

**HARIYANA SHIP BREAKERS LIMITED**

CIN : L61100MH1981PLC024774

<b>BOARD OF DIRECTORS</b>	:	Shri Shanti Sarup Reniwal Smt. Unnati Reniwal (appointed w.e.f. 02-06-2014) Smt. Lalitadevi Reniwal (resigned w.e.f. 02-06-2014) Shri Rakesh Reniwal Shri Manohar Wagh Shri Pradeep Bhatia Shri Tejas Thakkar
<b>AUDITORS</b>	:	P. D. Goplani & Associates (Chartered Accountants) Bhavnagar - 364 002.
<b>BANKERS</b>	:	Punjab National Bank Raheja Chambers, Nariman Point, Mumbai-400 021.
<b>REGISTERED OFFICE</b>	:	156, Maker Chamber VI, 220, Jamnnalal Bajaj Marg, Nariman Point, Mumbai - 400 021.
<b>BRANCH OFFICE</b>	:	Hariyana House, 2165/A-2, 2nd Floor, Sanskar Mandal Chowk, Bhavnagar - 364 002. 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>	:	2013-2014
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**Go Green Today**

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

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

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**Annual General Meeting**

**Date** : Tuesday, 30th September, 2014

**Time** : 09:00 a.m.

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

**NOTICE**

Notice is hereby given that the **THIRTY THIRD ANNUAL GENERAL MEETING** of the Members of **HARIYANA SHIP BREAKERS LIMITED** will be held on **Tuesday, 30th September 2014** at the Registered Office of the Company at 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021 at 9.00 a.m. to transact with or without modification(s) as may be permissible, the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Financial Statements comprising of Balance Sheet as at 31<sup>st</sup> March, 2014 and Profit and Loss Account for the Financial Year ended on that date together with the Report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Rakesh Reniwal (DIN: 00029332), who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint M/s. P.D Goplani & Associates, Chartered Accountants, Firm Registration No 118023W as Statutory Auditors of the Company and to fix their remuneration.

To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modifications or reenactment thereof for the time being in force) M/S. P.D.Goplani & Associates, Chartered Accountants, bearing Firm Registration No. 118023W, be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

**SPECIAL BUSINESS:**

4. To regularize the appointment of Mrs. Unnati Reniwal (DIN: 00041306) as a Director at this Annual General Meeting and in this regard to consider and if thought fit to pass with or without modification(s), the following resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mrs. Unnati Reniwal (DIN: 00041306), who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as the Director of the Company who is liable to retire by rotation.

5. To re-appoint Mr. Pradeep Bhatia (DIN: 02903984) as the Independent Director and in this regard to consider and if thought fit to pass with or without modification, the following

resolution as Ordinary Resolution :

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modifications or reenactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Pradeep Bhatia (DIN: 02903984) who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 consecutive years for a term upto the conclusion of 38<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019 not liable to retire by rotation.”

6. To re-appoint Mr. Tejas Thakkar (DIN:03017277) as the Independent Director and in this regard to consider and if thought fit to pass with or without modification, the following resolution as Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modifications or reenactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Tejas Thakkar (DIN:03017277) who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 consecutive years for a term upto the conclusion of 38<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019 not liable to retire by rotation.”

7. To re-appoint Mr. Shantisarup Reniwal (DIN:00040355) as the Managing Director and in this regard to consider and if thought fit to pass with or without modification, the following resolution as Special Resolution:

**“RESOLVED THAT** in accordance with the resolution passed in the previous Annual General Meeting held on 28<sup>th</sup> September 2012 and pursuant to provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014, approval of the Company be and is hereby accorded to ratify the re-appointment of Mr. Shantisarup Reniwal (DIN:00040355) as Managing Director of the Company who would be considered as a Key Managerial Person (KMP) for a period of Five years with effect from 28.09.2012, on the terms and conditions as passed in the Annual General Meeting dated 28.09.2012, with liberty to the Board to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Shantisarup Reniwal, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification or re-enactment thereof.

**“RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit during the term of Mr. Shantisarup Reniwal acting as Managing Director, the remuneration payable to Mr.

Shantisarup Reniwal shall be paid as per the monetary ceiling prescribed under Schedule V to the Companies Act, 2013 or as may be amended from time to time.

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedite to give effect to this resolution.

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

“RESOLVED THAT in supersession of the resolution passed under section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting of the Company held on September 30, 2011 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, read with the Rules framed thereunder, as may be amended from time to time, the consent of the members of the company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the company’s bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set part for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 500 Crores.

“RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions on which all such monies, are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any of the Companies Act, 2013 read with the Rules framed thereunder, as may be amended from time to time, consent of the members of the Company be and is hereby accorded to amend the Articles of Association of the Company by adopting Table F of Schedule I of the Companies Act, 2013

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient to give effect to this Resolution.

By order of the Board

For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

**Shanti Sarup Reniwal**  
Chairman & Managing Director  
(DIN:00040355)

Place : Mumbai  
Date : 23rd August, 2014

## HARIYANA SHIP BREAKERS LIMITED

### NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS SENT HEREWITH.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) MEMBERS AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED NOT LESS THAN FORTY – EIGHT (48) HOURS BEFORE THE ANNUAL GENERAL MEETING.

- (b) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- (c) A Statement pursuant to the provisions of the Section 102 (1) of the Companies Act, 2013 in respect of special business to be transacted at the Meeting is annexed hereto.
- (d) The Register of Members and transfer register will remain closed from 20<sup>th</sup> September, 2014 to 30<sup>th</sup> September, 2014 (both days inclusive).
- (e) 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.
- (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 encashed their dividend warrant for FY 2008-2009, FY 2009-2010, FY 2010-2011, FY 2011-2012 and FY 2012-2013 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: <b>Mr. Shashikumar</b> <b>Sharex Dynamic (India) Pvt Ltd</b> Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400 072. Ph: 022 28515606, 022 28515644, IFax: 022 28512885 Email: info@sharexindia.com	<b>Sharex Dynamic (India) Pvt Ltd</b> 17/B, Dena Bank Bldg, 2 <sup>nd</sup> Floor, Horniman Circle, Fort, Mumbai 400 001 Ph: 022 22702485/022 22641376, Fax: 022 22641349 Email: info@sharexindia.com
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- (h) Members are hereby informed that in terms of the provisions of Section 205A of the Companies Act, 1956, dividend not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to Investor Education & Protection Fund established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or said fund after the said transfer.
- (i) Shareholders seeking information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
- (j) The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in the electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- (k) Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company / depository Participant for communication purposes unless any member has requested for a hard copy of the same. For the Members who have not registered their email address, physical copies of the Annual report is being sent in the permitted mode.
- (l) 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.
- (m) Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote at 33<sup>rd</sup> Annual General Meeting by electronic means. The Members whose names appear in the Register of Members / list of Beneficial Owners as on are entitled to vote on the resolutions set forth in this Notice. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The Members desiring to vote through electronic mode may refer to the detailed procedure on evoting given hereafter.

By order of the Board

For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

**Shantisarup Reniwal**  
Chairman & Managing Director

Place : Mumbai  
Date : 23rd August, 2014

# HARIYANA SHIP BREAKERS LIMITED

## DIRECTOR'S REPORT

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

The Board of Directors hereby are present the 33<sup>rd</sup> Annual Report of the Company together with the Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

### Financial Results :

(Rs in Lacs)

	<b>2013-14</b>	<b>2012-13</b>
Sales/Revenue from Operation	46,912.88	1,01,458.92
<u>Add</u> : Other Income	3,170.07	2,388.99
<b>Total Revenues</b>	<b>50,082.95</b>	<b>1,03,847.91</b>
<b>Profit before Finance Cost, Depreciation &amp; Tax</b>	<b>3,034.81</b>	<b>4,728.66</b>
<u>Less</u> : Finance Cost	1,298.52	2,278.80
<b>Profit before Depreciation &amp; Tax</b>	<b>1,736.30</b>	<b>2,449.87</b>
Less: Depreciation	181.56	183.50
<b>Profit before Tax</b>	<b>1,554.74</b>	<b>2,266.36</b>
Less: Provision for Current Tax	255.47	641.84
: Provision for Deferred Tax	(19.84)	(18.02)
<b>Profit after tax</b>	<b>1,319.11</b>	<b>1,642.54</b>
Add: Balance brought forward from the previous year	4,507.13	3,279.69
<b>Balance Available for Appropriation</b>	<b>5,826.25</b>	<b>4,922.23</b>
a) Proposed Dividend on Ordinary Shares	-	215.83
b) Dividend Distribution Tax thereon	-	35.01
c) Transfer to General Reserve	-	164.25
<b>Total apportioned</b>	<b>-</b>	<b>415.10</b>
<b>Balance to be carried forward</b>	<b>5,826.25</b>	<b>4507.13</b>
Earnings Per Share (Face Value Rs.10/-)		
-Basic and Diluted	21.39	26.64

During the year under review, the Sales/ Revenue from operations are Rs. 46,912.88 Lacs as compared to Rs. 1,01,458.92 Lacs in the last year. The net profit is Rs. 1,319.11 Lacs as compared to Rs. 1,642.54 Lacs in the last year. Due to fluctuation in the prices of old ship in the international market and dollar exchange rate fluctuations, the company has not been able to optimize Sales and Net Profit. Your Directors are hopeful that there will be even more improvement in sales and profit margin in the coming year.

### DIVIDEND :

The Directors have not proposed payment of dividend on Equity Shares for the Financial Year



2013-14 with regard to requirement of funds for the business of the company.

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

During the financial year 2013-14, **Ship-Breaking Unit** at Alang Ship Breaking Yard has shown a stable performance in terms of Sales, however, the industry is in its booming trend hence the unit is expected to perform better in coming years. **Trading unit** of the company has not been able to sustain its performance in terms of sales as compared with the preceding financial year due to volatile market conditions and heavy foreign exchange fluctuations; however, it is hoped that the trading unit will show an increase in terms of sales and profits in the coming years. **Sponge and Iron Unit**, however, has not been able to sustain its performance in terms of sales as compared with preceding years because of issues of availability of raw materials and other similar factors at its Hassan, Karnataka, however, the overall scenario of iron and steel is still very positive and it is hoped that the growth story of the unit shall be sustained in the coming years. Overall, since the prices of iron and Steel having reasonably stabilized and the inventory levels of the company and its market position, all the segments of the company, viz. Ship Breaking, Sponge Iron and Trading, are expected to see major increase in terms of Gross Revenues and Net profit Margins in the coming year.

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

**Industrial Gases :**

The company is into a partnership in M/s. Hariyana Air Products (with 60% share.) for the manufacture and supply of Industrial Oxygen Gas. During the year the oxygen plant at Bhavnagar, Gujarat has not been able to perform well and the company has earned loss from the said partnership firm of Rs. 27.17 Lacs as against profit of Rs. 8.79 Lacs last year. The reason for the loss is volatile market conditions and a competitive market with liquid oxygen suppliers. However, with proximity to Alang Ship Breaking Yard and huge captive consumption requirements of group companies, the company expects good long term benefits from the said partnership venture.

**Real Estate & Construction :**

The Company is also taking interest into real estate business. For which has been into Partnership in the name of "White Field Projects" (with 40% share) for construction & selling of residential apartments. The construction work of the Project is fully completed and all of the flats have been sold. The company's share of profit from the firm during the year under report is Rs. 297.86 Lacs for the year ended 2014.

## HARIYANA SHIP BREAKERS LIMITED

The Company has also been into Partnership and formed a Partnership Firm “Orchid Woods Projects” (with 50% share) for construction & selling of residential apartments. The firm has acquired land at Kothanur Village, KrishnarajapuraHobli, Banglore, East Taluk and at Chokkanahalli Village, YelahankaHobli, Banglore, North Taluk with the an object of constructing 1, 2 & 3 BHK Apartments. Likely date of completion of the project at Kothanur Village, KrishnarajapuraHobli, Banglore, East Taluk is in March, 2015. The company has started the construction at Chokkanahalli Village, YelahankaHobli, Banglore, North Taluk on February, 2014 and expected to complete the project by May, 2016. The company’s share of profit from the firm is Rs. 556.44 Lacs for the year ended 2014.

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

The company has also been into partnership in M/s. “White Mountain” (with 25% share). Presently the firm is having one project at Thindlu, Indrasanahalli & Singrahalli Village, KundanaHobli, Devanahalli Taluk. The firm has acquired 44 acres and 20 Guntas of land with the object of developing 386 plots of various sizes. Likely date of completion of the project is December 2014.

The company has also been into partnership in M/s. “Orchid Lakeview Developers” (with 20% share). The firm is having the project at Bellandur Village, VarthurHobli, Bangalore, East Taluk with the an object of construction 2 & 3 BHK apartments consisting 336 flats. Likely date of completion of the project is March, 2015.

The company has also entered into partnership and formed a partnership firm “Goyal Hariyana Realty “ (with 50% share). The firm has acquired land at Kannur Village, Bangalore, with the object of construction of Villas. The firm has already purchased Land and seeking NOC from concern departments. The firm will start construction on July, 2014 and expected to complete the projects on July, 2016.

