares of Rs 10/- each fully paid (Of the above 3146640 equity shares were issued as fully paid up Bonus Shares by Capitalising General Reserve & Profit)	61,666,670	61,666,670
Total	61,666,670	61,666,670
<b>SCHEDULE - 2: RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Transfer from HFPL & HMEPL	89,360,940	89,360,940
Total	89,360,940	89,360,940
<b>SHARE PREMIUM A/C</b>		
- Balance as per Last Balance Sheet	14,038,400	14,038,400
Total	14,038,400	14,038,400
<b>GENERAL RESERVE</b>		
- Balance as per Last Balance Sheet	0	0
- Add : Transfer from P & L A/c during the year	10,000,000	0
	10,000,000	0
Capital Redemption Reserve	50,000,000	0
	50,000,000	0
<b>REVALUATION RESERVE</b>		
- Balance as per Last Balance Sheet	8,885,947	9,834,013
- Less : Reduction during the year	948,066	948,066
Total	7,937,881	8,885,947
Profit & Loss Account	256,802,736	235,598,740
Total	428,139,957	347,884,027
<b>SCHEDULE - 3 : SECURED LOANS</b>		
Term Loan Punjab National Bank	0	29,841,257
Cash Credit from Punjab National Bank	50,320,023	30,181,162
Loan against vehicles from ICICI/HDFC/Kotak/DCB	1,012,977	732,643
Overdraft from Punjab National Bank	9,378,978	12,493,091
Development Credit Bank Ltd.	0	1,167,635
Total	60,711,978	74,415,788

- Note: 1 Term Loan from Punjab National Bank is secured by charge on the Land & Building & Plant and Machinery of Steel and Power Division of the Company at Hassan
- 2 Cash Credit is secured by Hypothecation of stock of raw materials, finished goods, works in progress, stores and spares etc.
- 3 Loan from ICICI/HDFC/Kotak/DCB is secured by hypothecation of specified vehicles and loaders purchased under finance from them.
- 4 Credit Facilities from the Punjab National Bank are additionally secured by personal guarantee of three Directors and two shareholders of the Company.

<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
From Directors / Share Holders	41,594,262	37,539,961
Total	41,594,262	37,539,961

