



# HARIYANA

## SHIP BREAKERS LTD

ISO Certified (ISO 14001:2004 / 9001:2008 / 30000:2009)

# ANNUAL REPORT

## 36TH

## 2016-17

Real Estate

Sponge Iron

Trading

Investment

Ship Breaking

**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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## **HARIYANA SHIP BREAKERS LIMITED**

### **HARIYANA SHIP- BREAKERS LIMITED**

**(CIN: L61100MH1981PLC024774)**

### **CORPORATE INFORMATION**

#### **BOARD OF DIRECTORS**

Mr. Shantisarup Reniwal (DIN: 00040355)	Chairman & Executive Director (Resigned from the designation of Managing Director and retained as Executive Director w.e.f. April 1, 2017)
Mr. Rakesh Reniwal (DIN: 00029332)	Managing Director (w.e.f. April 01, 2017)
Mrs. Unnati Reniwal (DIN: 00041306)	Executive Director
Mr. Manohar Wagh (DIN: 02622648)	Independent & Non Executive Director
Mr. Pradeep Lilaram Bhatia (DIN: 02903984)	Independent & Non Executive Director
Mr. Tejasbhai Thakker (DIN: 03017277)	Independent & Non Executive Director

#### **KEY MANAGERIAL PERSON**

Mr. Rakesh Reniwal	Managing Director (w.e.f. April 01, 2017)
Mr. Rajeev Reniwal	Chief Financial Officer
Ms. Swati Chauhan	Company Secretary & Compliance Officer

#### **STATUTORY AUDITORS**

M/s. P. D. Goplani & Associates

#### **SECRETARIAL AUDITORS**

M/s. Dilip Bharadiya & Associates

#### **INTERNAL AUDITOR**

Mr. Amol Shah

#### **BANKER(S)**

Punjab National Bank

#### **REGISTERED OFFICE**

156, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai- 400021  
E-mail: [contact@hariyanagroup.com](mailto:contact@hariyanagroup.com) | Website: [www.hariyanagroup.com](http://www.hariyanagroup.com)

#### **BRANCH OFFICE**

Hariyana House, 2165/A-2, 2<sup>nd</sup> Floor, Sanskar Mandal Chowk, Bhavnagar-364002

#### **SHIP BREAKING YARD**

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

#### **REGISTRAR & SHARE TRANSFER AGENTS (R&TA)**

Sharex Dynamic (India) Pvt. Ltd.  
Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400072  
Tel: 2851 5606/ 2851 5644 Fax: 2851 2885  
E-mail: [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)  
Website: [www.sharexindia.com](http://www.sharexindia.com)

**NOTICE**

Notice is hereby given that the **36<sup>th</sup> Annual General Meeting** (*“the Meeting”*) of the members of **Hariyana Ship- Breakers Limited** (*“the Company”*) (CIN: L61100MH1981PLC024774) will be held on **Saturday, September 30, 2017 at 09.30 a.m.** at Registered Office of the Company situated at 156, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai- 400021 to transact, with or without modification(s), as may be permissible, the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on March 31, 2017 alongwith the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Unnati Rakesh Reniwal (DIN: 00041306), who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint M/s. P.D Goplani & Associates, Chartered Accountants, Bhavnagar (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 as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (*“the Act”*) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and the Board, M/s. P. D. Goplani & Associates, Chartered Accountants, Bhavnagar having ICAI Firm Registration No. 118023W, be and are hereby re-appointed as Statutory Auditors of the Company for a period of 5 years i.e. to hold office from the conclusion of this Annual General Meeting until the conclusion of 41<sup>st</sup> Annual General Meeting of the Company to be held in the financial year 2022 subject to ratification at every annual general meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors in addition to applicable taxes and re-imburement of out of pocket expenses incurred by them in connection with the audit of accounts of the Company.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

4. To appoint M/s. LLB & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 117758W) in place of the retiring auditors M/s. Lahoti Navneet & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 116870W) as Branch Auditors for the Mumbai division of the Company and to fix their remuneration

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

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**“RESOLVED THAT** pursuant to the provisions of Sections 139, 143(8) and other applicable provisions, if any, of the Companies Act, 2013 (*“the Act”*) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and the Board, M/s. LLB & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 117758W), be and are hereby appointed as Branch Auditors of the Company in place of the retiring auditors M/s. Lahoti Navneet & Co, Chartered Accountants, Mumbai (ICAI Firm Registration No. 116870W) to audit the Accounts of the Mumbai Division of the Company for a period of 5 years i.e. to hold office from the conclusion of this Annual General Meeting until the conclusion of 41<sup>st</sup> Annual General Meeting of the Company to be held in the financial year 2022 subject to ratification at every annual general meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors in addition to applicable taxes and re-imburement of out of pocket expenses incurred by them in connection with the audit of accounts of the Company.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

### SPECIAL BUSINESS:

5. Appointment of Mr. Rakesh Reniwal (DIN: 00029332) as Managing Director of the Company

To consider and if thought fit, pass the following resolution as Special Resolution:

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board in its meeting held on April 01, 2017 and subject to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013 (*“the Act”*), the relevant provisions of the Articles of Association of the Company and subject to such other approvals, as may be necessary, the Company hereby approves the appointment and terms of remuneration of Mr. Rakesh Reniwal (DIN: 00029332) as the Managing Director of the Company for a period of 3 years w.e.f. April 01, 2017 and upon the terms and conditions as detailed in the explanatory statement attached hereto including remuneration with further liberty to the Board of Directors of the Company (hereinafter referred to as *“the Board”* which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time to alter the said terms and conditions of appointment and remuneration of Mr. Rakesh Reniwal in the best interests of the Company and as may be permissible at law.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Rakesh Reniwal, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

On behalf of the Board of Directors

For **Hariyana Ship- Breakers Limited**

Sd/-

**Shantisarup Reniwal**

Chairman

(DIN: 00040355)

Date: May 30, 2017

Place: Mumbai

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) setting out material facts concerning the business under Item Nos. 4 & 5 of the Notice, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“AGM” OR THE “MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A 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.

3. Corporate members are requested to forward a certified copy of the Board Resolution in terms of Section 113 of the Act authorizing their representative(s) to attend and vote on their behalf at the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain close from Sunday, September 24, 2017 to Saturday, September 30, 2017 (both days inclusive).
5. Details in pursuance of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“*Listing Regulations*”) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting under Item No. 2 of the Notice, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.
6. Pursuant to Sections 101 and 136 of the Act read with the relevant rules made thereunder, Companies can serve Annual reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or Depository Participant(s).

Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in ‘E-Communication Registration Form’, available on the website of the Company i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com) and also forming part of this Notice, to the Company or Sharex Dynamic (India) Pvt. Ltd., Registrar and Transfer Agent of the Company.

Members holding shares in dematerialised form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.

Members may also note that the Notice of the 36<sup>th</sup> AGM and the Annual Report for Financial Year 2016-17 will also be available on the Company's website i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com) for downloading. The physical copies of all the documents mentioned/ referred to in this Notice will also be available at the Company's Registered Office for inspection during normal business hours on working days.

Even after registering for E-communication, Members are entitled to receive such communication in physical form free of cost, upon making a request for the same. Members desirous of receiving any communication vide a particular mode of service, would be entitled to receive such communication vide such mode of service, on payment of requisite fees as determined by the Company. For any communication, the Members may also send requests to the Company's e-mail ID i.e. [contact@hariyanagroup.com](mailto:contact@hariyanagroup.com).