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

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

### **Management Discussion and Analysis – Review of Operations**

Provided in Annexure – B forming part of this report

### **Director’s Responsibility Statement :**

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

### **Corporate Governance :**

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

**Board of Directors :**

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

Pursuant to provisions of Companies Act, 1956 and in accordance with Article number 130 of the Articles of Association of the Company, Mr Rakesh Reniwal (DIN 00029332) who retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

**Auditor's Observation/qualification :**

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

**Auditors :**

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

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

**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.

**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 express their gratitude to all the Shareholders, Investors, Customers, Suppliers and Bankers for their continued support and guidance. 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 support has enabled the Company to achieve new heights of success.

By order of the Board

For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

Place : Mumbai

Date : 28th May, 2014

**Shantisarup Reniwal**  
Chairman & Managing Director

**ANNEXURE - A**

Information as per section 217 (1) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988 and forming part of the Director's Report for the period ended on 31st March, 2014.

**A. Conservation of Energy :**

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

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

**B. Technology Absorption :**

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

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

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

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

**C. Foreign Exchange Earnings and Outgo :**

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

By order of the Board

For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

Place : Mumbai  
Date : 28th May, 2014

**Shanti Sarup Reniwal**  
Chairman & Managing Director

## ANNEXURE – B

## MANAGEMENT DISCUSSION AND ANALYSIS

**a) Overview :**

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

**b) Segmental Review :**

During the financial year 2013-14, ship-breaking industry at Alang Ship Breaking Yard has shown a stable performance in terms of sales, however, the industry is in booming trend, hence, the unit is expected to perform better in the coming years. Trading unit of the company has not been able to sustain its performance in terms of sales as compared with the preceding financial year due to volatile market conditions and heavy foreign exchange fluctuations. Steel and Power unit, however, has not yielded the desired results in terms of sales due to various reasons viz., problems being faced by the industry in the region (Hassan, Karnataka) as whole of raw materials availability and volatile prices in Iron and Steel sector and also depreciation in value of Indian Rupee vis-à-vis US Dollar during the year. However, prices having been reasonably stabilized and the inventory levels of the company and its market position, all the segments of the company, viz. Ship Breaking, Sponge Iron and Trading, are expected to see manifold increase in terms of Gross Revenues and Net profit Margins in the coming year.

**i) Ship breaking :**

As has been stated in the out-look, due to boom in the availability of old ships in the international market, the company's ship breaking unit at Alang Ship Breaking Yard, Bhavnagar was fully operational throughout the year. During the year, the company has achieved sales turnover of Rs. 14,938.77 Lacs. During the financial year 2013-14, ship-breaking unit could not achieve the desired growth, because management took a very cautious view of the prevailing market conditions like fluctuating and volatile prices of old Ships, Iron and Steel products during the year and also major depreciation in value of Indian Rupee vis-à-vis US Dollar etc. The net profit margins of this segment have also been affected because of all such reasons. Though the year under review saw fluctuation in the international market of old ships coming for breaking, the management was very cautious and purchased ships at proper time and built a good level of inventories to earn better profits in coming years. Now the market has stabilized and your management has some definite business plans and it is hoped that the turnover and the profitability will see a further increase in the current financial year.

**ii) Steel & Power :**

As has been stated in the out-look, the performance of the sponge Iron segment has not been as per the targets in terms of sales turnover and has achieved sales turnover of Rs. 748.76 Lacs. Various factors like difficulties in uninterrupted supply and availability of raw materials and other similar factors at its Hassan, Karnataka, fluctuating and volatile prices of Iron and Steel products during the year and also major depreciation in value of Indian Rupee vis-à-vis US Dollar has affected the sales turnover and net profit margin of the unit. However, the management is of the view that the iron and steel industry is

## HARIYANA SHIP BREAKERS LIMITED

doing well and with the expected boost in the economy the requirement of steel and coal is slated to increase and the unit will also move further towards its sustained path of growth.

### iii) Trading :

The Trading segment has not been able to sustain its performance in terms of sales as compared with the preceding financial year due to volatile market conditions and heavy foreign exchange fluctuations. The unit has achieved sales at Rs. 31,225.35 lacs as against of Rs. 82,129.63 lacs last year. The segment has achieved profit of Rs. 3,307.29 lacs. The management is of the view that the trading unit will show an increase in terms of sales and profits in the coming years.

### iii) Investment :

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

The segmental results for the year are summaries as under.

(Rs. In Lacs)

Particulars	Investment Trading	Ship-Breaking	Steel & Power	Total
a) External Sales/Revenue	31,225.35	14,938.77	748.76	46,192.88
Inter segment Sales/Revenue	(244.11)	536.81	(292.70)	-
Total Revenue	30,981.23	15,475.58	456.06	46,912.88
b) Segment Results Before Interest and Taxes	4,475.05	(540.27)	(1,081.53)	2,853.26
c) Segment results as % of total	156.85%	(18.95)%	(37.91)%	100.00%
d) Segment Assets	21,015.32	12,269.34	2,072.35	35,357.00
e) Segment Liabilities	6,083.42	20,197.98	666.76	26,948.17

## c) Financial Review and analysis :

## PERFORMANCE :

(Rs in Lacs)

Particulars	2013-14	2012-13	% Change
Gross Turnover	46,912.88	1,01,458.92	(53.76)
Net Turnover	46,912.88	1,01,458.92	(53.76)
Other income	3,170.07	2,388.99	32.70
Increase/(Decrease) in Stock of Finished Goods	306.51	(76.44)	301.00
Total Expenditure	46,741.63	99,042.81	(52.81)
<b>Operating Profit (PBIDT)</b>	<b>3,034.81</b>	<b>4,728.66</b>	<b>(35.82)</b>
Interest	1,298.52	2,278.80	(43.02)
<b>Gross Profit (PBDT)</b>	<b>1,736.30</b>	<b>2,449.87</b>	<b>(29.13)</b>
Depreciation	181.56	183.50	(1.06)
<b>Profit before tax</b>	<b>1,554.74</b>	<b>2,266.36</b>	<b>(31.40)</b>
Provision for current Tax	255.74	641.84	(60.20)
Deferred tax	(19.84)	(18.02)	10.13
<b>Net Profit after tax</b>	<b>1,319.11</b>	<b>1,642.54</b>	<b>(19.69)</b>

## d) Cash Flow Analysis :

Particulars	2013-14	2012-13
- Profit after Tax but before Depreciation	1,480.83	1,808.03
- (Increase)/Decrease in Net Working Capital	(12,013.53)	(3,217.52)
- Net Cash Flow from Operating Activities	(10,532.70)	(1,409.49)
- Payment for Acquisition of Assets (Net)	1,052.51	(310.39)
- Cash Outflow from Financing Activities	9,757.60	1,707.09
- Net Cash Inform/(Inflow/Outflow)	277.41	(12.79)

## e) Risk Management :

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

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

**ANNEXURE – C**

**Directors' Responsibility Statement**

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

- a) The financial statements have been prepared in conformity, in all material respects, with the Generally Accepted Accounting Principles in India and the Accounting Standards prescribed by the Institute of Chartered Accountants of India in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.3.2014 and of the results of operations for the year ended 31.3.2014.

The financial statements have been audited by M/s. P.D. Goplani & Associates, in accordance with generally accepted auditing standards, which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

- b) 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.
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records as required by virtue of statutes.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

- d) In the opinion of the Directors, the Company will be in a position to carry on its existing commercial ship breaking business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.
- e) The system of internal control is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.

Proper systems are in place to ensure compliance of all laws applicable to the Company.



**ANNEXURE – D**

**CORPORATE GOVERNANCE REPORT**

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

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

The Company believes in adopting best practices in the area of corporate governance and follows the principle of full transparency and accountability by providing information on various issues concerning the Company's business and financial performance to its stakeholders. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal maximizing value for all stakeholders.

The Company is in compliance with the requirements of the guidelines on corporate Governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

During the period under review, the Board continued its pursuit by adopting and monitoring of corporate strategies, prudent business plans, major risks and ensuring that the Company pursues policies and procedures to satisfy its social, legal and ethical responsibilities.

**2. Composition of Board of Directors :**

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

**Membership, Attendance & Other Directorships :**

Membership and Attendance of each Director at the Board of Directors' Meetings and the last Annual General Meeting held on 30<sup>th</sup> September, 2013 and the number of other Directorship and Chairmanship / Membership of Board Committees (as on 31<sup>st</sup> March 2014):

## HARIYANA SHIP BREAKERS LIMITED

The composition of the Board as on 31<sup>st</sup> March, 2014 was as follows :

Name of Directors	Category of Directorship	*No. of other Directorship		## No. of Committee Memberships	
		Public	Private	Public	Private
Mr. Shantisarup Reniwal DIN: 00040355	Promoter, Chairman & Managing Director	Nil	8	Nil	Nil
Mrs. Lalitadevi Reniwal DIN: 00385265	Promoter & Executive Director	Nil	Nil	Nil	Nil
Mr. Rakesh Reniwal DIN: 00029332	Promoter & Executive Director	Nil	9	Nil	Nil
Mr. Manohar Wagh DIN: 02622648	Independent & Executive Director	Nil	Nil	Nil	Nil
Mr. Pradeep Bhatia DIN: 02903984	Independent & Non – Executive Director	Nil	Nil	Nil	Nil
Mr. Tejas Thakker DIN: 03017277	Independent & Non – Executive Director	Nil	Nil	Nil	Nil

\$ Resigned since June 2, 2014 and Mrs. Unnati Reniwal is appointed on the same date.

\*Excludes Alternate Directorships, Directorships in Section 8 Companies and Foreign Companies and proprietorship and partnership firms.

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

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

### Board Meetings

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

During the year there were in total 16 (Sixteen) Board Meetings which were held on 01/04/2013, 03/04/2013, 14/05/2013, 28/05/2013, 29/05/2013, 22/07/2013, 12/08/2013, 14/08/2013, 03/09/2013, 10/11/2013, 04/12/2013, 15/12/2013, 16/12/2013, 03/01/2014, 08/01/2014 and 12/02/2014. The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board were made available to them along with detailed Agenda notes.

Sr. No	Name of the Director	Relationship with other Directors	No. of Board Meetings		Attended Last AGM
			Held	Attended	
1	Mr. Shantisarup Reniwal DIN: 00040355	Husband of Smt. Lalitadevi Reniwal, Father of Mr. Rakesh Reniwal.	16	16	YES
2.	Smt Lalitadevi Reniwal \$DIN: 00385265	Wife of Mr. ShantiSarup Reniwal and mother of Mr. Rakesh Reniwal.	16	NIL	NO
3.	Mr. Rakesh Reniwal DIN: 00029332	Son of Mr. Shanti Sarup Reniwal and Smt. Lalitadevi Reniwal	16	16	YES
4.	Mr. Manohar Wagh DIN: 02622648	# #	16	1	NO
5.	Mr. Pradeep Bhatia DIN: 02903984	# #	16	1	NO
6.	Mr. Tejas Thakker DIN: 03017277	# #	16	1	NO

\$ Resigned since June 2, 2014 and Mrs. Unnati Reniwal is appointed on the same date.

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

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

**Code of Conduct :**

The Board has formulated a code of conduct for the Board members and senior management of the Company. All Board members and senior management personnel as on 31<sup>st</sup> March 2014 have affirmed their compliance with the code and the declaration to this effect given by the Chairman is annexed hereto.

**Notes on Directors seeking re - appointment / appointment:**

As per the Companies Act, 2013 and the Articles of Association of the Company, two third of the directors (other than Independent directors) are liable to retire by rotation. One third of these retiring directors are required to retire every year by rotation and if eligible, these directors qualify for re-appointment and in accordance with Clause 49(G)(I) of the Listing Agreement as entered with the Bombay Stock Exchange, following Directors are seeking re – appointment / appointment on the Board of the Company and brief resume of the said Directors is given as below:

**1) Mr. Rakesh Reniwal**

Mr. Rakesh Reniwal aged 40 years is a graduate from Mumbai. He is well conversant with the day to day operation of the construction, ship breaking & finance activities of the Company. He is also a director on the Board of the following companies:

## HARIYANA SHIP BREAKERS LIMITED

Name of Company ^	Designation	Shareholding in Hariyana Ship Breakers Ltd.
Bapa Real Estate Pvt. Ltd.	Director	858230 Shares 13.92% Shareholding.
Black Stone Properties Pvt. Ltd.	Director	
Hybrid Properties Pvt. Ltd.	Director	
Hariyana International Pvt. Ltd.	Director	
Renival Properties Pvt. Ltd.	Director	
Hariyana Real Estate Private Limited	Director	
Valentine Properties Pvt. Ltd.	Director	
SS Infrastructure Private Limited	Director	
Shogun Vanijya Pvt. Ltd.	Director	

^ Does not include the Trust, Not for Profit Organisations, Association, NGO's and other Body Corporates incorporated outside India.