SCHEDULE - 5: FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK				
	AS ON 01.04.2010	ADDITION	DEDUCTIONS	TOTAL	UP TO 31/03/2010	RATE OF DEP.	DEP. FOR THE YEAR	ON REVALUATION	WRITTEN BACK	TOTAL AS ON 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
FACTORY PREMISES	22,894,874	634,808	-	23,529,682	-	-	-	-	-	-	23,529,682	22,894,874
- Non Factory	39,733,150	-	-	39,733,150	11,067,006	1.6	49,190	598,461	-	11,714,657	28,018,493	28,666,144
- Warehouse (Leasehold)	4,817,420	-	-	4,817,420	1,378,030	1.63	3,878	74,646	-	1,456,554	3,360,866	3,439,390
- Godown	1,356,796	-	-	1,356,796	311,441	1.63	22,116	-	-	333,557	1,023,239	1,045,355
- Office	2,041,059	-	-	2,041,059	154,842	1.63	33,269.00	-	-	188,111	1,852,948	1,886,217
FACTORY BUILDING	23,427,085	-	-	23,427,085	2,435,008	3.34	782,465	-	-	3,217,473	20,209,612	20,992,077
ROADS & CULVERTS	72,850	-	-	72,850	9,326	3.34	2,433	-	-	11,759	61,091	63,524
PLANT & MACHINERY	214,523,230	240,461	-	214,763,691	59,367,288	4.75	11,274,790	274,959	-	70,917,037	143,846,654	155,155,942
CRANE	11,688,811	5,041,302	-	16,730,113	1,864,243	4.75	868,532	-	-	2,732,775	13,997,338	9,824,568
POLLUTION CONTROL EQUIPMENTS	43,999,330	-	-	43,999,330	9,519,406	5.28	2,323,165	-	-	11,842,571	32,156,759	34,479,924
PLANT & MACHINERY (OTHERS)	8,873,678	-	-	8,873,678	1,888,379	4.75	421,500	-	-	2,309,879	6,563,799	6,985,299
ASBESTO HANDLING SYSTEM	-	283,500	-	283,500	-	4.75	9,519	-	-	9,519	273,981	-
OFFICE EQUIPMENTS	2,192,725	294,300	-	2,487,025	676,752	4.75	109,497	-	-	786,250	1,700,775	1,515,973
MOBILE	53,689	13,100	-	66,789	6,530	4.75	2,600	-	-	9,130	57,659	47,159
FURNITURE	4,107,492	-	-	4,107,492	1,837,583	6.33	260,004	-	-	2,097,587	2,009,905	2,269,909
COMPUTERS	2,292,246	117,900	-	2,410,146	1,562,557	16.21	234,991	-	-	1,797,548	612,598	729,689
AIRCONDITIONERS	91,370.00	-	-	91,370	23,520	4.75	4,340	-	-	27,860	63,510	67,850
VEHICLES	9,743,737	-	610,000	9,133,737	3,564,501	9.50	950,079	-	28,896	4,485,684	4,648,053	6,179,236
TRANSPORT VEHICLES	5,485,937	-	-	5,485,937	1,459,948	9.50	521,164	-	-	1,981,112	3,504,825	4,025,989
PORTABLE GENERATOR SET	23,800	-	-	23,800	15,358	4.75	1,131	-	-	16,489	7,311	8,442
WIRE ROPES	3,297,305	-	-	3,297,305	573,030	4.75	156,622	-	-	729,652	2,567,653	2,724,275
FIRE FIGHTING EQUIPMENTS	165,134	-	-	165,134	38,535	4.75	7,844	-	-	46,379	118,755	126,599
BUILDING	151,500	90,357	-	241,857	6,304	3.34	5,598	-	-	11,902	229,955	145,196
SPECTRO METER	811,981	-	-	811,981	8,325	4.75	38,569	-	-	46,894	765,087	803,656
WEIGHING MACHINE	46,446	34,500	-	80,946	21,401	4.75	2,960	-	-	24,361	56,585	25,045
WEIGH BRIDGE	744,392	-	-	744,392	293,549	4.75	35,359	-	-	328,908	415,484	450,843
WINCH	101,000	-	-	101,000	38,436	4.75	4,798	-	-	43,234	57,766	62,564
TOTAL	402,737,037	6,750,228	610,000	408,877,265	98,121,298	-	18,126,413	948,066	28,896	117,166,882	291,710,383	304,615,739
LESS: DEPRECIATION TRANSFERRED TO PRE-OPERATIVE EXPENSES	-	-	-	-	-	-	-	-	-	117,166,881	-	-
CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	402,737,037	6,750,228	610,000	408,877,265	98,121,298	-	18,126,413	948,066	28,896	117,166,882	291,710,383	304,615,739
PREVIOUS YEAR	388,165,112	22,472,505	7,900,578	402,737,039	80,646,081	-	17,323,885	948,066.00	796,732	98,121,300	304,615,739	307,519,031

## HARIYANA SHIP BREAKERS LIMITED

Particulars	Market value	Current Year	Previous Year
<b>SCHEDULE -6 INVESTMENT</b>			
<b>Long Term Investment</b>			
<b>UNQUOTED</b>			
1 Share of Rs. 10/- Each of The Cuffe Parade Persepolis premises Co-operative Ltd.		10	10
40.00% share in profit/(loss) in Whitefield Projects, a partnership firm		33,358,773	40,000
33.33% shares in profit/(loss) in Swastik Developers, a partnership firm		24,339,542	21,731,734
50.00% shares in profit/(loss) in Orchid Woods Project a partnership firm		10,000,000	–
60.00% Investment in Hariyana Air Products		6,187,941	4,800,000
<b>QUOTED</b>			
16000 Shares of Hindalco		–	2,631,524
Total		73,886,266	29,203,268

### SCHEDULE -7 CURRENT ASSETS, LOANS & ADVANCES

A) Inventory (As taken, valued & certified by the Management)			
Raw materials (valued at cost)		588,667,147	239,059,004
Stock in Transit (valued at cost)		17,528,208	16,041,762
Finished Goods (valued at cost or net realisable value)		27,613,811	22,285,168
By Products (valued at realisable value)		556,423	996,937
Consumable Stores (valued at cost)		5,948,323	4,043,391
Work In Progress (valued at cost)		1,495,000	1,552,400
Total		641,808,912	283,978,662
B) Sundry Debtors			
- (Unsecured, unconfirmed and considered good)			
- More than Six Months		384,591	3,381,240
- Others		870,370,786	66,094,175
Total		870,755,377	69,475,415