7. Members are requested to :-

- i. write to the Company at least 7 days before the date of the meeting in case they desire any information as regards the Audited Accounts for the financial year ended March 31, 2017 so as to enable the Company to keep the information ready.
- ii. bring their copy of the Annual Report, Attendance slip and their photo identity proof at the Annual General Meeting.
- iii. intimate to their Depository Participants (DPs) about all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc. where the shares are held in electronic form and not to the Company/ R&TA. Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents (R&TA) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to R&TA.
- iv. consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Registrars and Transfer Agents (R&TA) for assistance in this regard.
- v. quote Registered Folio no. or DP ID/Client ID no. in all their correspondences.
- vi. approach the R&TA of the Company for consolidation of folios.
- vii. avail nomination facility by filing in form SH-13 in accordance with Section 72 of the Companies Act, 2013 and forward the same to the R&TA, if not done. (Applicable for those holding shares in physical form).
- viii. send all share transfer lodgments (physical mode)/ correspondence to the R&TA of the Company- Sharex Dynamic (India) P Ltd. Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072 upto the date of book closure.

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8. The equity shares of the Company are listed on the BSE Limited. The listing fees till date have been paid.
9. All the relevant documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. to 3:00 p.m. on all working days except Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof. The aforesaid documents will also be available for inspection by members at the meeting.
10.
  - i. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Company is pleased to provide its members the facility to exercise their right to vote on resolutions proposed to be considered at the 36<sup>th</sup> Annual General Meeting (“AGM”) by electronic means and the business may be transacted through e-voting services. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility and the members may cast their votes using an electronic voting system from a place other than venue of the AGM (*i.e.*, “*remote e-voting*”).
  - ii. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - iii. The Members who have cast their vote by remote E-voting prior to the AGM will be entitled to and may attend the AGM and their presence shall be counted for the purpose of Quorum. However, they shall not be entitled to cast their vote again. If a Member casts vote by more than one mode of voting including remote E-voting, then voting done through remote E-voting shall prevail and other shall be treated as invalid.
  - iv. The remote e-voting period will commence on Wednesday, September 27, 2017 (9:00 a.m.) and will end on Friday, September 29, 2017 (5:00 p.m.). During this period, members of the Company holding shares either in physical form or in dematerialized form as on the cut-off date *i.e.*, September 23, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

### **The process and manner for remote e-voting are as under:**

- A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
  - i. Open email and open PDF file viz; ‘remote e-voting.pdf’ with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

- ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - iii. Click on Shareholder – Login
  - iv. If you are logging-in for the first time, please enter the user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - vii. Select ‘EVEN’ (E-Voting Event Number) of ‘HARIYANA SHIP BREAKERS LIMITED” which is 107017.
  - viii. Now you are ready for remote e-voting as Cast Vote page opens.
  - ix. Cast your vote by selecting appropriate option and click on ‘Submit’ and also ‘Confirm’ when prompted.
  - x. Upon confirmation, the message ‘Vote cast successfully’ will be displayed.
  - xi. Once you have voted on the resolution(s), you will not be allowed to modify your vote.
  - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is / are authorised to vote, to the Scrutinizer via e-mail: [dilipbcs@gmail.com](mailto:dilipbcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- B. In case a member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/depository participant(s) or requesting physical copy]:
- i. Initial password is provided in the attendance slip: - EVEN USER ID and PASSWORD/PIN.
  - ii. Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.
11. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
12. If you are already registered with NSDL for remote e-voting, you can use your existing user ID and password/PIN for casting your vote.

**NOTE:** Shareholders who forgot the User Details/Password can use “Forgot User Details/ Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

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*In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).*

*In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).*

13. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
14. Voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e., September 23, 2017.
15. Any person who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e., September 23, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), [contact@hariyanagroup.com](mailto:contact@hariyanagroup.com).

However, if you are already registered with NSDL for remote e-voting, you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

16. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
17. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
18. The Company has appointed Mr. Dilip Bharadiya, Practicing Company Secretary, to act as the Scrutinizer and to scrutinize the entire e-voting process (i.e. remote e-voting and ballot voting at the AGM) in a fair and transparent manner.
19. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
20. The Scrutinizer shall, after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and shall make, not later than forty eight hours from the conclusion of the AGM, a Combined Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
21. The results declared along with the report of the Scrutinizer, will be placed on the website of the Company viz. [www.hariyanagroup.com](http://www.hariyanagroup.com) and on the website of NSDL viz. [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately

forwarded to the BSE Limited, Mumbai and shall be made available for inspection at the Registered Office of the Company.

22. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
23. The Securities and Exchange Board of India (“SEBI”) has mandated submission of PAN by every participant in the Securities Market. Members holding shares in electronic form are requested to submit PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company’s Registrar and Transfer Agent.

24. Nomination Facility:

As per the provisions of Section 72 of the Companies Act, 2013, facility for making nomination is available for the members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form No. SH-14. Both forms are appended to the Annual Report. Members holding shares in physical form are requested to submit the forms to the Company’s Share Registrars and Transfer Agents. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participants.

25. Updation of Members Detail:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company / Share Registrars and Transfer Agents to record additional details of members including their PAN details, email address, bank details for payment of dividend etc. A form for capturing the additional details is appended in this Annual Report. Members holding shares in physical form are requested to submit the filled in form to the Company or its Share Registrars and Transfer Agents. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

On behalf of the Board of Directors

**For Hariyana Ship- Breakers Limited**

Sd/-

**Shantisarup Reniwal**

Chairman

(DIN: 00040355)

Date: May 30, 2017

Place: Mumbai

## HARIYANA SHIP BREAKERS LIMITED

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### **Item No. 4**

M/s. Lahoti Navneet & Co, Chartered Accountants, Mumbai (ICAI Firm Registration No. 116870W) were appointed as the Branch Auditors for the Mumbai division of the Company and have completed a term of ten years. As per the provisions of Section 139 of the Act, no listed Company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement. In view of the above, the term of the said auditors of the Company is up to the conclusion of the forthcoming Annual General Meeting ('AGM').

Having completed their term as per the provisions of Section 139 of the Act, the Board of Directors has, on the recommendation of the Audit Committee, proposed the appointment of M/s. LLB & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 117758W) as the Branch Auditors to audit the accounts of the Mumbai division of the Company for a period of 5 years, to hold office from the conclusion of this AGM until the conclusion of 41<sup>st</sup> Annual General Meeting of the Company to be held in the financial year 2022 subject to ratification at every annual general meeting of the Company.

#### **Brief Profile of M/s. LLB & Co., Chartered Accountants, Mumbai ('the firm'):**

The firm was established in 1998 (ICAI Firm Registration No. 117758W). The Registered Office of the firm is at 525, The Summit Business Bay, behind Guru Nanak petrol pump, off Andheri Kurla road, near W.E. highway, Andheri (E), Mumbai- 400069. LLB & Co., Chartered Accountants is one of the renowned professional services firm providing services like Audit & Attestation, Tax, Valuation, Financial Advisory and Consulting to a wide range of local and multinational clients. The firm has a significant presence across manufacturing, services, commercial, financial and banking sector entities in the country. LLB & Co., Chartered Accountants is governed by a Board of three members.

CA Lalit Bajaj is the managing partner of the firm. He is a Fellow member of Institute of Chartered Accountants of India. He has rich experience of more than 19 years in the field of Management and Financial Consulting. He has pursued Business Management Course with ICAI. He completed Diploma in Information Systems Audit. He is known for his excellence into Financial Consultancy, Inorganic growth strategies like Mergers & Acquisitions, Demergers. He has successfully closed various deals creating value for business. He has been instrumental in working with banks from compliance and transaction perspective. He has good business acumen to derive greatest value from the available resources and has fairly and ethically delivered services to various institutions in last 15 years. He has very good standing in society and consequently has been elected in the Western India Regional Council of ICAI for the term 2016-19 representing Maharashtra, Gujarat & Goa. He is on the Advisory Board of Pharma Association.