### 2. Audit Committee :

Your Company has an independent Audit Committee. The composition, procedures, power, role and functions of the Audit Committee are in compliance with the requirements of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreements. The Audit Committee of your Company comprises of all Independent directors, Mr. Pradeep Bhatia (DIN: 02903984) being the Chairman while Mr. Tejas Thakker and (DIN: 03017277) Mr. Manohar Wagh (DIN: 02622648) as Members of the Committee. All the members of the Committee are financially literate person and have sound accounting knowledge. The Statutory auditors are always the invitee to the Audit committee meetings.

### Composition and attendance during the period ended 31<sup>st</sup> March 2014 :

The Committee met 9 times during the period under review. The said meetings were held on 09/04/2013, 13/05/2013, 28/05/2013, 12/06/2013 22/07/2013, 12/11/2013 10/01/2014, 31/01/2014 and 12/02/2014 respectively.

Sr. No.	Name of Director	Designation	No of Meetings attended
1	Mr. Pradeep Bhatia (DIN: 02903984)	Chairman	9
2	Mr. Tejas Thakker (DIN: 03017277)	Member	9
3	Mr. Manohar Wagh (DIN: 02622648)	Member	9

### Terms of Reference :

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.

- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - § Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956. Changes, if any, in accounting policies and practices and reasons for the same.
  - § Major accounting entries involving estimates based on the exercise of judgment by management.
  - § Significant adjustments made in the financial statements arising out of audit findings.
  - § Compliance with listing and other legal requirements relating to financial statements.
  - § Disclosure of any related party transactions.
  - § Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- CFO appointment

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

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

### **3. Cost Audit :**

The Company has appointed M/s Kewlani & Associates, Cost Accountants, (Membership No. 32543), Ahmedabad as the Cost Auditors for conducting Cost Audit as per the Companies (Cost Accounting Records) Rules 2011

**4. Subsidiary Companies :**

The Company does not have any subsidiary Company.

**5. Remuneration Committee :**

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

**6. Shareholder's / Investor's Grievance & Share Transfer Committee :**

As on 31<sup>st</sup> March 2014, the Shareholder's / Investor's Grievance Share Transfer Committee comprised of Mr. Manohar Wagh (DIN: 02622648) as a Chairman and Mr. Rakesh Reniwal (DIN: 00029332) and Mr. Shantisarup Reniwal (DIN: 00040355) as a Members of the Committee. The Company has also appointed Sharex Dynamic (India) Private Limited, Mumbai to act as Registrar and Share Transfer Agent of the Company. The committee also monitors redressal of investors' grievances.

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

**Composition of the Committee and attendance during the year ended 31<sup>st</sup> March 2014 :**

Pursuant to Clause 49 (VI) of the Listing Agreement, the Committee met 7 (Seven) times during the financial year ended on 31<sup>st</sup> March, 2014 to review, to approve matters related to Shares, etc. namely on 12/4/13, 19/4/13, 2/9/13, 12/10/13, 22/10/13 ,8/1/14 and 16/01/2014 respectively:

Sr. No.	Name of Director	Designation	No. of meetings attended
1	Mr. Manohar WaghDIN: 02622648	Chairman	7
2	Mr. Rakesh ReniwalDIN: 00029332	Member	7
3	Mr. Shantisarup ReniwalDIN: 00040355	Member	7

All valid requests for the share transfers received during the year have been acted upon. There is no share transfer request pending as on 31<sup>st</sup> March, 2014. The Board had delegated the authority for approving transfer, transmission etc. of the Company's securities to the Compliance officer.

The Company has received no complaints from shareholders / investors during the year. There are no shareholders / investors complaints pending as on 31st March, 2014.

**7. 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.

**8. General Body Meetings :**

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

Location	Date	Time
<b>Registered Office :</b> 302, Sylverton Building, 102, Wode House Road, Colaba, Mumbai – 400005.	30.09.2011	11.00 a.m.
	28.09.2012	12.00 noon
156, Maker Chambers VI. 220, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 001.	28.09.2013	10.00 a.m.

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

- a) 30<sup>th</sup> AGM held on 30<sup>th</sup> September, 2011: NONE
- b) 31<sup>st</sup> AGM held on 28<sup>th</sup> September, 2012:
  - a. For appointment of Managing Director and Payment of Remuneration to Mr. Shantisarup Reniwal.
  - b. For Payment of Remuneration to other Non-Executive Directors
- c) 32<sup>nd</sup> AGM held on 30<sup>th</sup> September, 2013: NONE

No Postal ballot was conducted during the year 2013-14.

#### **Extraordinary General Meetings :**

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

#### **9. Disclosures :**

##### **a) Related party transactions**

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

##### **b) Accounting Treatment**

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

##### **c) Risk Management**

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

##### **d) Remuneration of Directors**

The Company does not have practice of payment of any remuneration / fees etc. to Non Executive Director. However in the future if any payment is to be made to Non Executive Director, the same shall be paid having regard to prevalent practice in the

industry & commensurate with their experience. Besides the above, there is no pecuniary relationship or transaction by the Company with its Non Executive Director. Further there is no remuneration being paid to Chairman and Managing Director of the Company.

**e) Management Discussion and Analysis**

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

**f) Shareholders**

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

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

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

**h) Whistle Blower Policy**

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

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

**10. Means of communication**

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

**11. Green Initiative :**

Your Company encourages the shareholders to register their email addresses with the Company or its Registrar & Transfer Agents, Sharex Dynamic (India) Pvt Ltd, by sending a



letter signed by the Shareholders on addresses given below and intimate changes in the email ids from time to time.

Those shareholders who have not opted for receiving the Annual Report in physical form, we look forward to receiving your full support in our Endeavour to contribute towards greener environment and request you to join us in this noble initiative and look forward to your consent to receive Annual Report from now onwards in electronic form.

## **12. General Shareholders information :**

**a)** Thirty Third Annual General Meeting will be held on Tuesday, 30<sup>th</sup> September, 2014 at the Registered Office of the Company at 9.00 A.M.

**b) Financial Year:** 1<sup>st</sup> April 2013 to 31<sup>st</sup> March, 2014.

For the Financial year ending on 31st March, 2015 result will be announced tentatively.

First Quarter Results	:	On or around 15 <sup>th</sup> August 2014
Second Quarter Results	:	On or around 15 <sup>th</sup> November, 2014
Third Quarter Results	:	On or around 15 <sup>th</sup> February 2015
Fourth Quarter Results	:	On or around 15 <sup>th</sup> May 2015

**c) Date of Book Closure :**

20<sup>th</sup> September, 2014 to 30<sup>th</sup> September, 2014 (both days inclusive)

**b)** Dividend Payment Date: Dividend, if declared by the Company at the 33<sup>rd</sup> Annual General Meeting of the Company scheduled to be held on Tuesday, 30<sup>th</sup> September, 2014 will be paid on or after 6<sup>th</sup> October, 2014 to those shareholders, who's names appear in the Register of Members of the Company as on 20<sup>th</sup> September, 2014.

**e)** Postal Ballot Papers :

The Board of Directors have decided to opt for the following agenda for approval of shareholders by special resolution through postal ballots:

1. Create a charge on the assets of the Company.
2. To make investments and to provide loan, give securities, guarantee in excess of 60% of the aggregate of the paid-up share capital and free reserves and/or upto 100% of free reserves of the Company as per the limits prescribed under section 186 in the bodies corporate as they may in their absolute discretion deem beneficial and in the interest of the Company subject to the maximum aggregate amount not exceeding Rs. 500 Crores at any time together with the existing loans, securities, guarantees and investments;
3. Addition in the Main Object Clause of the Company by diversifying the Business in Real Estate Sector too.

The Postal ballot papers will be soon dispatched to the shareholders. The Shareholders are requested to send the Postal Ballot Papers expressing their assent or dissent in this Postal Ballot Form by placing the tick mark at the appropriate box. Duly completed

## HARIYANA SHIP BREAKERS LIMITED

Postal Ballot Form should reach the scrutinizer not later than 5.00 p.m. on Wednesday, the 1st Day of October 2014.

The e-voting facility has also been granted to the Members and the directions for evoting have also been provided to the shareholders. The members who have not received Postal Ballot form may apply to the Company mentioning the Folio No. /DP ID & Client ID & contact details, under the signature of the member at the registered office of the Company addressed to the Compliance Officer for issue of duplicate postal ballot form or alternatively send a scanned copy of such application by way of an email to [contact@hariyanagroup.com](mailto:contact@hariyanagroup.com). However, the duly filled in duplicate postal Ballot Form should reach the Scrutinizer not later than 5.00 p.m on Wednesday, the 1st day of October, 2014

**e) Listing on stock exchange :**

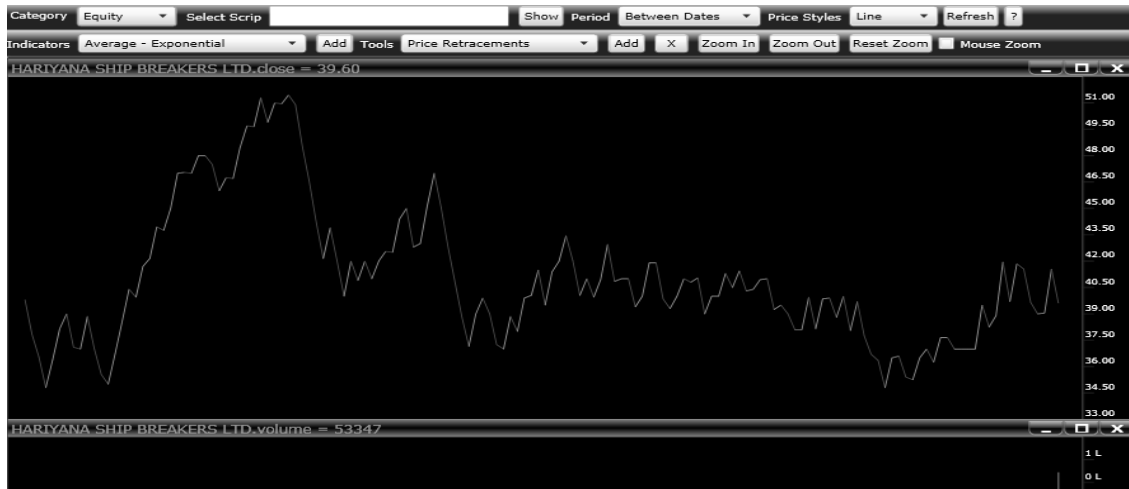
The Company's Equity Shares are listed on the Bombay Stock Exchange Limited and all applicable listing fees have been paid up till date. The stock exchange with respective stock code is as follows:

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

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

Month	High Price	Low Price	No. of
Apr-13	58.90	47.10	15,798
May-13	53.00	44.00	8,931
Jun-13	53.55	45.65	6,846
Jul-13	51.25	40.90	6,242
Aug-13	41.70	34.30	10,565
Sep-13	50.00	40.05	12,218
Oct-13	51.50	39.95	6,700
Nov-13	47.50	36.00	11,944
Dec-13	43.95	38.05	3,659
Jan-14	43.45	38.10	13,970
Feb-14	42.00	34.55	23,313
Mar-14	42.95	34.90	1,07,304

Performance of the share price of the Company in comparison to the BSE Sensex :



e. Registrar and Share Transfer Agents :

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

f. Share Transfer Systems :

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

**HARIYANA SHIP BREAKERS LIMITED****h) Distribution of shareholding as on 31<sup>st</sup> March 2014**

<b>DISTRIBUTION SCHEDULE ON NUMBER OF SHARES/DEBS - As On :31<sup>st</sup> March 2014</b>				
<b>SHARE (OR DEBENTURE)</b>	<b>NUM OF HOLDERS</b>	<b>(%) OF HOLDERS</b>	<b>T O T A L SHARES (or DEBENTURES)</b>	<b>% OF SH/DB</b>
UPTO TO 100	915	47.83	64474	1.05
101 TO 200	289	15.11	53157	0.86
201 TO 500	332	17.35	131144	2.13
501 TO 1000	193	10.09	158918	2.58
1001 TO 5000	141	7.37	316924	5.14
5001 TO 10000	22	1.15	156331	2.54
10001 TO 100000	12	0.63	447727	7.26
100001 TO ABOVE	9	0.47	4837992	78.45
<b>T O T A L</b>	<b>1913</b>	<b>100.00</b>	<b>6166667</b>	<b>100.00</b>

**i) Details of Shares held by Directors as on 31<sup>st</sup> March 2014:**

<b>Name of Directors</b>	<b>No. of Equity Shares Held</b>
Mr. Shanti Sarup Reniwal (DIN: 00040355)	80080
Smt. Lalitadevi Reniwal (DIN: 00385265)	414800
Mr. Rakesh Reniwal (DIN: 00029332)	858230
Mr. Manohar Wagh (DIN: 02622648)	0
Mr. Pradeep Bhatia (DIN: 02903984)	0
Mr. Tejas Thakkar (DIN : 03017277)	0