Particulars	Current Year	Previous Year
<b>C) Cash &amp; Bank Balances</b>		
1 Cash in Hand	1,495,724	2,893,558
2 Balance with scheduled banks		
a) In current/CC A/c	850,837	433,236
b) In FDR A/c	69,694	64,287
c) Share Application refund A/c	-	990
Total	2,416,255	3,392,071
<b>D) Loans &amp; Advances</b>		
1 Loans	631,190,423	422,967,869
2 Advances recoverable in cash or in kind or value to be received (unconfirmed, considered good)	67,886,988	51,130,244
3 Deposits	3,763,540	4,113,668
4 Pre-paid Taxes	108,936,106	91,242,432
Total	811,777,057	569,454,213
Total Current Assets & Loans & Advances	2,326,757,601	926,300,361
<b>SCHEDULE - 8: CURRENT LIABILITIES &amp; PROVISIONS</b>		
1 Sundry Creditors for Goods	1,834,443,635	578,234,384
2 Sundry Creditors for expenses	2,701,827	1,824,493
3 Advances from customers	84,265,114	4,678,000
4 Other liabilities	24,677,183	22,035,425
5 Provision for Tax	116,536,655	93,759,879
Total Current Liabilities & Provisions	2,062,624,414	700,532,181
<b>SCHEDULE - 9 : MISC EXPENDITURE YET TO BE WRITTEN OFF OR ADJUSTED</b>		
a) Share Issue expenses		
- Opening Balance	223,288	295,785
- Addition during the year	0	0
	223,288	295,785
- Less: Written Off For The Year	72,497	72,497
Total	150,791	223,288
b) Pre-operative Expenses Pending Capitalisation		
- Opening Balance	3,018,523	3,018,523
- Addition during the year	0	0
	3,018,523	3,018,523
Less: Capitalised during the year	0	0
	3,018,523	3,018,523
Grand Total	3,169,314	3,241,811

# HARIYANA SHIP BREAKERS LIMITED

## SCHEDULES TO PROFIT & LOSS ACCOUNTS

Particulars	Current Year	Previous Year
<b>SCHEDULE - 10 : SALES</b>		
— Sales Ship Material (Net of return)	888,787,921	502,939,079
— Sale of Trading Goods (Net of return)	1,812,967,385	388,930,218
— Sale of Sponge Iron (Net of Return)	569,728,490	447,108,018
— Receipts from Investment and Finance	75,824,216	54,277,989
Total	3,347,308,012	1,393,255,304
<b>SCHEDULE - 11 : OTHER RECEIPTS</b>		
Rent & Compension Received (Gross)	2,403,780	2,189,550
Rebate & Discount	52,234	47,246
Dividend Income	21,600	21,600
Exchange Variation	7,239,506	10,602,244
Interst & Bill discounting	804,033	1,419,734
Interest Received From Partnership Firm Hariyana Air Products	1,092,054	0
Share of Profit/(Loss) from Partnership Firm Hariyana Air Products	(3,340,105)	0
Misc. Income	2,308,346	652,519
Diminution in value of shares	0	2,631,941
Interest on Income Tax Refund	0	328,247
Long Term Capital Gain on Shares	403,446	249,183
Additional Duty Received	8,070,112	0
Total	19,055,006	18,142,264
<b>SCHEDULE - 12 : INCREASE/(DECREASE) IN STOCK</b>		
Opening Stock of Finished Goods	22,285,168	9,065,760
Opening Stock of By Products	996,937	163,924
Opening Stock of Work in Progress	1,552,400	1,384,350
	24,834,505.00	10,614,034
Less : Closing Stock of Finished Goods	27,613,811	22,285,168
Less : Closing Stock of By Products	556,423	996,937
Less : Work in Progress	1,495,000	1,552,400
	29,665,234.00	24,834,505
Total	4,830,729	14,220,471
<b>SCHEDULE - 13 : RAW MATERIAL CONSUMED</b>		
Opening Stock	255,100,766	249,177,569
Add : Purchases	3,330,948,140	1,123,001,511
	3,586,048,906	1,372,179,080
Less : Closing Stock	606,195,355	255,100,766
Total	2,979,853,551	1,117,078,314