M/s. LLB & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 117758W) have consented to their appointment as Branch Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

The Board commends the resolution set out at Item No. 4 of the accompanying Notice for the approval of the members of the Company by way of an Ordinary Resolution. None of

the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

**Item No. 5**

Based on the recommendation of the Nomination and Remuneration Committee and approval of Board in its meeting held on April 01, 2017 and subject to the approval of the members, Mr. Rakesh Reniwal was appointed as Managing Director of the Company for a term of 3 years with effect from April 01, 2017 on the condition that no remuneration shall be paid to the Managing Director in consideration of the performance of his duties except the following perquisites:

- (i) Reimbursement of medical and hospitalization expenses of the Managing Director and his family.
- (ii) Leave Travel Allowance for the Managing Director and his family in accordance with the Company's policy.
- (iii) Bonus for the financial year, at the discretion of the Company, with approval from the shareholders.
- (iv) Reimbursement of expenses incurred by him in purchase of newspapers, magazines, books and periodicals in accordance with the Company's policy.
- (v) Reimbursement of expenses incurred by him on account of business of the Company in accordance with the Company's policy.
- (vi) Provision of car for the use on Company's business and telephone at residence.
- (vii) Provision of use of driver and his meal coupons.

Keeping in view that Mr. Rakesh Reniwal has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time; it would be in the interest of the Company to designate him as the Managing Director of the Company.

Further, the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Mr. Rakesh Reniwal as Managing Director of the Company.

In compliance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013 (*"the Act"*), the terms of appointment and remuneration of the Managing Director as specified above are now being placed before the members for their approval.

Mr. Rakesh Reniwal is a member of the Company's Corporate Social Responsibility Committee and Audit Committee.

Except Mr. Rakesh Reniwal, Mr. Shantisarup Reniwal, Mrs. Unnati Reniwal and Mr. Rajeev Reniwal or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in this resolution set out at item no. 5.

**HARIYANA SHIP BREAKERS LIMITED**

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

On behalf of the Board of Directors  
For **Hariyana Ship- Breakers Limited**

Sd/-  
**Shantisarup Reniwal**  
Chairman  
(DIN: 00040355)

Date: May 30, 2017  
Place: Mumbai

**Details of Directors seeking appointment/re-appointment at the Thirty Sixth Annual General Meeting in pursuance of Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)**

<b>Name</b>	Mrs. Unnati Rakesh Reniwal
<b>DIN</b>	00041306
<b>Date of Birth</b>	06/04/1979
<b>Relationship with Directors</b>	(i) Rakesh Shantisarup Reniwal (Spouse)
	(ii) Shantisarup Reniwal (Father in law)
<b>Qualification</b>	B.A.
<b>Nature of Expertise</b>	Business
<b>Experience</b>	Over 12 years experience in Business
<b>Name of other Public Companies in which holds Directorship</b>	NIL
<b>Name of other Companies in Committees of which holds Membership/ Chairmanship</b>	NIL
<b>Shareholding in Hariyana Ship- Breakers Limited</b>	4,00,000 Equity Shares (6.49%)

## HARIYANA SHIP BREAKERS LIMITED

### ROUTE MAP FOR AGM VENUE



## HARIYANA SHIP BREAKERS LIMITED

Reg. Off: 156, Maker Chambers VI, 220 Jammalal Bajaj Marg, Nariman Point, Mumbai-400021.

Tel- 022 - 22043211 Fax- 22043215 E-mail: [contact@hariyanagroup.com](mailto:contact@hariyanagroup.com)

Website: [www.hariyanagroup.com](http://www.hariyanagroup.com)

CIN: L61100MH1981PLC024774

Form No. SH-13

Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of  
The Companies (Share Capital and Debentures) Rules, 2014]

To,  
Hariyana Ship-Breakers Limited  
156, Maker Chambers VI,  
220 Jammalal Bajaj Marg, Nariman Point,  
Mumbai- 400021

I/We \_\_\_\_\_ the holder(s) of the securities, particulars of which are given hereunder, wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

**1. PARTICULARS OF THE SECURITIES (in respect of which nomination is being made) :**

Nature of securities	Folio No.	No. of securities.	Certificate No.	Distinctive No.

**2. PARTICULARS OF NOMINEE/S –**

- (a) Name :
- (b) Date of Birth :
- (c) Father's / Mother's / Spouse's name :
- (d) Occupation :
- (e) Nationality :
- (f) Address :
- (g) E-mail Id & Telephone No. :
- (h) Relationship with the security holder(s) :

**3. IN CASE NOMINEE IS A MINOR –**

- (a) Date of birth :
- (b) Date of attaining majority :
- (c) Name of guardian :
- (d) Address of guardian :

**4. PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY —**

- (a) Name :
- (b) Date of Birth :
- (c) Father's / Mother's / Spouse's name :
- (d) Occupation :
- (e) Nationality :
- (f) Address :
- (g) E-mail Id & Telephone No. :
- (h) Relationship with the security holder(s) :
- (i) Relationship with the minor nominee :

Name(s) and Address of Security holder(s)

Signature(s)

Name and Address of Witness

Signature

**HARIYANA SHIP BREAKERS LIMITED****Form No. SH-14****Cancellation or Variation of Nomination****[Pursuant to sub-section (3) of Section 72 of the Companies Act, 2013 and Rule 19(9) of  
The Companies (Share Capital and Debentures) Rules, 2014]**

To,  
Hariyana Ship Breakers Limited  
156, Maker Chambers VI,  
220 Jammalal Bajaj Marg, Nariman Point,  
Mumbai- 400021

I/We hereby cancel the nomination(s) made by me/us in favour of \_\_\_\_\_ (name(s) and address of the nominee) in respect of the below mentioned securities.

**Or**

I/We hereby nominate the following person in place of \_\_\_\_\_ as nominee in respect of the below mentioned securities in whom shall vest all rights in respect of such securities in the event of my / our death.

**1. PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)**

Nature of securities	Folio No.	No. of securities.	Certificate No.	Distinctive No.

**2. PARTICULARS OF NOMINEE/S –**

- (a) Name :
- (b) Date of Birth :
- (c) Father's / Mother's / Spouse's name :
- (d) Occupation :
- (e) Nationality :
- (f) Address :
- (g) E-mail Id & Telephone No. :
- (h) Relationship with the security holder(s) :

**3. IN CASE NOMINEE IS A MINOR –**

- (a) Date of birth :
- (b) Date of attaining majority :
- (c) Name of guardian :
- (d) Address of guardian :

**4. PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY —**

- (a) Name :
- (b) Date of Birth :
- (c) Father's / Mother's / Spouse's name :
- (d) Occupation :
- (e) Nationality :
- (f) Address :
- (g) E-mail Id & Telephone No. :
- (h) Relationship with the security holder(s) :
- (i) Relationship with the minor nominee :

Name(s) and Address of Security holder(s)

Signature(s)

Name and Address of Witness

Signature

**Updation of Shareholder Information**

To,  
 Hariyana Ship Breakers limited  
 156, Maker Chambers VI,  
 220 Jamnalal Bajaj Marg, Nariman Point,  
 Mumbai- 400021

I/ We request you to record the following information against our Folio No :

**General Information :**

Folio No	
Name of the first named Shareholder	
PAN*	
CIN/ Registration No. (applicable to Corporate Shareholders)	
Tel No. with STD Code	
Mobile No.	
E-mail Id	

*\*Self Attested copy of the document(s) enclosed*

**Bank Details**

IFSC : (11 digit)	MICR :(9 digit)
Bank A/c Type :	Bank A/c No : *
Name of the Bank :	
Bank Branch Address :	

*\* A blank cancelled cheque is enclosed to enable verification of bank details*

I/ We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/ We would not hold the Company/ RTA responsible. I/ We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/ We understand that the above details shall be maintained by you till I/We hold the securities under the above mentioned Folio No.