## j) Details of Shareholding pattern as on 31st March 2014 :

STATEMENT SHOWING SHAREHOLDING PATTERN								
Name of the Company : HARIYANA SHIP BREAKERS LIMITED								
Scrip Code : 526931				Year Ended : 31 <sup>st</sup> March 2014				
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 % Total No. of Shares
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>							
1	Indian							
a	Individual/Huf	9	4529814	4529814	73.456	73.456	0	0.000
b	Central/State Gov	0	0	0	0.000	0.000	0	0.000
c	Bodies Corporates	0	0	0	0.000	0.000	0	0.000
d	Fins / Banks	0	0	0	0.000	0.000	0	0.000
e	Any Other specify	0	0	0	0.000	0.000	0	0.000
e-1		0	0	0	0.000	0.000	0	0.000
e-2		0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(1)	9	4529814	4529814	73.456	73.456	0	0.000
2	Foreign							
a	Indv NRI/For Ind	0	0	0	0.000	0.000	0	0.000
b	Bodies Corporate	0	0	0	0.000	0.000	0	0.000
c	Institutions	0	0	0	0.000	0.000	0	0.000
d	Qualified For.Inv.	0	0	0	0.000	0.000	0	0.000
e	Any Other Specify	0	0	0	0.000	0.000	0	0.000
e-1		0	0	0	0.000	0.000	0	0.000
e-2		0	0	0	0.000	0.000	0	0.000
	Sub Total(A)(2)	0	0	0	0.000	0.000	0	0.000
	Total Shareholding of Promoter & Promoter Group	9	4529814	4529814	73.456	73.456	0	0.000
	Total (A)= (A)(1)+(A)(2)							
(B)	Public shareholding							
1	Institutions							
a	Mutual Funds	0	0	0	0.000	0.000		
b	Fins / Banks	0	0	0	0.000	0.000		
c	Central/State Govt	0	0	0	0.000	0.000		
d	Venture Cap Fund	0	0	0	0.000	0.000		
e	Insurance Comp(s)	0	0	0	0.000	0.000		
f	Foreign Ins Invest	0	0	0	0.000	0.000		
g	Foreign Ven Cap In	0	0	0	0.000	0.000		
h	Qualified For.Inv.	0	0	0	0.000	0.000		
i	Any Other -Specify	0	0	0	0.000	0.000		
i-1		0	0	0	0.000	0.000		
i-2		0	0	0	0.000	0.000		
	Sub-Total (B)(1)	0	0	0	0.000	0.000		
B 2	Non-institutions							
a	Bodies Corporates	55	417614	415414	6.772	6.772		
b	Individuals							
	i) upto Rs 1-Lac	1824	830474	754774	13.467	13.467		
	ii) above Rs1-Lac	10	375452	375452	6.088	6.088		
c	Qualified For.Inv.	0	0	0	0.000	0.000		
d	Any Other -Clr-Mem	7	3889	3889	0.063	0.063		
d-1		0	0	0	0.000	0.000		
d-2		0	0	0	0.000	0.000		
	-OCB	0	0	0	0.000	0.000		
	-NRI	8	9424	9424	0.153	0.153		
	Sub-Total (B)(2)	1904	1636853	1558953	26.544	26.544		
(B)	Total (B)= (B)(1)+(B)(2)	1904	1636853	1558953	26.544	26.544		
	TOTAL (A)+(B)	1913	6166667	6088767	100.000	0	0.000	
(C)	Held by Custodians against Depository Receipts							
	PROMOTER & PRO GRP	0	0	0		0.000		
	PUBLIC	0	0	0		0.000		
	GRANDTOTAL (A)+(B)+(C)	1913	6166667	6088767	100.000	0	0.000	

## HARIYANA SHIP BREAKERS LIMITED

### k. Dematerialization of shares and liquidity :

As on 31<sup>st</sup> March, 2014, 98.74% of the total equity share capital of the Company is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialized form.

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

The Company does not have any outstanding GDRs / ADRs / warrants / convertible instruments as on 31st March 2014.

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

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

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

#### Registered Office :

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

#### Branch Office:

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

#### Branch Office:

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

### 13. Compliance Certificate of the Auditors :

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

By order of the Board  
For HARIYANA SHIP BREAKERS LIMITED

Sd/-

**Shantisarup Reniwal**

DIN: 00040355

Chairman & Managing Director

Place : Mumbai  
Date : 23/08/2014

**ANNEXURE TO CORPORATE GOVERNANCE REPORT**

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the listing Agreement, this is to confirm that all members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2014.

By order of the Board  
For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

**Shantisarup Reniwal**

DIN: 00040355

**Chairman & Managing Director**

Place : Mumbai  
Date : 23/08/2014

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

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

We hereby certify that for the financial year, ending 31<sup>st</sup> March 2014 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

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

By order of the Board  
For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

**Shantisarup Reniwal**

DIN: 00040355

**Chairman & Managing Director**

Place : Mumbai  
Date : 23/08/2014

## 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 2014, 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, 2014, no investor grievances are pending against the Company for more than one month as per records maintained by the Company and presented to the Investor Grievance / Share Transfer Committee.

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

For P.D.Goplani & Associates,  
Chartered Accountants  
(FRN : 118023W)

Sd/-

Prem Goplani  
Partner

Membership No.103765

Place : Bhavnagar  
Date : 23/08/2014



**P. D. Goplani & Associates**  
Chartered Accountants

A/104-105, Leela Effee,  
Waghawadi Road,  
Bhavnagar 364 001

## **AUDITOR'S REPORT**

To  
The Members,  
**HARIYANA SHIP BREAKERS LIMITED**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **HARIYANA SHIP BREAKERS LIMITED** (the company), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: ***AS-15 for non provision for gratuity and long terms employee benefits.***

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except ***AS-15 for non provision for gratuity and long terms employee benefits.***
  - e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1) (g) of the Act.

For P.D.Goplani & Associates,  
Chartered Accountants  
(FRN : 118023W)

Sd/-

CA Prem Goplani  
Partner

Membership No.103765

Place : Bhavnagar  
Date : 28<sup>th</sup> May 2014

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

- i) In respect of its fixed assets :
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - 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.
- ii) In respect of its inventories:
  - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, 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 has maintained proper records of the inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii) In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - a) The Company has not granted secured or unsecured loan. Balance outstanding at the beginning of the year was recovered.
  - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not, *prima facie*, prejudicial to the interest of the Company.
  - c) The principal amounts are repayable over a stipulated period of time, while the interest is payable annually, both at the discretion of the Company.
  - d) In respect of the said loans and interest thereon, there are no overdue amounts.
  - e) The Company has accepted loan during the year from one company and one firm covered in the Register maintained under Section 301 of the Companies Act, 1956. Transaction with the parties have been maintained on current account basis and repayable on demand, Rs. 4.79 Crores is payable at the year end. The rate of interest and other terms and conditions of loans accepted by the company are not, *prima facie*, prejudicial to the interest of the company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of

## HARIYANA SHIP BREAKERS LIMITED

goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

- v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in 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 / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
- vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- vii) The Directors themselves conduct the affairs of the company. The company does not have a formal system of internal audit but there are adequate checks and controls at all levels.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) In respect of statutory dues:
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and other material statutory dues have been generally regularly deposited with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.
- c) According to the information and explanations given to us, there are no dues related to Sales tax, Custom Duty, Excise Duty and Cess of the company which have not been paid/ deposited on account of any dispute except :

Amount	Nature of payment	Related period	Pending with
3,96,780.00	Income Tax	AY : 2007-08	CIT (A) - Circle 41
1,88,120.00	Income Tax	AY : 2009-10	Appellate Tribunal
2,00,550.00	Income Tax	AY : 2010-11	CIT (A) - Circle 38
3,58,140.00	Income Tax	AY : 2011-12	CIT (A) - Circle 7

- x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- xii) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company 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 / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv) As per the information provided to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi) As per the information and explanation given to us the company has not raised any term loans during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 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) In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For P.D.Goplani & Associates,  
Chartered Accountants  
(FRN : 118023W)

Sd/-

CA Prem Goplani  
Partner

Membership No.103765

Place : Bhavnagar  
Date : 28<sup>th</sup> May 2014

## HARIYANA SHIP BREAKERS LIMITED

### INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of **HARIYANA SHIP BREAKERS LIMITED**

We have audited the accompanying consolidated financial statements of **HARIYANA SHIP BREAKERS LIMITED** ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITY

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

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

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

#### OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the Mumbai Division (HO) as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India: **subject to: Note 1(m): with regard to non-Provision for liability for gratuity**

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss , of the *profit* for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date

**OTHER MATTER**

We have not audited the financial statements of HO/Trading Division (Mumbai) and Hariyana Steel & Power (Banglore), whose financial statements reflect total assets (net) of Rs. 23,087.66 Lacs as at March 31, 2014, total revenues of Rs. 35,157.47 Lacs financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For P.D.Goplani & Associates,  
Chartered Accountants  
(FRN : 118023W)

Sd/-

CA Prem Goplani  
Partner  
Membership No.103765

Place : Bhavnagar  
Date : 28<sup>th</sup> May 2014

# HARIYANA SHIP BREAKERS LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	NoteNo.	As at	
		March 31, 2014	March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 SHARE HOLDERS' FUNDS</b>			
(a) SHARE CAPITAL	2.1	61,666,670	61,666,670
(b) RESERVES & SURPLUS	2.2	779,216,640	647,978,290
<b>2 NON-CURRENT LIABILITIES</b>			
(a) LONG-TERM BORROWINGS	2.3	55,214,686	51,077,414
(b) DEFERRED TAX LIABILITIES	2.4	35,070,173	37,054,179
(c) OTHER LONG TERM LIABILITIES	2.5	1,459,274	1,417,650
<b>3 CURRENT LIABILITIES</b>			
(a) SHORT TERM BORROWINGS	2.6	2,056,780,956	1,085,158,485
(b) TRADE PAYABLES	2.7	414,034,434	2,917,250,460
(c) OTHER CURRENT LIABILITIES	2.8	105,500,068	281,571,458
(d) SHORT-TERM PROVISIONS	2.9	26,757,159	35,161,571
<b>TOTAL</b>		<b>3,535,700,060</b>	<b>5,118,336,177</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) FIXED ASSETS			
(i) Tangible assets	2.10	240,374,016	257,478,342
(iii) Intangible Assets		65,050	86,576
(ii) Capital work-in-progress		-	-
(b) NON-CURRENT INVESTMENTS	2.11	134,048,925	241,003,156
(c) LONG-TERM LOANS & ADVANCES	2.12	2,805,624	1,142,636
(d) OTHER NON-CURRENT ASSETS	2.13	-	3,018,523
<b>2 CURRENT ASSETS</b>			
(a) INVENTORIES	2.14	1,144,057,627	222,237,638
(b) TRADE RECEIVABLES	2.15	382,308,841	2,999,419,346
(c) CASH & CASH EQUIVALENTS	2.16	29,367,217	1,626,423
(d) SHORT-TERM LOAN & ADVANCES	2.17	1,199,935,480	1,391,792,012
(e) OTHER CURRENT ASSETS	2.18	402,737,280	531,525
<b>TOTAL</b>		<b>3,535,700,060</b>	<b>5,118,336,177</b>

See Accompanying Notes to Financial Statements

As per our separate report of even date attached

**For P. D. Goplani & Associates**

Chartered Accountants

Firm Registration No:118023W

Sd/-

CA Prem Goplani

**Partner**

M.No.: 103765

Place: Bhavnagar

Date : 28th May, 2014

For and on behalf of the Board of Directors

**Hariyana Ship Breakers Limited**

Sd/-

Shantisarup Reniwal

Chairman and MD

Sd/-

Rakesh Reniwal

Director



## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED ON 31st MARCH, 2014

Particulars	Note No.	For the Year Ended on	
		March 31, 2014	March 31, 2013
<b>INCOME</b>			
a) REVENUE FROM OPERATION	2.19	4,691,287,990	10,145,892,338
b) OTHER INCOME	2.20	317,006,899	238,899,038
<b>Total Revenue</b>		<b>5,008,294,889</b>	<b>10,384,791,376</b>
<b>EXPENSES:</b>			
a) COST OF MATERIALS CONSUMED	2.21	1,445,135,668	1,805,504,316
b) PURCHASE OF STOCK-IN-TRADE	2.22	2,955,809,623	7,792,751,583
c) MANUFACTURING & OPERATING COSTS	2.23	36,240,547	55,534,826
d) CHANGES IN INVENTORIES OF FINISHED GOODS	2.24	30,651,000	7,643,569
e) EMPLOYEE BENEFITS EXPENSES	2.25	17,696,046	25,175,722
f) FINANCE COSTS	2.26	129,851,588	227,879,584
g) DEPRECIATION & AMORTIZATION EXPENSES	2.10	18,155,762	18,350,476
h) OTHER EXPENSES	2.27	219,280,695	225,315,011
<b>Total Expenses</b>		<b>4,852,820,929</b>	<b>10,158,155,087</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>155,473,960</b>	<b>226,636,289</b>
Extraordinary Items		-	-
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>155,473,960</b>	<b>226,636,289</b>
<b>TAX EXPENSES:</b>	2.28		
(1) CURRENT TAX		25,546,509	64,183,630
(2) DEFERRED TAX		(1,984,006)	(1,801,523)
(3) TAXES OF EARLIER YEARS		-	-
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>131,911,457</b>	<b>164,254,182</b>
<b>EARNINGS PER EQUITY SHARES:</b>			
EQUITY SHARES OF PAR VALUE OF Rs. 10/- EACH			
(1) BASIC		21.39	26.64
(2) DILUTED		21.39	26.64
Weighted average number of shares outstanding		6,166,667	6,166,667