Particulars	Current Year	Previous Year
<b>SCHEDULE - 14 : LABOUR &amp; WAGES</b>		
Salary, Wages & Allowances	26,957,143	16,952,723
Bonus	2,327,950	567,977
Provident Fund	415,130	305,456
Staff & Workers Welfare	404,221	366,080
Workmen Insurance	333,928	167,279
Total	30,438,372	18,359,515
<b>SCHEDULE - 15 : WORKS EXPENSES</b>		
Power, Fuel & Gas	32,180,283	31,312,566
Enviromental & Pollution Control Expenses	1,258,805	1,049,882
Plot Development Charges	1,154,546	1,124,200
Weigh Inspection Charge	8,500	0
Carriage & Cartage	4,298,383	3,757,800
G.M.B.Expenses / Renewal Charges	533,972	1,186,871
Yard Rent	122,693	00
Vat on Purchase	1,277,710	1,172,558
Plant Operational Expenses	0	667,340
Repair & Maintenance and Consumable stores	11,654,519	13,369,050
Total	52,489,411	53,640,267
<b>SCHEDULE - 16 : ADMINISTRATIVE EXPENSES</b>		
Electric Expenses	598,387	408,202
Advertisement	18,948	16,624
Audit Fee	99,490	90,446
Additional Duty Write off	0	8,070,216
Fixed Assets W/off	0	13,491
Bad Debts Written Off	697,834	0
Donation	112,685	26,427
Legal & Professional Expenses	742,744	1,405,280
Postage & Courier	104,293	101,109
Telephone Expenses	376,735	547,661
Insurance	696,780	523,921
Printing & Stationery	249,873	225,899
Transportation & Vehicle Running Expenses	6,551,569	1,689,960
Travelling Expenses	627,790	392,526
Subscription & Fees	191,974	89,945
General Expenses	290,885	77,564
Rent	107,000	230,741
Conveyance	59,056	16,815
Property Maintenance	153,135	167,158
Professional Tax	28,560	5,430
Rates & Taxes	665,480	397,048
Repair & Mainternance other assets	82,721	87,206
Listing Fees	49,635	49,635
Share Demat Expenses	3,432	1,246

## HARIYANA SHIP BREAKERS LIMITED

### SCHEDULE -16 : ADMINISTRATIVE EXPENSES (Contd.).

Particulars	Current Year	Previous Year
Water Expenses	9,193	10,785
Registrar & Share Transfer Charges	17,097	20,830
Testing Charges	17,272	26,270
Loss on Sale of Assets	0	352,085
Security Expenses	835,004	930,167
Security Transaction Tax	3,800	0
Service Tax	56,547	0
Sundry Balances w. off	0	20,394
Total	13,447,919	15,995,081

### SCHEDULE -17 : FINANCIAL EXPENSES

Bank Commission	21,017,217	18,139,532
Interest Paid	18,677,543	11,065,602
Interest & Penalties paid	266,885	57,423
Total	39,961,645	29,262,557

### SCHEDULE -18 : SELLING & DISTRIBUTION EXPENSES

Sales Tax	34,528,393	21,485,482
Excise Expense	51,631,922	34,298,994
Rebate, Brokerage & Discount	4,062,429	2,861,824
Business Promotion & Advertisement	1,097,678	640,549
Packing Material	42,665	86,433
Freight Outward	2,022,704	6,190,486
Total	93,385,791	65,563,768

### SCHEDULE-19 : NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2011

#### 1 Significant Accounting Policies.

##### a) General

- i) The accounts are prepared on the historical cost basis except for certain fixed assets which are revalued in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
- ii) The preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.
- iii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.