Place :

Signature of Sole/ First holder :

## HARIYANA SHIP BREAKERS LIMITED

### HARIYANA SHIP- BREAKERS LIMITED

(CIN: L61100MH1981PLC024774)

156, Maker Chambers VI, 220, Jarnalal Bajaj Marg, Nariman Point, Mumbai- 400021

Website: [www.hariyanagroup.com](http://www.hariyanagroup.com); Email: [contact@hariyanagroup.com](mailto:contact@hariyanagroup.com)

Tel: 022-22043211 | Fax: 22043215

### E-COMMUNICATION REGISTRATION FORM

Dear Members,

The Ministry of Corporate Affairs and the Securities and Exchange Board of India have commenced Green Initiative by allowing paperless compliances by Companies. The Companies can send Annual Reports and General Notices in electronic mode to Members who have registered their e-mail addresses for the purpose.

It is a welcome move for the society at large as this will reduce paper consumption to a great extent and allow Shareholders to contribute towards a Greener Environment. This is a golden opportunity for every Shareholder of the Company to contribute to the Corporate Social Responsibility initiative of the Company.

We therefore invite all our Members to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the enclosed registration form which is available on the website of the Company i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com).

**Let's be part of this 'Green Initiative'!**

**Please note that as a Member of the Company you will be entitled to receive all such communication in physical form, upon request.**

Best Regards,  
**Shantisarup Reniwal**  
Chairman

E - COMMUNICATION REGISTRATION FORM	
Folio No. / DP ID and Client ID:	
Name of 1st Registered Holder:	
Name of Joint Holder(s):	
Registered Address:	
E-mail ID (to be registered):	
I/ We Member(s) of Hariyana Ship- Breakers Limited agree to receive communication from the Company in electronic mode.	
Please register my above e-mail address in your records for sending communication through E-mail.	
Date: .....	Signature: .....

**Note:** Member(s) are requested to provide the e-mail ID very carefully, as all the communication from the Company shall be sent to the e-mail ID provided through this form. The Shareholders are also requested to keep the Company informed as and when there is any change in the registered E-mail address.

**ATTENDANCE SLIP**

**HARIYANA SHIP- BREAKERS LIMITED**

**(CIN: L61100MH1981PLC024774)**

**156, Maker Chambers VI, 220, Jammalal Bajaj Marg, Nariman Point, Mumbai- 400021**

**Website: [www.hariyanagroup.com](http://www.hariyanagroup.com); Email: [contact@hariyanagroup.com](mailto:contact@hariyanagroup.com)**

**Tel: 022-22043211 | Fax: 22043215**

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

Folio No.	No. of shares held
Name of the Member	
Name of the Proxy holder	

I/We hereby record my/our presence at the 36<sup>th</sup> ANNUAL GENERAL MEETING of the Company on Saturday, September 30, 2017 at 9:30 a.m. at 156, Maker Chambers VI, 220, Jammalal Bajaj Marg, Nariman Point, Mumbai- 400021.

Signature of the Shareholder or Proxy



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**PROXY FORM**

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

Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No/ Client Id No.*	
DP ID	

*\*applicable in case of shares held in electronic form*

I/We, holding \_\_\_\_\_ Equity Shares of Hariyana Ship-Breakers Limited, hereby appoint:

- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him / her
- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him / her
- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **36<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held on **Saturday, September 30, 2017 at 9:30 a.m.** at 156, Maker Chamber VI, 220, Jannalal Bajaj Marg, Nariman Point, Mumbai 400021 or at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional, see Note 3) (Please mention no. of shares)	
		For	Against
<b>Ordinary Business</b>			
1	To receive, consider and adopt the Audited Financial Statements for the financial year ended on March 31, 2017 and the reports of the Directors and the Auditors thereon		
2	To appoint a Director in place of Mrs. Unnati Rakesh Reniwal (DIN: 00041306), who retires by rotation and being eligible, offers herself for re-appointment		
3	To re-appoint M/s. P.D Goplani & Associates, Chartered Accountants, Firm Registration No. 118023W as Statutory Auditors of the Company for a term of 5 years and to fix their remuneration		
4	To appoint M/s. LLB & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 117758W) in place of the retiring auditors M/s. Lahoti Navneet & Co, Chartered Accountants, Mumbai (ICAI Firm Registration No. 116870W) to audit the Accounts of the Mumbai Division of the Company for a period of 5 years and to fix their remuneration		
<b>Special Business</b>			
5	To appoint Mr. Rakesh Reniwal (DIN: 00029332) as Managing Director of the Company		

Signed this.....day of ..... 2017

Note:

- This form in order to be effective should be duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
- Those Members who have multiple folios with different joint holders may use copies of this proxy.
- It is optional to indicate your preference. If you leave the 'for' or 'against' any or all the resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.

Affix  
Revenue  
Stamp



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**BOARD'S REPORT**

[Disclosure under Section 134(3) of the Companies Act, 2013] read with Companies (Accounts) Rules, 2014]

**Dear Members,**

Your Company's Directors hereby present the 36<sup>th</sup> Annual Report of your Company and the Audited Financial Statements for the financial year ended March 31, 2017 ("year under review/ FY 2016-17").

**FINANCIAL RESULTS:****(Amount in Lacs)**

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Revenue from operations/Net Sales	27,544.80	36,569.74
Other Income	3,333.27	2,451.93
<b>Total Revenue</b>	<b>30,878.07</b>	<b>39,021.67</b>
Cost of materials consumed	9,311.82	901.70
Purchase of stock-in- trade	19,355.35	34,264.56
Changes in inventories of finished goods	(662.50)	(252.84)
Employee benefits expenses	126.06	32.41
Finance costs	786.69	718.58
Depreciation and amortization expenses	195.66	209.18
Other expenses	519.03	2,362.65
<b>Total Expenses</b>	<b>29,632.11</b>	<b>38,236.23</b>
<b>Profit / (Loss) before tax and Extra-Ordinary Items</b>	<b>1,245.96</b>	<b>785.44</b>
Extra-Ordinary Items	361.80	-
<b>Profit / (Loss) before tax</b>	<b>884.16</b>	<b>785.44</b>
Less: Current Tax	107.71	-
Less: Deferred Tax	(169.26)	42.68
<b>Profit / (Loss) after tax</b>	<b>945.72</b>	<b>742.76</b>
<b>Earnings Per Share -Basic &amp; Diluted</b>	<b>15.34</b>	<b>12.04</b>

**HIGHLIGHTS OF THE COMPANY'S PERFORMANCE:**

During the year under consideration, total revenue amounted to Rs. 30,878.07 Lacs as against Rs. 39,021.67 Lacs in the preceding financial year and Profit after tax stood at Rs. 945.72 Lacs as against Rs. 742.76 Lacs in the preceding financial year.

The Company has been able to increase its profit margin during the year under review by 27.33%. However, the Company has failed to increase its revenue from operations during the year due to various factors like fluctuations in the exchange rate of US Dollar vis-à-vis Indian Rupee and steep decrease in prices of iron and steel products and volatile market conditions. Moreover, the decrease in revenue is mainly due to per unit (MTs) prices remaining low during the year as compared to the preceding year. However, despite of such adverse factors, the Company had sustained sales performance and achieved positive profits during the year. The Management is of the view that in the coming years the ship breaking industry as well as iron and steel sector will be stable and with expected boost in the economy the requirement of iron and steel will increase which will help the Company to move towards

## **HARIYANA SHIP BREAKERS LIMITED**

its sustained path of growth.

### **DIVIDEND:**

To consolidate the future position of the Company and support the fund requirements, your Board of Directors regret their inability to recommend any dividend for the year.

### **RESERVES:**

The whole profit after tax has been transferred to Profit & Loss surplus. There is no amount that has been proposed to be carried to any other reserves.