As per our separate report of even date attached

**For P. D. Goplani & Associates**

Chartered Accountants

Firm Registration No:118023W

Sd/-

CA Prem Goplani

**Partner**

M.No.: 103765

Place:Bhavnagar

Date : 28th May, 2014

For and on behalf of the Board of Directors

**Hariyana Ship Breakers Limited**

Sd/-

Shantisarup Reniwal  
Chairman and MD

Sd/-

Rakesh Reniwal  
Director

**HARIYANA SHIP BREAKERS LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	March 31, 2014 Rs.	March 31, 2013 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	155,473,960	226,636,289
- Adjustment for :		
Depreciation	18,155,762	18,350,476
Preliminary Expenses	5,797	72,497
Extra Ordinary Item	-	-
<b>Operating Profit before Working Capital Changes</b>	173,629,722	244,986,765
- Adjustments for :		
Trade Receivable	2,617,110,505	(1,956,501,737)
Other Receivable	(208,993,688)	(283,181,576)
Inventories	(921,819,989)	527,537,719
Trade Payable & Other current Liabilities	(2,687,650,204)	1,390,393,251
<b>Cash Flow from operation</b>	(1,027,723,654)	(76,765,578)
Income Tax Paid	25,546,509	64,183,630
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	(1,053,270,163)	(140,949,208)
<b>CASH FLOW ARISING FROM INVESTING ACTIVITIES:</b>		
- Purchase of Fixed Assets	(5,281,610)	(2,574,398)
- Sale of Fixed Assets	3,578,593	-
- Sale (Purchase) of Investment	106,954,231	(28,464,430)
	105,251,214	(31,038,828)
<b>Cash Flow arising from Financing Activities:</b>		
- Proceeds from Long Term Secured Borrowings	-	(89,896)
- Proceeds from Long Unsecured Loan	4,137,272	4,925,405
- Proceeds from Short Term Secured Borrowing	977,834,333	150,240,368
- Proceeds from Short Unsecured Loan	(6,211,862)	40,717,902
- Dividend Proposed	-	(25,084,691)
<b>Net Cash (Outflow) in the course of Financing Activities</b>	975,759,743	170,709,088
<b>Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)</b>	27,740,794	(1,278,948)
Add: Balance at the beginning of the year	1,626,423	2,905,371
<b>Cash and Cash Equivalents at the close of the year</b> (Refer Note 2.16)	29,367,217	1,626,423

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

As per our separate report of even date attached

**For P. D. Goplani & Associates**

Chartered Accountants

Firm Registration No:118023W

Sd/-

CA Prem Goplani

**Partner**

M.No.: 103765

Place: Bhavnagar

Date : 28th May, 2014

For and on behalf of the Board of Directors

**Hariyana Ship Breakers Limited**

Sd/-

Shantisarup Reniwal  
Chairman and MD

Sd/-

Rakesh Reniwal  
Director

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014****1 CORPORATE INFORMATION**

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

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

**1.1 BASIS OF PRESENTATION :**

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

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

**a) SIGNIFICANT ACCOUNTING POLICIES**

During the year ended 31 March 2014, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. Adoption of revised Schedule VI does not materially impact recognition and measurement principles followed for preparation of financial statements.

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

**b) USE OF ESTIMATES**

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

**c) TANGIBLE FIXED ASSETS**

Fixed Assets are stated at cost, less accumulated depreciation (other than 'Freehold Land' where no depreciation is charged) and impairment loss, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies any

directly attributable cost of bringing the asset to its working condition and indirect costs specifically attributable to construction of a project or to the acquisition of a fixed asset.

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

**d) DEPRECIATION ON TANGIBLE ASSETS**

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

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

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

**e) IMPAIRMENT OF ASSETS**

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

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is carried at the recoverable amount subject to a maximum of depreciated historical cost.

**f) BORROWING COSTS**

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

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

**g) INVESTMENTS**

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

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

**h) VALUATION OF INVENTORIES**

Items of inventories are measured as :

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

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

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

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

**i) RECOGNITION OF INCOME AND EXPENDITURE**

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

Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account of the amount outstanding and rate applicable.

**j) FOREIGN CURRENCY TRANSACTIONS**

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

**k) EXCISE DUTY & CENVAT**

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

**l) PROVISION FOR TAXATION**

Tax expense comprises both current and deferred tax.

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

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

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

**m) RETIREMENT AND OTHER EMPLOYEE BENEFITS**

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

The Management is also of the opinion that the payment of pension Act, is not applicable to the Company. Employees are eligible for gratuity at the time of retirement as per provisions of Payment of Gratuity Act. Provision for Gratuity has not been made in the Accounts as per AS - 15 and the same will be accounted for as and when payment is made.

**n) AMORTIZATION OF PRELIMINARY EXPENSES**

Preliminary expenditure amounting to Rs. 30,18,523 /- has been written off during the year.

**o) EARNING PER SHARE**

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

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

**p) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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

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

**q) CASH & CASH EQUIVALENTS**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, cash at bank and short-term fixed deposits with maturity period not more than three months.

**r) MEASUREMENT OF EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of

## HARIYANA SHIP BREAKERS LIMITED

profit and loss. The company measures EBITDA on the basis of profit/ (loss) from current year operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

### 1.2 NOTES FORMING PART OF THE ACCOUNTS

- a) During the year, the Company was engaged in Ship Recycling (ship breaking), Manufacturing of Sponge Iron & Steels and Trading in Ferrous & Non-Ferrous Metals activities. However, as and when any surplus fund are available, the same is given on interest to other parties and also invested in the shares and securities to earn short term and long term capital gains.
- b) In the opinion of the Management, the realisable value of the fixed assets of the company are much higher than the carrying cost and therefore, no provision for impairment is required to be made.
- c) There are no micro, small and Medium enterprises, to which the company owes dues, which are outstanding for more than 45 days as at March 31, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.
- d) The major components of the Deferred Tax Assets/Liabilities, based on the tax effect of the timing differences, as at 31st March 2014, are as under.

Particulars	31-March-2014	31-March-2013
Deferred Tax Liability on account of Depreciation	35,070,173	37,054,179
Deferred Tax Assets	-	-
Net deferred tax liability at the year end	35,070,173	37,054,179
Net deferred tax asects at the year end	-	-

- e) The company has taken lease right of the ship Breaking plot No. 14 Alang ship breaking yard. The consideration paid to GMB and party for which such plot has been taken over as treated as deferred revenue expenses and written off over the balance lease period.
- f) Income Tax assessment has been completed upto the year assessment year 2011-12. The Management has an opinion that no additional liability will arise in the case of pending assessment.
- g) Sales tax assessment has been completed upto the year 2008-09. The Company does not anticipate any liability on account of the pending sales tax assessment.
- h) As per provisions of Payment of Gratuity Act. Provision for Gratuity has not been made in the Accounts as per AS - 15 and the same will be accounted for as and when payment is made.



- i) In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provision have been made in the accounts for all the known liabilities.
- j) The Balance of Sundry Creditors, Sundry Debtors, Loans & Advances are unsecured, considered goods and subject to confirmation.
- k) Previous years figures have been regrouped/rearranged wherever necessary so as to make them comparable with current years figures.

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

Balance Sheet Abstract and Company's General Business Profile:

1 Registration Details			
Registration No.			L61100MH1981PLC024774
State Code			11
Balance Sheet Date			31st March, 2014
2 Capital raised during the year			Rs.. '000's
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
3 Position of mobilisation and deployment of funds.			
Total Liabilities	3,535,701	Total Assets	3,535,701
Sources of Funds			
Paid up Capital	61,667	Reserve & Surplus	779,217
Secured Loans	2,008,825	Unsecured Loans	103,171
Deferred Tax Liability	35,070	Current Liabilities	547,751
Application of Funds			
Net Fixed Assets	240,439	Investments	134,049
Current Assets	3,161,212	Misc Expenditure	Nil
4 Performance of Company			
Turnover	5,008,295	Total Expenditure	4,852,821
Profit/(Loss) before tax	155,474	Profit/(Loss) after tax	131,911
Basis Earning per Share			21.39
Diluted Earning per Share			21.39
Dividend Rate			-
5 Generic Names of Principal Products, services of the Company.			
Item Code No.		72042909	
Product Description		Ship Breaking	
Item Code No.			
Product Description		Iron and Steel	

## HARIYANA SHIP BREAKERS LIMITED

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**SIGNATURE TO NOTE “1” TO “2.33” FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS.**

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As per our separate report of even date attached

**For P. D. Goplani & Associates**

Chartered Accountants

Firm Registration No:118023W

Sd/-

CA Prem Goplani

**Partner**

M.No.: 103765

Place:Bhavnagar

Date : 28th May, 2014

For and on behalf of the Board of Directors

**Hariyana Ship Breakers Limited**

Sd/-

Shantisarup Reniwal  
Chairman and MD

Sd/-

Rakesh Reniwal  
Director

**2.1 SHARE CAPITAL****A SHARE CAPITAL**

PARTICULAR	As at 31st March, 2014		As at 31st March, 2013	
	Amount		Amount	
<b>AUTHORISED CAPITAL:</b>				
Equity Shares of Rs. 10/- Each	65,000,000		65,000,000	
4% Redeemable Preference Share Of Rs. 10/- Each	50,000,000		50,000,000	
<b>ISSUED SHARES CAPITAL</b>				
Equity Shares of Rs. 10/- Each	61,666,670		61,666,670	
<b>SUBSCRIBED &amp; PAID UP CAPITAL</b>				
Equity Shares of Rs. 10/- Each	61,666,670		61,666,670	
Total	61,666,670		61,666,670	

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

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	6,166,667	61,666,670	6,166,667	61,666,670
Add: Issue of Bonus Shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	6,166,667	61,666,670	6,166,667	61,666,670

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

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

During the year ended 31 March 2014, the amount of per share dividend recognized as distributions to equity share holders was Rs. Nil (31 March 2013: Rs. 3.50).

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

## HARIYANA SHIP BREAKERS LIMITED

D. The details of shareholder holding more than 5% shares as at 31st March, 2014 and 31st March 2013 is set out below :

NAME OF SHAREHOLDER	As at 31 March 2014		As at 31 March 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1 Rakesh Reniwal	858,230	13.92%	858,230	13.92%
2 Lalitadevi Reniwal	414,800	6.72%	414,800	6.72%
3 Sanjeev Reniwal	438,267	7.11%	438,267	7.11%
4 Shantisarup Reniwal HUF	625,178	10.14%	625,178	10.14%
5 Rajeev Reniwal	1,539,009	24.95%	1,539,009	24.95%
6 Unnati Reniwal	400,000	6.48%	400,000	6.48%

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

### 2.2 RESERVES & SURPLUS

Particulars	As at	
	31st March, 2014	31st March, 2013
<b>A CAPITAL RESERVES</b>		
Balance as per the last Financial Statements	89,360,940	89,360,940
<b>Add:</b> Current Year Transfer	-	-
<b>Closing Balance</b>	89,360,940	89,360,940
<b>B CAPITAL REDEMPTION RESERVE</b>		
Balance as per the last Financial Statements	50,000,000	50,000,000
<b>Add:</b> Current Year Transfer	-	-
<b>Less:</b> Written Back in Current Year	-	-
<b>Closing Balance</b>	50,000,000	50,000,000
<b>C SECURITIES PREMIUM ACCOUNT</b>		
Balance as per the last Financial Statements	14,038,400	14,038,400
<b>Add:</b> Securities premium credited on Share issue	-	-
<b>Less:</b> Premium Utilised for various reasons	-	-
Amount utilized toward Issue of Fully paid Bonus Shares	-	-
<b>Closing Balance</b>	14,038,400	14,038,400