- iv) All material expenditure and income to the extent considered payable and receivables respectively are accounted for on accrual basis, except for insurance claims and refunds from statutory authorities, which are accounted on cash basis, keeping in view the concept of materiality.
- b) Fixed Assets**
- i) Fixed assets are stated at cost net of cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. Expenditure relating to fixed assets is added to costs only when the same involved modification work whereby it increased the life of the assets. Fixed assets acquired from ships during the course of scrapping operation are capitalised at value estimated by the management.
- ii) Depreciation has been provided on the straight line method at the rates as specified in Schedule Rule XIV of the Companies Act, 1956.
- iii) An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value.  
An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
- c) Inventories**
- Items of Inventories are required as :
- |                              |   |   |
|------------------------------|---|---|
| Ship Raw Materials           | - | At Cost                                   |
| Trading Goods Stock in Trade | - | At Lower of cost or net realisable value. |
| Steel Raw Material           | - | At Cost                                   |
| Steel Finished Goods         | - | At Lower of cost or net realisable value. |
- In ship breaking unit, 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 in the case of ship breaking activities. Stores and spares are written off at the time of purchase itself in the ship breaking division and no inventory is maintained
- d) Revenue Recognition**
- 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 (VAT) and gain /loss on corresponding hedge contracts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- e) Investment**
- The investment is stated at cost and provision for diminution, if any, in the value of investment is provided for in the books.
- f) 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.
- g) 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.
- h) Retirement Benefits.**
- The management is of the opinion that since none of the employees of the company were in continuous service of more than five years, making provision of gratuity does not arise. The

## HARIYANA SHIP BREAKERS LIMITED

Management is also of the opinion that the payment of pension Act, is not applicable to the Company.

**i) Amortisation of Preliminary Expenditure.**

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) Deferred Taxation**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act 1961. Deffered tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deffered tax assets is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

### 2 Notes on Accounts

a) The Company is engaged in the ship breaking , Sponge Iron and steel, trading in Ferrous and Non ferrous metals and investment and Finance activities.

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) i) Deferred tax has been accounted in accordance with the requirement of accounting standard on "Taxes on Income" (AS-22) taking into account the present earning of the company, the anticipated earning etc. and are subject to adjustment on year to year.

ii) The major components of the Deferred Tax Assets/Liabilities, based on the tax effect of the timing differences, as at 31st March 2011, are as under.

Particulars	Amount Rs	
	2010-11	2009-10
Deferred Tax Liability on account depreciation	40,801,664	41,338,290
Deferred Tax Assets	15,381	15,738
Net deferred tax liability at the year end	40,786,283	41,322,552

iii) 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.

d) There are no Micro, small and Medium Enterprises , to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2011. 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.

e) The annualised earning per equity shares has been calculated as under.

	Current year	Previous year
- Profit after tax as per profit & Loss accounts	95,886,417	69,326,018
- Add : Prior Period Adjustments	3,294,763	5,348
- Less :Dividend on Preference Shares including dividend Tax	0	0
- Net profit for calculation of Earning per shares	99,181,180	69,331,366
- 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	16.08	11.24
- Diluted earnings per share	16.08	11.24

- f) The Company is engaged in the ship breaking, trading, manufacture of sponge iron and also financing activities and separate set of books of accounts are maintained and the segmental results are as under. (Rs. in Lakhs)

Particulars	Financing	Ship-breaking	Trading	Steel & Power	Total
a) External Sales/Revenue	790.09	8941.64	18210.70	5721.20	33663.63
Inter segment Sales/Revenue	305.91	168.64	227.05	0.00	
Total Revenue	1096.00	9110.28	18437.75	5721.20	33663.63
b) Segment Results Before Interest and Taxes	770.73	(84.37)	605.77	541.66	1833.80
c) Segment results as a % of total	42.03%	(4.60%)	33.03%	29.54%	100%
d) Segment Assets	8407.29	5845.47	7949.27	4744.20	26955.24
e) Segment Liabilities	1838.81	9913.48	8663.89	1640.99	22057.17

\*Total Gross Revenue is after elimination of inter segment revenues of Rs. 701.60 lacs.

- g) Transaction with related parties during the financial year and outstanding balance as on 31st March 2011.
- Subsidiaries Hariyana Air Products - Partnership Firm
  - Associates Hariyana Ship Demolition Pvt Ltd.