### **LOANS, GUARANTEE & INVESTMENTS:**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### **DEPOSITS:**

The Company has not accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, or under Chapter V of the Act.

### **RELATED PARTY TRANSACTIONS:**

All contract(s)/ arrangement(s)/ transaction(s) entered into by the Company with its related parties during the year under review, were

- in “ordinary course of business” of the Company,
- on “an arm’s length basis” and
- not “material”

as per the provisions of Section 188(1) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Listing Regulations.

Accordingly, Form AOC-2 prescribed under the provisions of Section 134(3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014 for disclosure of details of Related Party Transactions which are “not at arm’s length basis” and also which are “material and at arm’s length basis”, is not provided as an annexure to the Board’s Report.

However, all Related Party Transactions entered into during the year under review and as on March 31, 2017 were reviewed and approved by the Audit Committee of the Board and the Board, from time to time and the same are disclosed in Note 2.32 of the Financial Statements of the Company for the year under review, as per the applicable provisions of the Act and the Listing Regulations.

Further, pursuant to the provisions of the Act and the SEBI Listing Regulations, Board has, on recommendation of its Audit Committee, adopted a Policy on Related Party Transactions and the said policy is available on the website of the Company i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com).

**INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY:**

Internal financial control systems of the Company are commensurate with its size and nature of its operations. These have been designed to provide reasonable assurance with regard to the orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information and disclosures.

The Audit Committee deliberated with the Members of the Management, considered the systems as laid down and met the internal auditors and statutory auditors to ascertain, inter-alia, their views on the internal financial control systems. The Audit Committee satisfied itself as to the adequacy and effectiveness of the internal financial control systems as laid down and kept the Board of Directors informed.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):**

Pursuant to Section 152 of the Act and the Company's Articles of Association, Mrs. Unnati Rakesh Reniwal, Director, retires by rotation and being eligible has offered herself for re-appointment at the forthcoming Annual General Meeting.

During the year under review, none of the Directors of the Company resigned from their respective Directorships in the Company. Further, there was no appointment of any Director on Board of the Company.

Pursuant to the provisions of the Listing Regulations and Section 149 of the Act, all Independent Directors have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as an independent director during the year. During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Further, the list of the present Directors and KMP forms part of this Annual Report under the section Corporate Information.

**PERFORMANCE EVALUATION OF THE BOARD:**

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee (NARC) has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and individual Directors, including the Chairman of the Company. To enable such evaluation, an evaluation framework as recommended by the NARC has been adopted by the Company which is devised with a view to provide a more structured approach for the evaluation and which lays down overall guidelines and processes to be adopted for the evaluation of performance.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness

## **HARIYANA SHIP BREAKERS LIMITED**

of Board processes, information and functioning, etc. as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

For evaluating the Board as a whole, views were sought from the Directors on various aspects of the Board's functioning such as degree of fulfillment of key responsibilities, Board Structure and composition, establishment, delineation of responsibilities to various committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, quality of relationship between the Board and the management.

Similarly, views from the Directors were also sought on performance of individual Directors covering various aspects such as attendance and contribution at the Board/Committee Meetings and guidance/support to the management outside Board/Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and promoting effective relationships and open communication, communicating effectively with all stakeholders and motivating and providing guidance to the Executive Director and CEO/CFO.

Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition, effectiveness of meetings, Committee dynamics and quality of relationship of the Committee with the Board and the Management.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the independent director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole.

The Chairman of the Board provided feedback to the Directors, as appropriate. Significant highlights, learning with respect to the evaluation, were discussed at the Board meeting.

### **BOARD MEETINGS:**

During the year 14 (Fourteen) Board meetings were held. The details of the composition of the Board and its Committees and of the meetings held and attendance of the Directors at such meetings are provided in the Corporate Governance Report.

### **EXTRACT OF ANNUAL RETURN:**

In accordance with Section 134(3)(a) and as provided under sub-section(3) of Section 92 of the Companies Act, 2013; an extract of the annual return in prescribed form MGT - 9 is appended as **Annexure- 1** to the Board's Report.

### **CORPORATE GOVERNANCE:**

A separate section on Corporate Governance forming part of the Board's Report and a Certificate from the Company's Auditors is included in the Annual Report as **Annexure - 2** to the Board's Report.

### **AUDITORS:**

#### **STATUTORY AUDITORS:**

The term of the existing Statutory Auditors viz. M/s. P. D. Goplani & Associates shall expire

at conclusion of the ensuing Annual General Meeting of the Company and accordingly, based on the recommendation of the Audit Committee, members are requested to re-appoint the auditors for a term of five consecutive years i.e., from the conclusion of this Annual General Meeting of the Company till the conclusion of the Annual General Meeting to be held in the year 2022 and to fix their remuneration.

M/s. P. D. Goplani & Associates, Chartered Accountants, Bhavnagar, having ICAI Firm Registration No. 118023W, being eligible offer themselves for re-appointment. If re-appointed, it will be within the prescribed limits specified in Section 139 of the Companies Act, 2013.

The Statutory Auditors in their report dated May 30, 2017 have commented that provision for gratuity and long term employee benefits as per AS-15 has not been made. In this regard, the Company would like to clarify that since none of the employees of the Company were in continuous service of more than five years, thus, making provision for Gratuity does not arise. However, if payment on account of gratuity arises due to happening of any incidents as provided under the applicable provisions of the law, the same will be accounted as and when incurred and the payment under the Pension Act, 1871 is not applicable to the Company

**SECRETARIAL AUDITORS:**

Pursuant to provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; the Board of the Company at its meeting held on May 30, 2017 has re-appointed M/s. Dilip Bharadiya & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2017-18.

Further, the Secretarial Audit report for the year 2016-17 forms part of the Board's Report as the **Annexure- 3**.

**BRANCH AUDITORS:**

The term of the existing Branch Auditors viz. M/s. Lahoti Navneet & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 116870W) shall expire at conclusion of the ensuing Annual General Meeting of the Company and accordingly, based on the recommendation of the Audit Committee, members are requested to appoint M/s. LLB & Co., Chartered Accountants, Mumbai (ICAI Firm Registration No. 117758W), in place of the retiring auditors to audit the accounts of the Mumbai division of the Company for a term of five consecutive years i.e., from the conclusion of this Annual General Meeting of the Company till the conclusion of the Annual General Meeting to be held in the year 2022 and to fix their remuneration.

The Auditors' Report and the Secretarial Audit Report for the financial year ended March 31, 2017 do not contain any qualification, reservation, adverse remark or disclaimer other than mentioned above.

**MATERIAL CHANGES AND COMMITMENTS:**

No material changes have took place affecting the financial position of the Company from the date of closure of financial year till the date of signing of this report.

## **HARIYANA SHIP BREAKERS LIMITED**

### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### **HUMAN RESOURCES:**

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement. Your Company believes in harnessing its leadership and people capabilities through sharp focus and initiatives on talent development. We review our talent based on their performance and potential to assess their readiness for future roles of higher scale and complexity. We believe in developing our employees through multiple experiences requiring them to handle scale and complexity.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors further state that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is as follows:

**A. Conservation of energy:****(i) the steps taken or impact on conservation of energy;**

The Company recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has implemented various initiatives for the conservation of energy and all efforts are made to minimize energy costs. Company is engaged in Ship Breaking, trading in metal scrap, coals, graphite electrodes & other industrial inouts. 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.

**(ii) the steps taken by the Company for utilising alternate sources of energy;**

Company is engaged in Ship Breaking and trading in metal scrap, coals, graphite electrodes & other industrial inouts. 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. The Company has taken various measures to control the consumption of fuel and energy.

**(iii) the capital investment on energy conservation equipments;**

The Company is taking adequate steps to conserve energy though no such capital investment has been made.