Particulars	As at	
	31st March, 2014	31st March, 2013
<b>D REVALUATION RESERVE</b>		
Balance as per the last Financial Statements	6,440,182	7,113,289
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	673,107	673,107
<b>Closing Balance</b>	<b>5,767,075</b>	<b>6,440,182</b>
<b>E GENERAL RESERVE</b>		
Balance as per the last Financial Statements	37,425,418	21,000,000
Add: Current Year Transfer	-	16,425,418
Less: Written Back in Current Year	-	-
<b>Closing Balance</b>	<b>37,425,418</b>	<b>37,425,418</b>
<b>F SURPLUS/(DEFICIT) IN THE STATEMENT OF PROFIT &amp; LOSS</b>		
Balance as per the last Financial Statements	450,713,350	327,969,279
Net Profit/(Net Loss) For the current year	131,911,457	164,254,182
Transfer From Reserves	-	-
<b>Less: APPROPRIATIONS</b>		
Proposed Final Equity Dividend	-	21,583,335
{Current Year of Rs. Nil per Share (P.Y of Rs. 3.50 per Share)}		
Tax on Proposed Equity Dividends	-	3,501,358
Transfer to General Reserves	-	16,425,418
<b>Total Appropriations</b>	<b>-</b>	<b>41,510,111</b>
<b>Net Surplus in the Statement of Profit &amp; Loss</b>	<b>582,624,807</b>	<b>450,713,350</b>
<b>Total Reserve &amp; Surrplus</b>	<b>779,216,640</b>	<b>647,978,290</b>

## 2.3 LONG TERM BORROWINGS

<b>SECURED</b>		
<b>A TERM LOANS</b>		
(A)	-	-
<b>UNSECURED</b>		
<b>B LOANS &amp; ADVANCES</b>		
- From Related Parties	55,214,686	51,077,414
- From other Parties	-	-
(B)	55,214,686	51,077,414
Total(A+B)	55,214,686	51,077,414

## HARIYANA SHIP BREAKERS LIMITED

### 2.4 DEFERRED TAX LIABILITIES

Particulars	As at	
	31st March, 2014	31st March, 2013
<b>Deferred Tax Liabilities</b>		
- On account of Depreciation	35,070,173	37,054,179
	35,070,173	37,054,179
<b>Deferred Tax Assets</b>		
- On disallowances of expenses	-	-
	-	-
Total	35,070,173	37,054,179

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

### 2.5 OTHER LONG TERM LIABILITIES

(A) Trade Payables (Including Acceptance)	1,19,274	277,650
(B) Other Payables		
Advance from Customers	-	-
Security Deposit From Tenants	13,40,000	1,140,000
Total	14,59,274	1,417,650

### 2.6 SHORT TERM BORROWINGS

<b>SECURED</b>		
<b>A LOANS REPAYABLE ON DEMAND</b>		
I Working Capital Loans From Banks (Secured)	2,179,597	172,616,182
II Foreign Letter of Credits (Secured)	2,006,645,318	858,374,400
(A)	2,008,824,915	1,030,990,582
<b>UNSECURED</b>		
<b>B LOANS &amp; ADVANCES</b>		
From Related Parties	47,956,041	54,167,903
(B)	47,956,041	54,167,903
Total(A+B)	2,056,780,956	1,085,158,485
Working Capital Loan from banks:		
a - Punjab National Bank	-	2,943,256
b - Punjab National Bank OD-376097	-	158,022,504
c - Punjab National Bank CC-2793	1,272,776	1,624,838
d - Punjab National Bank CC- 600	906,821	10,025,584
Total from banks	2,179,597	172,616,182

**2. Details of Security :**

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

**2.7 TRADE PAYABLES**

Particulars	As at	
	31st March, 2014	31st March, 2013
a. Trade Payables		
- Advance From Customers	1,500,000	-
- Creditors Payable	9,246,702	23,558,797
- Other Creditors Payable	403,287,732	2,893,691,663
Total	414,034,434	2,917,250,460

**2.8 OTHER CURRENT LIABILITIES**

INCOME RECEIVED IN ADVANCE	-	3,050,000
<b>OTHER PAYABLE</b>		
Advance From Services Receipts	-	67,345
Statutory Dues	10,801,928	3,252,980
Advance from Customers	2,593,448	1,461,301
Margin From Customers Received	91,900,001	273,600,000
Outstanding Liabilities	204,691	139,832
Total	105,500,068	281,571,458

**2.9 SHORT- TERM PROVISIONS**

<b>(A) Provision for Employee Benefits</b>		
Contribution to Provident Funds	11,711	-
Contribution to ESIC	105,085	-
Outstanding Liabilities	1,093,854	3,621,795
<b>(B) Others</b>		
Provision for Income Tax	25,546,509	6,455,083
Proposed Dividend	-	21,583,335
Tax on proposed Dividend	-	3,501,358
Total	26,757,159	35,161,571

# HARIYANA SHIP BREAKERS LIMITED

## 2.10 FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION				NETBLOCK				
	AS ON 01.04.2013	ADDITION	DEDUCTION	TOTAL 31.03.2014	UPTO 01.04.2013	RATE OF DEP	DEP. FOR THE YEAR	ON REVALUATION	WRITTEN BACK	TOTAL AS ON 31.03.2014	AS ON 31.03.2014	AS ON 31.03.2013
FACTORY LAND	23,529,682	-	-	23,529,682	-	-	-	-	-	-	23,529,682	23,529,682
PREMISES												
- Non Factory	39,733,150	-	-	39,733,150	13,011,733	1.63	49,190	598,461	-	13,659,384	26,073,766	26,721,417
- Warehouse (Leasehold)	4,817,420	-	-	4,817,420	1,613,817	1.63	3,878	74,646	-	1,692,341	3,125,079	3,203,603
- Godown	1,356,796	-	-	1,356,796	377,849	1.63	22,116	-	-	399,965	956,831	978,947
- Office	2,041,059	-	-	2,041,059	254,650	1.63	33,269	-	-	287,919	1,753,140	1,786,409
- Flate Madhavhill	-	1,264,697	-	1,264,697	-	-	-	-	-	1,264,697	-	-
FACTORY BUILDING	23,427,076	-	-	23,427,076	4,782,403	3.34	782,464	-	-	5,564,867	17,862,209	18,644,673
ROADS & CULVERTS	72,850	-	-	72,850	16,625	3.34	2,433	-	-	19,058	53,792	56,225
PLANT & MACHINERY	213,229,427	-	3,451,423	209,778,004	92,925,727	4.75	10,859,976	-	1,617,417	102,168,286	107,609,718	120,303,700
CRANE	16,805,083	-	-	16,805,083	4,609,453	4.75	870,916	-	-	5,480,369	11,324,714	12,195,630
POLLUTION CONTROL EQUIPMENTS	43,999,330	-	481,403	43,517,927	17,117,846	5.28	2,322,329	-	227,976	19,212,249	24,305,678	26,881,484
PLANT & MACHINERY (OTHERS)	10,677,199	-	-	10,677,199	3,236,795	4.75	507,167	-	-	3,743,962	6,933,237	7,440,404
ASBESTO HANDLING SYSTEM	283,500	-	-	283,500	36,488	4.75	13,466	-	-	49,954	233,546	247,012
OFFICE EQUIPMENTS	2,582,595	-	-	2,582,595	1,026,006	4.75	122,675	-	-	1,148,681	1,433,914	1,556,589
MOBILE	137,130	51,500	-	188,630	17,659	4.75	6,601	-	-	24,260	164,370	119,471
FURNITURE	4,235,846	-	-	4,235,846	2,558,692	6.33	232,579	-	-	2,791,271	1,444,575	1,677,154
COMPUTERS	2,647,559	38,438	-	2,685,997	2,349,491	16.21	262,800	-	-	2,612,291	73,706	298,068
AIRCONDITIONERS	341,570	31,500	-	373,070	51,450	4.75	20,413	-	-	71,863	301,207	290,120
METAL DETECTOR	102,222	-	-	102,222	20,701	16.21	16,570	-	-	37,271	64,951	81,521
VEHICLE	87,822	58,800	-	146,622	12,744	9.50	10,134	-	-	22,878	123,744	75,078
VEHICLES	9,133,737	2,317,058	4,501,287	6,949,508	6,603,884	9.50	999,655	-	3,298,017	4,305,522	2,643,986	2,529,853
TRANSPORT VEHICLES	6,973,620	1,519,617	1,209,391	7,283,846	2,825,906	9.50	689,541	-	921,551	2,593,896	4,689,948	4,147,712
PORTABLE GENERATOR SET	23,800	-	-	23,800	18,754	4.75	1,131	-	-	19,885	3,915	5,046
WIRE ROPES	4,258,041	-	-	4,258,041	1,094,254	4.75	202,257	-	-	1,296,511	2,961,530	3,163,787
FIRE FIGHTING EQUIPMENTS	165,134	-	-	165,134	62,088	4.75	7,844	-	-	69,932	95,202	103,046
BUILDING	292,542	-	-	292,542	28,249	3.34	9,771	-	-	38,020	254,522	264,293
SPECTRO METER	811,981	-	-	811,981	124,138	4.75	38,569	-	-	162,707	649,274	687,843
WEIGHING MACHINE	87,289	-	-	87,289	32,629	4.75	4,146	-	-	36,775	50,514	54,660
WEIGH BRIDGE	790,492	-	-	790,492	403,735	4.75	37,548	-	-	441,283	349,209	386,757
WINCH	101,000	-	-	101,000	52,843	4.75	4,798	-	-	57,641	43,359	48,157
T O T A L	412,744,952	5,281,610	9,643,504	408,383,058	155,266,609		18,134,236	673,107	6,064,911	168,009,041	240,374,016	257,478,342
INTANGIBLE ASSETS												
WEBSITE	107,630	-	-	107,630	21,054	20.00	21,526	-	-	42,580	65,050	86,576
T O T A L	412,852,582	5,281,610	9,643,504	408,490,688	155,287,663		18,155,762	673,107	6,064,911	168,051,621	240,439,066	257,564,918
PREVIOUS YEAR	408,876,527	1,401,658	-	410,278,185	117,166,144		18,273,344	824,593	-	136,264,080	274,014,105	291,710,383



## 2.11 NON-CURRENT INVESTMENTS

Particulars	As at	
	31st March, 2014	31st March, 2013
<b>A LONG TERM INVESTMENTS (AT COST)</b>		
<b>INVESTMENT IN EQUITY SHARES - UNQUOTED</b>	10.00	10.00
The Cuffe Parade Persepolis premises of Co-Operative Ltd. 1 (PY 1.00) share of Rs.10/- each paid up		
<b>INVESTMENTS IN PARTNERSHIP FIRMS *</b>	13,40,48,915	24,10,03,146
<b>Total</b>	13,40,48,925	24,10,03,156

\* Details Of Investment in Firms

Particulars	Share in Profit/ (Loss)	Amount	
		March, 31 2014	March, 31 2013
<b>In Partnership Firms</b>			
<b>Fixed Capital</b>			
Orchid Lakeview Developers	20.00%	100,000	100,000
White Mountain	25.00%	25,000	25,000
Orchid Woods Project	50.00%	65,644,140	10,000,000
Goyal Hariyana Realty	50.00%	50,000	50,000
Hariyana Air Product	60.00%	4,500,000	4,500,000
<b>Current A/c</b>			
Whitefield Projects	40.00%	1,585,955	-
Swastik Developers	33.33%	34,205,342	30,540,484
Orchid Lakeview Developers	20.00%	12,358,353	111,543,498
White Mountain	25.00%	4,486,368	62,861,712
Goyal Hariyana Realty	50.00%	6,102,577	16,261,699
Hariyana Air Product	60.00%	4,991,180	5,120,753
		134,048,915	241,003,146

## 2.12 LONG TERM LOANS &amp; ADVANCES

<b>A Security Deposits</b>		
Secured, considered good	90,000	65,000
Unsecured, considered good		
(A)	90,000	65,000
<b>B Unsecured, Considered good Loans and advances to:</b>		
- Related parties	-	-
- Other	-	894,075
(B)	-	894,075
<b>C Other loans and advances (specify nature)</b>		
Income Tax	-	-
Balance with statutory/government authorities	2,715,624	183,561
(C)	2,715,624	183,561
Total(A+B+C)	2,805,624	1,142,636

## HARIYANA SHIP BREAKERS LIMITED

### 2.13 NON-CURRENT ASSETS

Particulars	As at	
	31st March, 2014	31st March, 2013
<b>Miscellaneous expenses to the extent to be w/off or adjusted</b>		
- Preliminary Expenses	-	-
- Pre-operative Expenses pending for Capitalisation	-	3,018,523
Total	-	3,018,523

### 2.14 INVENTORIES

A	RAW MATERIALS & COMPONENTS (Valued at Cost)		
	<b>CLOSING BALANCE OF UNCUT SHIP</b>	1,138,464,500	154,254,200
	<b>CLOSING BALANCE OF MANUFACTURING OF SPONGE IRON</b>	5,398,912	34,926,298
		<b>1,143,863,412</b>	<b>189,180,498</b>
B	FINISHED GOODS (At Cost or Net realisable Value)		
	<b>CLOSING BALANCE</b>	-	29,593,785
C	BY PRODUCTS (DOLACHAR) -Valued at realisable Value		
	<b>CLOSING BALANCE</b>	194,215	228,929
D	STORES AND SPARES		
	<b>CLOSING BALANCE</b>	-	2,211,925
E	WORK-IN-PROGRESS- (Valued at Cost)		
	<b>CLOSING BALANCE</b>	-	1,022,501
	Total	<b>1,144,057,627</b>	<b>222,237,638</b>