Nature of Transaction	(Rs. In Lacs)		
	Subsidiaries	Associates	Total
Investment in Capital (Net)	61.88	-	61.88
Net Loans Given/(returned)	-	6,606.69	6,606.69
Interest Received	10.92	128.73	139.66
Balance as at 31st March, 2011			
Investment in Capital (Net)	61.88	-	61.88
Loans	-	6,309.28	6,309.28

3 Contingent Liabilities note provided for

- a) Income Tax assessment has been completed upto the year assessment year 2008-09. The management has been advised that no additional liability will arise in the case of pending assessment.
- b) The company does not anticipate any significant liabilities on account of pending Income Tax and VAT assessments.
- c) The company has given corporate guarantee for Bank Term Loan Finance amounting Rs. 2.51 Crores to M/s. Hariyana Air Product, in which company is also one of the partner.
- d) ILC amounting to Rs. 3,92,86,000/- outstanding as on 31/03/2011

4 Previous years figures have been regrouped/rearranged wherever necessary so as to make them parable with current years figures.

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

1 Particulars of licenced, installed capacity & actual production

	Current Year		Previous Year	
	Shipbreaking Quantity MT	Sponge Iron Quantity MT	Shipbreaking Quantity MT	Sponge Iron Quantity MT
i) Licenced capacity	N.A.	N.A.	N.A.	N.A.
ii) Installed capacity	N.A.	N.A.	N.A.	N.A.
iii) Actual production	38,437.995	36,194.00	27,896.938	36,749.78

## HARIYANA SHIP BREAKERS LIMITED

### 2 Particulars of Finished Goods (Mfg)

		Opening stock	Production	Sale	Closing stock
— Shipbeaking	Qty inMt.	-	38,438.00	38,438.00	-
Division	Previous Yr	-	27896.94	27896.94	-
— Sponge Iron	Qty inMt.	1,821.13	36,194.00	36,027.81	1,987.32
Division	Previous Yr	1,133.22	36,749.78	36,061.87	1,821.13

		Opening stock	Purchase	Sales	Closing stock
— Trading	Qty	-	237522.91	237522.91	0.00
Division	Previous Yr	3008.60	10290.52	13299.12	0.00

### 3 Value of Imported and indigenous raw materials and components consumed (excluding trading material)

	Current Year		Previous Year	
	Qty.Mt.	Value Rs. in Lacs	Qty.Mt.	Value Rs. in Lacs
- Indigenous	88,857.85	1,748.27	70,262.00	1,152.44
- Imported	88,872.10	10,525.61	75,851.52	6,402.38
Total	177,729.95	12,273.89	146,113.52	7,554.82

### 4 Value of Imported and indigenous stores and spares consumed

- Indigenous	-	116.55	-	133.69
- Imported	-	-	-	-
Total	-	116.55	-	133.69

### 5 CIF Value of Imports

- Raw Material	11,990.74		6,768.85
- Stores & Spares	-		-
- Trading Goods	5,420.39		-
- Capital Goods	-		-
Total	17,411.13		6,768.85

### 6 Expenditure in foreign currency other than import

- For Foreign Travel	0.00		0.00
- For others	0.00		0.00
Total	0.00		0.00

### 7 Earning in foreign currency

	0.00		0.00
--	------	--	------

### 8 Managerial Remuneration

- Directors Sitting fees	0.00		0.00
- Remuneration to Directors	0.00		0.00
- Perquisite to Directors	0.00		48,000.00
Total	0.00		48,000.00

### 9 Particulars of payment to auditors

- As auditor	139,490.00		134,566.00
- In other capacity	0.00		0.00
Total	139,490.00		134,566.00

3	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.	24774
	State Code	11
	Balance Sheet Date	31st March, 2011
2	Capital raised during the year	Rupees in 'Lacs
	Public Issue	Nil
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
3	Position of mobilisation and deployment of funds.	
	Total Liabilities	26,955
	Total Assets	26,955
	Sources of Funds	
	Paid up Capital	616
	Reserve & Surplus	4,281
	Secured Loans	607
	Unsecured Loan	415
	Deffered Tax Liability	407
	Current Liabilities	20,626
	Application of Funds	
	Net Fixed Assets	2,917
	Investments	738
	Current assets	23,267
	Miscellaneous Expenditure	31
	Accumulated Losses	Nil
4	Performance of Company	
	Turnover	33,712
	Total Expenditure (including decrease in stock)	32,278
	Profit/(Loss) before tax	1,434
	Profit/(Loss) after tax	959
	Earning per Share Basic	INR 16.08
	Earning per Share Diluted	INR 16.08
	Dividend Rate	25%
5	Generic Names of Principal Products, services of the Company.	
	Item Code No.	72042909.00
	Product Description	Ship Breaking
	Item Code No.	
	Product Description	Sponge Iron