**B. Technology absorption:**

The Company continues to adopt and use the latest technologies to improve the productivity and quality of its services and products. The Company's operations do not require significant absorption of technology. There has been no import of technology in FY 2016-17.

**C. Foreign exchange earnings and Outgo:**

Particulars	Current Year		Previous Year	
	In Rs.	In USD	In Rs.	In USD
Foreign Exchange Earnings	NIL	NIL	NIL	NIL
Foreign Exchange Outgo	2,87,84,23,289	4,24,96,247.35	3,03,73,89,089	4,58,05,682.78

**CORPORATE SOCIAL RESPONSIBILITY (CSR):**

In terms of section 135 and Schedule VII of the Act, the Board of Directors has constituted a CSR Committee under the Chairmanship of Mr. Rakesh Reniwal. Mr. Pradeep Bhatia and Mr. Tejas Thakkar are the other members of the Committee.

The CSR Committee of the Board has framed a CSR Policy and uploaded it on the website of the Company i.e., [www.hariyanagroup.com](http://www.hariyanagroup.com). During the year, based on these rules the amount to be spent for CSR activities was Rs. 25.17 Lacs for financial year 2016-17 whereas the Company has not spent any amount towards Corporate Social Responsibility because the Management is in the process of finding better avenues of CSR Expenditure to be incurred in near future.

## **HARIYANA SHIP BREAKERS LIMITED**

### **AUDIT COMMITTEE:**

The details pertaining to Audit Committee and its composition are included in the Corporate Governance Report which forms part of this report.

### **NOMINATION AND REMUNERATION COMMITTEE:**

The Company has constituted a Nomination and Remuneration Committee pursuant to Section 178(1) of the Companies Act, 2013 and has defined the policy on Director's appointment and payment of remuneration including criteria for determining qualifications, positive attributes and independence of a Director. The Committee shall function in accordance with the terms and reference of the policy. Policy of the Company is enclosed herewith as **Annexure- 4**.

### **STAKEHOLDER'S RELATIONSHIP COMMITTEE:**

The details pertaining to composition of the Committee is included in the Corporate Governance Report, which forms part of this report. The role of the Committee is explained in detail in the Corporate Governance Report enclosed herewith.

### **VIGIL MECHANISM:**

The Company has adopted a Whistle Blower Policy establishing vigil mechanism to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of vigil mechanism is available on the Company's website i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com).

### **PERFORMANCE OF EMPLOYEES:**

**A) The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:**

- a. Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The Company has not paid any remuneration to the Directors of the Company and hence the information cannot be furnished.

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, if any, in the financial year:**

Save and except, the payment of remuneration to Company Secretary with no percentage increase in remuneration in the financial year, no remuneration is

being paid to any Director or KMP of the Company. Hence, the information pertaining to percentage increase in remuneration cannot be provided.

**c. The percentage increase in the median remuneration of employees in the financial year:**

There is no increase in the remuneration of employees in the financial year and hence the information cannot be furnished.

**d. The number of permanent employees on the rolls of Company: 23**

**e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

There is no increase in salaries of employees other than the managerial personnel and the managerial remuneration in the last financial year. Thus, comparison cannot be made.

**f. Affirmation that the remuneration is as per the remuneration policy of the Company:**

Remuneration paid to Key Managerial Personnel is as per the remuneration policy of the Company.

**B) Details of the top ten employees in terms of remuneration drawn and the name of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The Company has no such employees drawing remuneration exceeding the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

The Company has no subsidiary, associate companies or joint venture companies within the meaning of Section 2(6) and 2(87) of the Act and thus, pursuant to the provisions of Section 129(3) of the Act, the statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is not required to be attached to the financial statements of the Company.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report for the financial year under review is set out in a separate section forming part of this Report.

**RISK MANAGEMENT POLICY:**

The Company has adopted a policy on risk management in accordance with the applicable provisions of the Act and the Listing Regulations. The objectives of the policy are to optimize

## **HARIYANA SHIP BREAKERS LIMITED**

business performance, minimize adverse impact on the business, protect it from damages, frauds and enhance stakeholder value. Risk management aims to identify and then manage threats that could severely impact the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence and then taking appropriate actions to address the most likely threats. The Board of the Company is responsible for risk management of the Company and for ensuring that robust internal controls are instituted to respond to changes in the business environment. The Audit Committee has additional oversight in the area of financial risks and controls.

The said policy is also placed on the website of the Company viz. [www.hariyanagroup.com](http://www.hariyanagroup.com).

### **FAMILIARIZATION PROGRAMME:**

Pursuant to Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, the Company has formulated a programme for familiarizing the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various initiatives. Details of the Familiarization Programme of the Independent Directors are available on the website of the Company i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com).

### **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder which is available on the website of the Company i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com). The Policy aims to provide protection to employees at the work place and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint of sexual harassment during the financial year 2016-17.

### **DETAILS OF VARIOUS PLANTS/ SEGMENTS:**

#### **Ship Breaking Unit (Bhavnagar)**

During the financial year 2016-17, ship breaking unit at Alang Ship Breaking Yard has performed very well. During the year under review, the sales turnover of Ship Breaking Unit has been increased by almost 7 times. However, due to various factors like fluctuations in the exchange rate of US Dollar vis-à-vis Indian Rupee and steep decrease in prices of Iron and steel products and volatile market conditions, the unit was unable to increase its profit margin. The Management is of the view that, in the coming years the ship breaking industry will become stable and with expected boost in the economy, the requirement of iron and steel will increase which will help the Company to move towards its sustained path of growth.

#### **Trading Unit (Bhavnagar)**

During the financial year 2016-17, the trading unit (Bhavnagar) has not been able to perform well in terms of sales turnover due to adverse market conditions like decrease in prices of

Iron and steel products and fluctuations in the exchange rate of US Dollar vis-à-vis Indian Rupee. However, in such an uncertain market environment in Iron and Steel industry, the management took cautious approach to the prevalent affairs and avoided any venturesome business decision in the interest of the Company which resulted in increased profit margin of the unit. Moreover, the management hopes that the trading unit will show an increase in terms of sales as well as profits in the coming years.

**Trading & Investment Unit, Mumbai (HO)**

During the year under review, the Mumbai Trading Unit has outperformed in terms of sales turnover and profit margins. The sales turnover for the FY: 2016-17 of Trading (Mumbai) was Rs. 163.61 Crores and profit was Rs. 19.46 Crores. The management is hopeful that in the coming financial years the Trading Unit, Mumbai will achieve new heights in terms of sales turnover and profits.

**Steel & Power Unit (Bangalore)**

Steel and Power unit has been shut down during the preceding financial year due to issues of uninterrupted availability of raw materials, local mining issues, rupee volatility and other similar factors at Hassan, Karnataka.

Overall, since the prices of iron and steel having been reasonably stabilized and the inventory levels of the Company and its market position, both the segments of the Company, viz. Ship Breaking and Trading, are expected to see major increase in terms of Gross Revenues and Net profit Margins in the coming year. The Company is hopeful that with stabilizing the price for the old ship in the international market and also sale prices of companies products in the domestic market; the Company will be able to improve the turnover and also the profitability in the coming year.

The trading in Ferrous and Non Ferrous Metals, Scrap, Coal etc. activities of the Company are contributing considerably to the profitability of the Company. Moreover, 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 a partner in M/s. Hariyana Air Products (with 95% share, the partnership deed of M/s. Hariyana Air Products has been re-constituted w.e.f. 08.07.2016. With the re-constitution, share in profit/ (loss) of the Company has been increased to 95% from 60%) for the manufacture and supply of Industrial Oxygen Gas. During the year the oxygen plant at Bhavnagar, Gujarat has performed well in terms of revenue as revenue from operations for the year were Rs. 102.40 Lacs against Rs. 45.54 Lacs for the preceding financial year. However, due to volatile market conditions and competitive market with liquid oxygen suppliers, the firm was unable to much increase its profit margin. 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 at Bangalore (Karnataka).