### 2.15 TRADE RECEIVABLES

Trade receivables outstanding		
For a period less than six months from the date they are due for payment		
Unsecured, Considered good	63,947,112	2,996,488,862
(A)	<b>63,947,112</b>	<b>2,996,488,862</b>
Trade receivables outstanding		
For a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	318,361,730	2,930,484
(B)	<b>318,361,730</b>	<b>2,930,484</b>
Total(A+B)	<b>382,308,842</b>	<b>2,999,419,346</b>

## 2.16 CASH &amp; CASH EQUIVALENTS

Particulars	As at	
	31st March, 2014	31st March, 2013
Cash in Hand	5,27,008	1,344,188
Balances with scheduled banks	2,88,40,209	282,232
Total	2,93,67,217	1,626,420

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

In current account		
- Punjab National Bank (Mumbai) HFPL A/c No.34332	-	13,500
- Punjab National Bank (Mumbai) HMEPL A/c No.32662	-	11,445
Balances with scheduled banks (In Current Accounts)	3,366,019	156,310
- Punjab National Bank - CC 1040	14,413	45,089
- Punjab National Bank - CC2793	-	9,634
- State Bank of India	88,314	46,254
- Punjab National Bank (Mumbai) OD 376097	25,371,463	-
Total	28,840,209	282,232

## 2.17 SHORT-TERM LOANS &amp; ADVANCES

<b>Unsecured, considered good</b>		
<b>A Loans and Advances to</b>		
- Related parties	-	248,845,725
- Other parties	1,171,508,775	1,080,000,000
(A)	1,171,508,775	1,328,845,725
<b>Unsecured, considered good</b>		
<b>B Others</b>		
Prepaid Expenses	83,304	259,568
Deposits	627,204	3,738,031
Staff Advances	163,294	-
Advances recoverable in cash or kind or value to be received	1,241,815	55,845,519
Balance with statutory/government authorities	1,957,482	3,103,169
Advance Income Taxes	24,353,606	-
B)	28,426,705	62,946,287
Total(A+B)	1,199,935,480	1,391,792,012

## 2.18 OTHER CURRENT ASSETS

<b>Unsecured, considered good</b>		
Current portion of Preliminary & Share Issue Expenses	-	5,797
Advance to suppliers	402,470,320	524,728
Deposits	266,960	1,000
Total	402,737,280	531,525

## HARIYANA SHIP BREAKERS LIMITED

### 2. 19 REVENUE FROM OPERATIONS

Particulars	As at	
	31st March, 2014	31st March, 2013
SALES OF PRODUCTS	1,589,724,991	2,003,014,637
SALES OF TRADING GOODS		
- HIGH SEAS SALES	-	163,082,706
- LOCAL SALES	3,122,534,764	8,049,879,978
Gross Sales	4,712,259,755	10,215,977,321
Less: Excise Duty	(20,971,765)	(70,084,983)
Total	4,691,287,990	10,145,892,338

### 2. 20 OTHER INCOME

<b>INTEREST INCOME ON</b>		
ON BANK FDR	17,146	240
INTEREST INCOME FROM CUSTOMER	55,709,713	29,346,812
FROM OTHER PARTIES	172,362,443	170,781,416
FROM PARTNERSHIP FIRMS	1,258,324	698,654
RENT RECEIVED	3,359,251	2,851,076
INSURANCE CLAIM RECEIVED	-	298,895
<b>PROFIT/(LOSS) FROM PARTNERSHIP FIRM</b>		
SHARE OF PROFIT/(LOSS) OF WHITEFIELD PROJECTS (FY 2012-13)	-	34,900,079
SHARE OF PROFIT/(LOSS) OF WHITEFIELD PROJECTS (FY 2013-14)	29,785,955	-
SHARE OF PROFIT/(LOSS) OF ORCHID LAKEVIEW DEVELOPERS (FY 2011-12)	-	(760)
SHARE OF PROFIT/(LOSS) OF ORCHID WOOD PROJECTS (FY 2013-14)	55,644,140	-
SHARE OF PROFIT/(LOSS) OF WHITEFIELD PROJECTS (FY 2011-12)	-	(440,774)
SHARE OF PROFIT/(LOSS) OF WHITE MOUNTAIN (FY 2011-12)	-	(4,582)
SHARE OF PROFIT/(LOSS) OF GOYAL HARIYANA REALITY	(956)	-
SHARE OF PROFIT/(LOSS) - HARIYANA AIR PRODUCT	(2,717,144)	179,877
<b>OTHER INCOME</b>		
EXCISE REFUNDS	-	70,864
AMOUNT WRITTEN OFF AS NO LONGER PAYABLE	281,129	14,081
BROKERAGE & COMMISSION	-	135,928
PROFIT ON SALE OF ASSET	1,271,345	-
OTHER MISC - INCOME	35,553	67,232
Total	317,006,899	238,899,038

## 2.21 COST OF MATERIALS CONSUMED

Particulars	As at	
	31st March, 2014	31st March, 2013
INVENTORY AT THE BEIGINNING OF THE YEAR	189,180,498	704,712,233
<b>ADD:</b> PURCHASE OF RAW MATERIAL	2,399,818,582	1,289,972,581
	2,588,999,080	1,994,684,814
<b>LESS:</b> INVENTORY AT THE END OF THE YEAR	1,143,863,412	189,180,498
<b>COST OF RAW MATERIAL CONSUMED</b>	<b>1,445,135,668</b>	<b>1,805,504,316</b>

## 2.22 PURCHASE OF STOCK-IN-TRADE

PURCHASES	2,955,809,623	7,792,751,583
<b>PURCHASE OF RAW MATERIAL</b>	<b>2,955,809,623</b>	<b>7,792,751,583</b>

## 2.23 MANUFACTURING &amp; OPERATING COSTS

CARRIGE & CARTAGE	14,340	1,413,056
COMPENSATION TO FARMERS	849,377	1,102,214
CONSUMPTION OF STORE & SPARE PARTS	5,857,265	3,954,314
ENVIRONMENT PROTECTION CHARGES	148,744	151,150
GASES EXPENSES	18,961,931	26,968,528
GMB PENALTY CHARGES	-	10,000
OTHER MANUFACTURING & OPERATING EXPENSES	10,112	10,112
PLOT RENT & PLOT DEVELOPMENT CHARGES	1,223,601	1,223,600
POWER & FUEL	3,334,686	13,471,720
REPAIRS & MAINTENACES	2,755,421	6,670,842
SCREENING WORK	2,817,500	-
OTHER EXPENSE	-	474,300
JCB HIRE CHARGES	265,500	-
WEIGHING EXP	2,070	84,990
<b>TOTAL</b>	<b>36,240,547</b>	<b>55,534,826</b>

## 2.24 CHANGES IN INVENTORIES OF FINISHED GOODS

<b>INVENTORY AT THE BEIGINNING OF THE YEAR</b>		
- FINISHED GOODS	29,593,785	35,808,903
- BY PRODUCT GOODS	228,929	52,281
- WORK-IN-PROGRESS	1,022,501	2,627,600
(A)	30,845,215	38,488,784
<b>INVENTORY AT THE END OF THE YEAR</b>		
- FINISHED GOODS	-	29,593,785
- BY PRODUCT GOODS	194,215	228,929
- WORK-IN-PROGRESS	-	1,022,501
<b>INCREASE/(DECREASE) IN FINISHED STOCK (A-B)</b>	<b>30,651,000</b>	<b>7,643,569</b>

## HARIYANA SHIP BREAKERS LIMITED

### 2. 25 EMPLOYEE BENEFITS EXPENSES

Particulars	As at	
	31st March, 2014	31st March, 2013
SALARIES & WAGES	14,476,210	21,921,527
CONTRIBUTION TO PROVIDENT FUND	94,901	243,066
CONTRIBUTION TO E.S.I.C.	474,190	137,248
BONUS	1,919,317	2,081,413
WORKER INSURANCE	282,177	286,573
LABOUR WELFARE FUND- EMPLOYERS CONTRIBUTION	-	468
STAFF WELFARE EXPENSES	449,251	505,427
<b>TOTAL</b>	<b>17,696,046</b>	<b>25,175,722</b>

### 2. 26 FINANCE COSTS

BANK COMMISSION & CHARGES	2,944,538	143,109,072
INTEREST EXPENSES ON :		
BANK LOANS	22,007,250	22,815,085
PAID TO BRANCH OFFICE	-	1,529
PAID TO OTHER PARTIES	14,798,509	12,861,349
DELAYED PAYMENT OF STATUTORY DUES	60,642	211,320
LC DISCOUNTING CHARGES	90,040,649	48,881,229
Total	129,851,588	227,879,584

### 2. 27 OTHER EXPENSES

<b>ADMINISTRATIVE EXPENSES</b>		
ADVERTISEMENTS	31,424	39,994
ACCOUNTING CHARGES	120,000	120,000
BAD DEBTS	47,295,340	1,636,300
COMPUTER CHARGES	63,690	53,792
COMPESATION-OTHERS	-	40,000
CUSTOMS DUTY EXPENSE	27,707	46,480
DONATION	86,301	100,396
ELECTRIC EXPESNSES	115,148	175,459
FEES & SUBSCRIPTION	167,004	26,234
FOREIGN CURRENCY TRANSACTION VARIATION	104,286,040	128,343,447
GENERAL EXPENSES	207,394	291,269
INSURANCE	85,424	245,622
LEGAL & PROFESSIONAL EXPENSES	2,632,736	1,714,009
LOSS ON SALE OF ASSETS	1,002,552	-
LISTING EXPENSES	61,798	61,798
OFFICE RENT	158,500	216,000

OFFICE & FACTORY MAINTENANCE	31,416	6,335
PAYMENT TO AUDITOR *	179,246	182,789
PENALTY & INTEREST CHARGES	115,819	-
POSTAGE & COURIER	78,473	218,665
PRELIMINARY EXPENSES- WRITTEN OFF	5,797	72,497
PRINTING & STATIONERY	155,017	302,181
PROFESSIONAL TAX	2,000	2,000
RATE & TAXES	8,097,491	1,356,789
REPAIR & MAINTENANCE	17,635	193,545
SECURITIES GAURD EXPENSES	1,045,988	1,683,998
SHARE DEMAT	1,144	449
SOCIETY MAINTENANCE	375,653	119,871
TELEPHONE EXPENSES	147,027	221,252
TESTING & INSPECTION CHARGES	3,100	26,090
TRAVELLING EXPENSES	770,689	470,556
VEHICLE & CONVEYNCE EXPENSES	724,346	1,433,175
WATER EXPENSES	-	5,340
<b>SUB TOTAL</b>	<b>168,091,899</b>	<b>139,406,332</b>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
BUSINESS PROMOTION CHARGES	121,989	283,511
BROKERAGE & COMMISSION	842,810	925,682
FREIGHT OUTWARD	235,058	693,862
PACKING MATERIAL	14,020	280
SALES TAX	49,974,919	84,005,344
<b>SUB TOTAL</b>	<b>51,188,796</b>	<b>85,908,679</b>
Total	219,280,695	225,315,011
<b># PAYMENT TO AUDITOR</b>		
<b>AS AUDITOR :</b>		
AUDIT FEE	136,662	136,662
TAX AUDIT FEE	23,483	23,483
OTHER SERVICES	19,101	22,644
Total	179,246	182,789

**2. 28 TAX EXPENSES**

Particulars	As at	
	31st March, 2014	31st March, 2013
Current tax:		
- Income taxes	25,546,509	64,183,630
Deferred taxes	(1,984,006)	(1,801,523)
Taxes of earlier years w/off	-	-
Total	23,562,503	62,382,107

**2. 29 EARNING PER SHARES**

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

Profit after tax as per profit & Loss accounts	131,911,457	164,254,182
Add: Prior Period Adjustments	-	-
Less :Dividend on Preference Shares including dividend Tax	-	-
Net profit for calculation of Earning per shares	131,911,457	164,254,182
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	21.39	26.64
Diluted earnings per share	21.39	26.64

**2. 30 SEGMENT INFORMATION**

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

Segment	Principal Activities
Investment& Trading Activity	Trading in Ferrous and Non Ferrous Metals, Coils and Coal
Ship Breaking Activity	Dismantling / Breaking of old and used ships
Steel and Power	Manufacture of Sponge Iron

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



## Business Segments

(Rs. In lacs)