**SIGNATURE TO SCHEDULES "1" TO "19" AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNTS**

As per our separate report of even date attached

For Hariyana Ship Breakers Limited

**For Jain Seth & Co.**

Chartered Accountants  
(Firm Reg.no. 002069W )

Sd/-  
Partner

**Prem Goplani**

M.No 103765

Place : Mumbai

Date : 15/07/2011

Sd/-  
Director

Sd/-  
Director

**CASH FLOW STATEMENT**

Particulars	Current Year	Previous Year
<b>A Cash Flow from Operating Activities</b>		
— Net Profit before tax and extraordinary items	143,418,149	108,322,155
— Adjustment for :		
Depreciation	18,126,413	17,323,885
Share Issue and Preliminary Expenses	72,497	72,497
Extra Ordinary Item	3,294,763	5,348
— Operating Profit before Working Capital Changes	164,911,822	125,723,885
— Adjustments for :		
Trade Receivables	(801,279,962)	882,759
Other Receivable including MAT Credit	(242,322,844.00)	(313,954,738)
Inventories	(357,830,250.00)	(19,950,617)
Trade Payable	1,362,092,233.00	(122,251,206)
Cash Generated from operation	125,570,999	(329,549,917)
— Tax Paid	48,068,000	(35,717,000)
Net cash from operating activities	77,502,999	(365,266,917)
<b>B. Cash Flow from Investing Activities</b>		
— Purchase of Fixed Assets	(6,750,228)	(16,484,235)
— Sale of Fixed Assets	581,104	1,115,576
— Sale (Purchase) of Investment	(44,682,998)	(5,417,583)
	(50,852,122)	(20,786,242)
<b>C. Cash flow from Financing Activities</b>		
— Proceeds from Long Term Borrowings	(13,703,810)	397,658,487
— Proceeds from unsecured Loan	4,054,301	3,659,131
— Dividend Proposed	(17,977,184)	(14,429,384)
Net cash used for financing activities	(27,626,693)	386,888,234
Net Increase in cash & Cash Equivalents (A+B+C)	(975,816)	835,075
Opening Balance of Cash & Cash Equivalents	3,392,071	2,556,996
Closing Balance of Cash & Cash Equivalents	2,416,255	3,392,0710

We have examined the above Cash Flow Statement of Hariyana Ship Breakers Ltd for the year ended on 31st March, 2011. The Statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 of Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 15th July, 2011 to the Members of the Company.

**For Jain Seth & Co.**  
Chartered Accountants  
(Firm Reg.no. 002069W)

Sd/-  
Partner  
**Prem Goplani**  
M.No 103765

Place : Mumbai  
Date : 15/07/2011

## **HARIYANA SHIP BREAKERS LIMITED**

Regd. Office : 302, Sylverton Bldg., Ground Floor, 102, Wodehouse Road, Colaba, Mumbai-400 005.

### **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 30th ANNUAL GENERAL MEETING of the Company held on Friday, the 30th day of September, 2011 at 11.00 a.m. at 302, Sylverton Bldg., Ground Floor, 102, Wodehouse Road, Colaba, Mumbai-400 005.

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

\* Strike out whichever is not applicable

## **HARIYANA SHIP BREAKERS LIMITED**

Regd. Office : 302, Sylverton Bldg., Ground Floor, 102, Wodehouse Road, Colaba, Mumbai-400 005.

### **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 30th ANNUAL GENERAL MEETING to be held on Friday, the 30th day  
of September, 2011 at 11.00 a.m. at 302, Sylverton Bldg., Ground Floor, 102, Wodehouse Road, Colaba,  
Mumbai-400 005. or any adjournment thereof.

Date this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

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.