## **HARIYANA SHIP BREAKERS LIMITED**

The Company has been into Partnership and formed a Partnership Firm “M/s Goyal Hariyana Construction” formally known as “M/s Orchid Woods Projects” (with 50% share) for construction & selling of residential apartments. Presently the firm has three projects at Bangalore- First known as Hennur in which the firm has acquired land at Kothanur Village, Krishnarajapura Hobli, Bangalore - East Taluk and the said project is almost sold out as on March, 2017; Second known as Footprints situated at Chokkanahalli Village, Yelahanka Hobli, Bangalore - North Taluk and the said project has already completed in December, 2016 and Third known as Whitefield situated at Survey No.161, 162/5,162/6, 162/7, 162/8, 162/9, Hagadar Village, KR Puram Hobli, Bangalore with an object of constructing 1, 2 & 3 BHK Apartments till March 31, 2017. Construction work has already been completed of the project at Kothanur Village, Krishnarajapura Hobli, Bangalore, East Taluk and at Chokkanahalli Village, Yelahanka Hobli, Bangalore, North Taluk. The firm has started construction in April, 2016. Further, the Company has started construction at S. Nos.161, 162/5,162/6, 162/7, 162/8, 162/9, Hagadar Village, KR Puram Hobli, Bangalore in April 2016 and expected to complete this project by June 2020. The Company’s share of profit from the firm is Rs. 466.76 Lacs for the year ended on March 31, 2017.

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 with “M/s White Mountain” (with 25% share). Presently, the firm has acquired plot at Thindlu, Indrasanahalli & Singrahalli Village, Kundana Hobli, Devanahalli Taluk. The firm has acquired 44 acres and 20 Guntas of land with the object of developing 386 plots of various sizes. Firm has completed plot development work in December, 2016. We have already booked 294 plots till 31.03.2017. The Company’s share of profit from the firm is Rs. 163.10 Lacs for the year ended on March 31, 2017.

The Company has also been into partnership with “M/s Orchid Lakeview Developers” (with 33.33% share). The firm is having the project at Bellandur Village, Varthur Hobli, Bangalore, East Taluk with an object of construction of 2 & 3 BHK apartments consisting of 336 flats. The Company’s share of profit from the firm is Rs. 454.52 Lacs for the year ended on March 31, 2017.

The Company has also entered into partnership and formed a partnership firm “M/s Goyal Hariyana Realty” (with 50% share). The firm is having two projects at Bangalore, Karnataka viz. Alanoville and Orchid Greens with the object of construction of Villas and residential apartments. Project Alanoville, for development of Residential Villa on the land of “M/S Value and assets holdings Private limited, Bangalore” by a Joint Venture agreement, further, the firm has started the construction in October, 2015 and expected to complete the project by December, 2018. Project Orchid Greens, for development of Residential Apartment on the land of “M/S Value and assets holdings Private limited, Bangalore” by a Joint Venture agreement, the firm has started construction in February, 2016 and expected to complete the projects by March, 2018. The Company’s share of profit from the firm is Rs. 10.08 Lacs for the year ended on March 31, 2017.

The Company has also entered into partnership and formed a partnership firm “M/s Shree Balaji Associates” (with 5% share). The firm is engaged in the business of trading in iron &

steel, coal and real estate. The Company's share of profit from the firm is Rs. 1.49 Lacs for the year ended on March 31, 2017.

**ACKNOWLEDGEMENT:**

The Directors thank the Company's employees, customers, vendors, investors, Bankers, Financial Institutions, various State/ Central Government authorities, concerned government departments, agencies, stakeholders and academic partners for their continuous support.

We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

The Directors appreciate and value the contribution made by every member of the HSBL family.

For and on behalf of the Board of Directors

**Haryana Ship- Breakers Limited**

Sd/-

**Rakesh Reniwal**  
Managing Director  
(DIN 00029332)

Sd/-

**Shantisarup Reniwal**  
Chairman & Executive Director  
(DIN 00040355)

Date: May 30, 2017

Place: Mumbai

**HARIYANA SHIP BREAKERS LIMITED**

Annexure - 1

**EXTRACT OF ANNUAL RETURN****As on financial year ended March 31, 2017**

[Pursuant to Section 92(3) of the Companies act, 2013 read with the Companies (Management and Administration) Rules, 2014]

**FORM NO. MGT-9****A. REGISTRATION AND OTHER DETAILS**

<b>CIN</b>	<b>L61100MH1981PLC024774</b>
<b>Registration Date</b>	09/07/1981
<b>Name of the Company</b>	<b>Hariyana Ship- Breakers Limited</b>
<b>Category / Sub-Category of the Company</b>	Company Limited by Shares
<b>Address of the Registered office and contact details:</b>	156, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai-400021 Tel: 22043211/ 3212 / 3214 Fax: 22043215 E-mail: contact@hariyanagroup.com
<b>Whether listed company</b>	Yes
<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Sharex Dynamic (India) Pvt. Ltd. Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400072 Tel: 2851 5606/ 2851 5644 Fax: 2851 2885 E-mail: sharexindia@vsnl.com

**B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

<b>Sr. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the Product/ Service</b>	<b>% to total turnover of the company</b>
a.	Trading in ferrous and non ferrous metals, coils and Coals	4662 & 4669	69.14
b.	Dismantling / Breaking of old and used ships	3830	30.86
c.	Manufacturing of Sponge Iron	2410	0.00

**C. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>Sr.</b>	<b>Name and address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/Subsidiary/ Associate</b>	<b>% of shares held</b>
NIL				

**D. SHARE HOLDING PATTERN****i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year i.e., 01/04/2016				No. of Shares held at the end of the year i.e., 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1). INDIAN</b>									
(a). Individual	4529814	0	4529814	73.456	4529814	0	4529814	73.456	0
(b). Central Govt.		0				0			0
(c). State Govt(s).		0				0			0
(d). Bodies Corpp.		0				0			0
(e). FIINS / BANKS.		0				0			0
(f). Any Other									
<b>Sub-total (A) (1):-</b>	<b>4529814</b>	<b>0</b>	<b>4529814</b>	<b>73.456</b>	<b>4529814</b>	<b>0</b>	<b>4529814</b>	<b>73.456</b>	<b>0</b>
<b>(2). FOREIGN</b>									
(a). Individual NRI / Foreign Ind		0				0			0
(b). Other Individual		0				0			0
(c). Bodies Corporates		0				0			0
(d). Banks / FII		0				0			0
(e). Qualified Foreign Investor		0				0			0
(f). Any Other Specify		0				0			0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>4529814</b>	<b>0</b>	<b>4529814</b>	<b>73.456</b>	<b>4529814</b>	<b>0</b>	<b>4529814</b>	<b>73.456</b>	<b>0</b>
<b>(B) (1). PUBLIC SHAREHOLDING - Institutions</b>									
(a). Mutual Funds		0				0			0
(b). Banks / FI		0				0			0
(c). Central Govt.		0				0			0
(d). State Govt.		0				0			0
(e). Venture Capital Funds		0				0			0
(f). Insurance Companies		0				0			0
(g). FIIs		0				0			0
(h). Foreign Venture Capital Funds		0				0			0
(i). Others (specify)		0				0			0
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Public Shareholding: Non-Institutions</b>									
<b>(a) BODIES CORPORATES</b>									
(i) Indian	424721	2200	426921	6.923	421725	2200	423925	6.874	-0.049
(ii) Overseas		0				0			0.000
<b>(b) Individuals</b>									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	665904	72100	738004	11.968	637643	71300	708943	11.496	-0.472
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	462684	0	462684	7.503	476952	0	476952	7.734	0.231
<b>(c). Other (specify)</b>									
Non Resident Indians	8654	0	8654	0.14	17490	0	17490	0.284	0.144
Overseas Corporate Bodies		0				0			0
Foreign Nationals		0				0			0
Clearing Members	590	0	590	0.01	9543	0	9543	0.155	0.145
Trusts		0				0			0
Foreign Boodies - D R		0				0			0
<b>Sub-total (B)(2):-</b>	<b>1562553</b>	<b>74300</b>	<b>1636853</b>	<b>26.544</b>	<b>1563353</b>	<b>73500</b>	<b>1636853</b>	<b>26.543</b>	<b>-0.001</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1562553</b>	<b>74300</b>	<b>1636853</b>	<b>26.544</b>	<b>1563353</b>	<b>73500</b>	<b>1636853</b>	<b>26.543</b>	<b>-0.001</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>		<b>0</b>				<b>0</b>			<b>0.000</b>
<b>Grand Total (A+B+C)</b>	<b>6092367</b>	<b>74300</b>	<b>6166667</b>	<b>100.00</b>	<b>6093167</b>	<b>73500</b>	<b>6166667</b>	<b>100.00</b>	<b>0.00</b>