Particulars	Investment & Trading	Ship Breaking	Steel & Power	Total Operation
<b>Segment Revenue</b>				
External revenue from activities	<b>31,225.35</b> <i>82,129.63</i>	<b>14,938.77</b> <i>16,376.97</i>	<b>748.76</b> <i>2,952.33</i>	<b>46,912.88</b> <i>101,458.92</i>
Other Income	<b>3,160.45</b> <i>2,372.30</i>	<b>(13.29)</b> <i>12.19</i>	<b>22.90</b> <i>4.50</i>	<b>3,170.07</b> <i>2,388.99</i>
<b>Total revenue as per Profit &amp; Loss</b>	<b>34,385.80</b> <i>84,501.93</i>	<b>14,925.48</b> <i>16,389.16</i>	<b>771.67</b> <i>2,956.83</i>	<b>50,082.95</b> <i>103,847.91</i>
Add: Inter segment Interest income	-	<b>536.81</b>	-	<b>536.81</b>
-	-	<i>827.78</i>	-	<i>827.78</i>
<b>Total Segment Revenue</b>	<b>34,385.80</b> <i>84,501.93</i>	<b>15,462.29</b> <i>17,216.94</i>	<b>771.67</b> <i>2,956.83</i>	<b>50,619.76</b> <i>104,675.69</i>
Less: Financial Charges(external)	<b>1,167.76</b> <i>2,057.78</i>	<b>73.05</b> <i>99.15</i>	<b>57.70</b> <i>121.87</i>	<b>1,298.52</b> <i>2,278.80</i>
Less: Inter segment Interest expense	<b>244.11</b> <i>441.61</i>	-	<b>292.70</b> <i>386.17</i>	<b>536.81</b> <i>827.78</i>
Less: Operating expenses	<b>29,666.63</b> <i>78,309.83</i>	<b>16,002.56</b> <i>17,640.93</i>	<b>1,560.50</b> <i>3,352.00</i>	<b>47,229.69</b> <i>99,302.76</i>
<b>Segment Results</b>	<b>3,307.29</b> <i>3,692.71</i>	<b>-613.32</b> <i>-523.15</i>	<b>-1,139.23</b> <i>-903.20</i>	<b>1,554.74</b> <i>2,266.36</i>
<b>Less: Current Taxes</b>				<b>(235.63)</b> <i>(623.82)</i>
Extraordinary profit/loss				-
<b>Net Profit</b>				<b>1,319.11</b> <i>1,642.54</i>
<b>Segment Assets</b>				
Total Assets	<b>21,015.32</b> <i>45,319.38</i>	<b>12,269.34</b> <i>2,229.63</i>	<b>2,072.35</b> <i>3,634.35</i>	<b>35,357.00</b> <i>3,634.35</i>
<b>Segment Liabilities</b>				
Total Liabilities	<b>6,083.42</b> <i>34,553.45</i>	<b>20,197.98</b> <i>8,700.23</i>	<b>666.76</b> <i>833.23</i>	<b>26,948.17</b> <i>44,086.91</i>
<b>Net Asstes</b>	<b>14,931.89</b> <i>79,872.83</i>	<b>-7,928.64</b> <i>10,929.87</i>	<b>1,405.58</b> <i>4,467.58</i>	<b>8,408.83</b> <i>47,721.26</i>

(\* Figures in italics are in respect of the previous year)

## 2.31 Related Party Transactions :

## a) Key Management personnel

- i) Sweety Reniwal
- ii) Tanmay Agarwal
- iii) Sandeep Rampurshottam Agarwal

## HARIYANA SHIP BREAKERS LIMITED

- iv) Shivshankar G. Agarwal
- v) Tanmay Trilokchand Agarwal
- b) Other related parties where there have been transactions :**  
Enterprises commonly controlled or influenced by major shareholder/directors/ relative of directors of the Company:
  - i) Orchid Lakeview Developers
  - ii) Swastik Developers
  - iii) White Mountain
  - iv) Whitefield Project
  - v) Hariyana Internation Private Limited
  - vi) Hariyana Ship Demolition Private Limited
  - vii) Hariyana Air Product
  - viii) Inducto Steel Limited

### The details of transaction with related parties

In Rupees

Nature of transactions	Related Personnel		Other related parties	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>INCOME</b>				
<b>INTEREST INCOME</b>				
Hariyana Ship Demolition Private Limited	-	-	-	11,536,861
Orchid Lakeview Developers	-	-	3,303,855	9,803,447
Swastik Developers	-	-	3,664,858	3,272,195
White Mountain	-	-	1,624,656	6,732,216
Goyal Hariyana Realty	-	-	1,341,834	261,699
Hariyana Air Product	-	-	1,258,324	698,654
	-	-	11,193,527	32,305,072
<b>OXYGEN GAS PURCHASES</b>				
Hariyana Air Product	-	-	7,396,819	13,297,326
	-	-	7,396,819	13,297,326
<b>INTEREST PAID</b>				
Hariyana Ship Demolition Private Limited	-	-	8,113,073	-
Whitefield Project	-	-	2,088,468	-
Tanmay Trilokchand Agarwal	1,532,322	1,843,948	-	-
	1,532,322	1,843,948	10,201,541	-
<b>LOAN GIVEN</b>				
Hariyana Ship Demolition Private Limited	-	-	1,904,355,725	3,714,205,005
Inducto Steel Ltd.	-	-	6,574,000	-
Whitefield Project	-	-	92,847,523	22,500,000
	-	-	2,003,777,248	3,736,705,005
<b>LOANTAKEN</b>				
Hariyana Ship Demolition Private Limited	-	-	1,945,010,000	3,815,392,224
Inducto Steel Ltd.	-	-	6,574,000	-
Whitefield Project	-	-	65,000,000	148,500,000
	-	-	2,016,584,000	3,963,892,224

**OUTSTANDING BALANCES AS ON MARCH 31, 2014**

**The details of transaction with related parties**

Nature of transactions	Key Management Personnel		Other related parties	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>SUNDRY CREDITORS</b>				
Hariyana Air Product	-	-	1,187,166	430,591
	-	-	1,187,166	430,591
<b>LOANTAKEN</b>				
Hariyana Ship Demolition Private Limited	-	-	47,956,041	-
	-	-	47,956,041	-
<b>LOAN &amp; ADVANCE GIVEN</b>				
Hariyana Ship Demolition Private Limited	-	-	-	248,845,725
	-	-	-	248,845,725

**CONTINGENT LIABILITIES & COMMITMENTS (TO EXTENT NOT PROVIDED FOR)**

**(A) Contingent Liabilities**

- FY : 2006-07, Pending appeal before Hon. ACIT, Central circle 41, Mumbai	396,780	396,780
- FY : 2008-09, Pending appeal before Hon. ITAT, Mumbai	188,120	188,120
- FY : 2009-10, Pending appeal before Hon. ACIT, Central circle 38, Mumbai	200,550	200,550
- FY : 2010-11, Pending appeal before Hon. ACIT, Central circle 7, Mumbai	358,140	-
	<u>1,143,590</u>	<u>785,450</u>

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

**2. 32 Detail of Quantity & Value of Stock**

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

Particulars of licenced,installed capacity & actual production	As at 31st March 2014		As at 31st March 2013	
	Ship Breaking	Steel & Power	Ship Breaking	Steel & Power
	Quantity MT	Quantity MT	Quantity MT	Quantity MT
i) Licenced capacity	N.A.	85,000.000	N.A.	N.A
ii) Installed capacity	N.A.	60,000.000	N.A.	N.A
iii) Actual production	42,229.170	4,635.070	49,530.950	15,601.140

**HARIYANA SHIP BREAKERS LIMITED**

(In Lacs)

1-A Particulars of Finished Goods	Quantity MT.		Value Rs.	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Ship Breaking</b>				
Opening Stock	-	-	-	-
Production	42,229.170	48,728.190	14,054.84	15,381.65
Sales of Finished Goods	42,229.170	48,728.190	15,058.80	16,712.70
Closing Stock	-	-	-	-
<b>Steel &amp; Power</b>				
Opening Stock	2,098.850	2,554.140	295.94	358.09
Sales of Finished Goods	4,635.070	16,056.420	748.76	2,952.33
Closing Stock	-	2,098.850	-	295.94
<b>Trading Division</b>				
Opening Stock	-	-	-	-
Purchases	131,804.059	513,555.854	29,558.10	77,927.52
Sales	131,804.059	513,555.854	31,225.35	82,129.63
Closing Stock	-	-	-	-
<b>B Value of Imported and indigenous Raw Materials consumed (Excluding Trading)</b>				
Indigenous	7,567.110	57,228.280	396.52	2,673.39
Imported	47,583.000	53,820.200	14,054.84	15,381.65
	55,150.110	111,048.480	14,451.36	18,055.04
<b>C Value of Imported and indigenous Stores &amp; Spares consumed</b>				
Indigenous	-	-	4,010,752.00	1,691,932.00
Imported	-	-	-	-
	-	-	4,010,752.00	1,691,932.00
<b>D CIF Value of Imports</b>				
Raw Material of Melting Scrap			20,066.45	8,583.74
Stores & Spares			-	-
Trading Goods			-	1,597.58
Capital Goods			-	-
Total			20,066.45	10,181.32

2. 34 Significant accounting policies and practices adopted by the Company are disclosed in the statement annexed to these financial statements.

Significant accounting policies & notes on account

**For P. D. Goplani & Associates**

Chartered Accountants

Firm Registration No:118023W

Sd/-

CA Prem Goplani

**Partner**

M.No.: 103765

Place:Bhavnagar

Date : 28th May, 2014

For and on behalf of the Board of Directors

**HARIYANA SHIP BREAKERS LIMITED**

Sd/-

Shantisarup Reniwal  
Chairman and MD

Sd/-

Rakesh Reniwal  
Director

## HARIYANA SHIP BREAKERS LIMITED

Reg, Office: 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021.  
CIN: L61100MH1981PLC024774, Web: www.hariyanagroup.com, Email: contact@hariyanagroup.com,  
Tel: 022 22043211 Fax 022 22043215

### ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Name of the Member:

Registered Address

Folio No.	DP ID*	Client ID*	No. of shares held

\*applicable in case of shares held in electronic form

I hereby record my presence at the 33<sup>rd</sup> ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 30<sup>th</sup> day of September, 2014 at 9.00 a.m. at 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021.

Signature of the Shareholder or Proxy\*

\* Strike out whichever is not applicable

## HARIYANA SHIP BREAKERS LIMITED

Reg, Office: 156 Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021.  
CIN: L61100MH1981PLC024774, Web: www.hariyanagroup.com, Email: contact@hariyanagroup.com,  
Tel: 022 22043211 Fax 022 22043215

### PROXY FORM

(As per MGT -11 and pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management & Administration Rules, 2014)

Name of the Member(s) :	No. of shares held
Registered Address :	
E – mail id :	
Folio No. / Client ID* :	
DP ID*	

\*applicable in case of shares held in electronic form

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint:

- Name ..... Address: .....  
....., Email id: ..... Signature: ..... or failing him;
- Name ..... Address: .....  
....., Email id: ..... Signature: ..... or failing him;
- Name ..... Address: .....  
....., Email id: ..... Signature: ..... or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 30<sup>th</sup> day of September, 2014 at 9.00 A.M. at 156, Maker Chamber VI, 220, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400021 and at any



adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions(s)	Type of resolution(s)	Assent	Dissent
1	Adoption of Financial Statements	Ordinary		
2	Appointment of Director	Ordinary		
3	Appointment of Auditors and fixing their remuneration	Ordinary		
4	Regularisation of Mrs. Unnati Reniwal as a Director	Ordinary		
5	Appointment of Mr. Pradeep Bhatia as an Independent Director	Ordinary		
6	Appointment of Mr. Tejas Thakkar as an Independent Director	Ordinary		
7	Appointment of Mr. Shantisarup Reniwal as the Managing Director	Special		
8	To borrow monies in excess of its paid up share capital and reserves, to the extent of Rs. 500 crores.	Special		
9	Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013	Special		

Signed this ..... day of ..... 2014

Signature of the shareholder

Signature of the Proxy holder (s)

Affix One Rupee Revenue Stamp
--

- Note:** 1. This form of proxy in order to be effective should be duly stamped, completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Those members who have multiple folios with different jointholders may use copies of this Attendance slip/proxy form.



FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Hariyana Ship Breakers Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Matter of Emphasis:  Consolidated audited financial statements include divisions/branches audited by respective branch auditors.
4.	Frequency of observation	-
5.	To be signed by-  • CEO/Managing Director  • CFO  • Auditor of the company  • Audit Committee Chairman	FOR HARIYANA SHIP BREAKERS LTD.  <i>Gurpreet Singh</i>  DIRECTOR  There is no CFO appointed yet.  <i>Shankar</i>



**FORM B**

**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1.	Name of the Company	<b>Hariyana Ship Breakers Limited</b>
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation Un-qualified / Matter of Emphasis	NON PROVISION FOR GRATUITY AND LONG TERM EMPLOYEE BENEFITS.
4.	Frequency of observation	Since last year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>NON PROVISION FOR GRATUITY AND LONG TERM EMPLOYEE BENEFITS.</p> <p>The management is of the opinion that since none of the employees of the company were in continuous service for more than five years, question of making provision for gratuity does not arise. Further, the management is of the opinion that payment of pension act is not applicable to the company.</p>
6.	Additional comments from the board/audit committee chair:	Nil
7.	To be signed by- <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• CFO</li> <li>• Auditor of the company</li> <li>• Audit Committee Chairman</li> </ul>	<p>FOR HARIYANA SHIP BREAKERS LTD.</p> <p><i>Manoj Kumar</i></p> <p align="right">DIRECTOR</p> <p>There is no CFO appointed</p> <p align="right"><i>Shakti</i></p>