**HARIYANA SHIP BREAKERS LIMITED****ii) Shareholding of promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1	RAJEEV SHANTISARUP RENIWAL	1539009	24.957	0	1539009	24.957	0	0
2	RAKESH SHANTISARUP RENIWAL	858230	13.917	0	858230	13.917	0	0
3	SHANTISARUP RENIWAL & SONS. HUF	625178	10.138	0	625178	10.138	0	0
4	SANJEEV S. RENIWAL	438267	7.107	0	438267	7.107	0	0
5	LALITADEVI S RENIWAL	414800	6.726	0	414800	6.726	0	0
6	UNNATI R. RENIWAL	400000	6.486	0	400000	6.486	0	0
7	SHALINI S. RENIWAL	123100	1.996	0	123100	1.996	0	0
8	SHANTISARUP R. RENIWAL	80080	1.299	0	80080	1.299	0	0
9	SWEETY R. RENIWAL	51150	0.829	0	51150	0.829	0	0

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of shares at the beginning/end of the year	% of total shares of the Company	Date	Increase/Decrease in shareholding	Reason	No. of Shares	% of total share of the Company
No change								

iv) Shareholding pattern of top ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs)

Sr. No.	Name	No. of Shares at the beginning / end of the year	% of total Shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total Shares of the Company
1	WEED INVESTMENT & FINANCE PVT. LTD	294120	4.77	01-04-2016				
	-Closing Balance			31-03-2017		No Change	294120	4.77
2	JAGDISH CHANDER BANSAL HUF.	145288	2.356	01-04-2016				
				21-10-2016	-9933	Sold	135355	2.195
				28-10-2016	-2121	Sold	133234	2.161
				04-11-2016	-2161	Sold	131073	2.126
				11-11-2016	-3732	Sold	127341	2.065
				18-11-2016	-4157	Sold	123184	1.998
				25-11-2016	-467	Sold	122717	1.99
				02-12-2016	-482	Sold	122235	1.982
				09-12-2016	-400	Sold	121835	1.976
				16-12-2016	-200	Sold	121635	1.972
				23-12-2016	-421	Sold	121214	1.966
				30-12-2016	-1861	Sold	119353	1.935
				06-01-2017	-1761	Sold	117592	1.907
				13-01-2017	-100	Sold	117492	1.905
				10-02-2017	-100	Sold	117392	1.904
				17-02-2017	-14	Sold	117378	1.903
	-Closing Balance			31-03-2017			117378	1.903
3	SUBRAMANIAN P	111841	1.814	14-10-2016				
				10-02-2017	959	Buy	112800	1.829
	-Closing Balance			31-03-2017			112800	1.829
4	BLACKSTONE PROPERTIES PVT. LTD.	86333	1.4	01-04-2016				
	-Closing Balance			31-03-2017		No Change	86333	1.4
5	MAHENDRA GIRDHARILAL	46631	0.756	01-04-2016				
	-Closing Balance			31-03-2017		No Change	46631	0.756
6	SEETHA KUMARI	40838	0.662	01-04-2016				
				20-05-2016	2319	Buy	43157	0.7
	-Closing Balance			31-03-2017			43157	0.7
7	SANJAY DOSI	36500	0.592	01-04-2016				
	-Closing Balance			31-03-2017		No Change	36500	0.592
8	PRASHANT VIJAY JOG	36009	0.584	01-04-2016				
	-Closing Balance			31-03-2017		No Change	36009	0.584
9	ABBAS NAZIR BHAI VALIKARIMWALA	1400	0.023	21-10-2016				
				09-12-2016	1350	Buy	2750	0.045
				06-01-2017	18000	Buy	20750	0.336
				13-01-2017	935	Buy	21685	0.352
	-Closing Balance			31-03-2017			21685	0.352
10	YRUGALLU SHRI KRISHNA	7834	0.127	01-04-2016				
				13-05-2016	1329	Buy	9163	0.149
				27-05-2016	5181	Buy	14344	0.233
				03-06-2016	7342	Buy	21686	0.352
				19-08-2016	-2000	Sold	19686	0.319
				06-01-2017	-349	Sold	19337	0.314
	-Closing Balance			31-03-2017			19337	0.314
11	Vishanji Ravji Vora	11714	0.19	01-04-2016				
	-Closing Balance			31-03-2017		No Change	11714	0.19
12	SANGEETHA S	103390	1.677	01-04-2016				
	-Closing Balance			14-10-2016	-103390	Sold	0	0
13	DR RAMESH CHIMANLAL SHAH	20600	0.334	01-04-2016				
				08-04-2016	-424	Sold	20176	0.327
				15-04-2016	-652	Sold	19524	0.317
				22-04-2016	-25	Sold	19499	0.316
				29-04-2016	-535	Sold	18964	0.308
				20-05-2016	-3964	Sold	15000	0.243
				03-06-2016	-2000	Sold	13000	0.211
				30-06-2016	-957	Sold	12043	0.195
				26-08-2016	-2140	Sold	9903	0.161
				09-09-2016	-180	Sold	9723	0.158
				07-10-2016	-2363	Sold	7360	0.119
				14-10-2016	-6670	Sold	690	0.011
	-Closing Balance			21-10-2016	-690	Sold	0	0

## HARIYANA SHIP BREAKERS LIMITED

### v) Shareholding of Directors and Key Managerial Personnel

Sr No.	Name	Shareholding at the beginning /end of the year	% of shares of the Company	Date	Increase /Decrease in Shareholding	Reason	No. of Shares	% of total Shares of Company
1	SHANTISARUP R. RENIWAL	80080	1.299	-	Nil	NA	80080	1.299
2	RAKESH SHANTISARUP RENIWAL	858230	13.917	-	Nil	NA	858230	13.917
3	RAJEEV SHANTISARUP RENIWAL	1539009	24.957	-	Nil	NA	1539009	24.957
4	UNNATI R. RENIWAL	400000	6.486	-	Nil	NA	400000	6.486
5	MANOHAR WAGH	02	0	-	Nil	NA	02	0

### E. INDEBTEDNESS

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,319,763,147	64,534,974	-	1,384,298,121
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	1,319,763,147	64,534,974	-	1,384,298,121
Change in Indebtedness during the financial year				
• Addition	12,473,884	5,227,333		17,701,217
• Reduction	413,660,721	-		413,660,721
Net Change	(401,186,837)	5,227,333	-	(395,959,504)
Indebtedness at the end of the financial year				
i) Principal Amount	918,576,310	69,762,307	-	988,338,617
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	918,576,310	69,762,307	-	988,338,617

**F. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**i) Remuneration to Managing Director, Whole-time Directors and/or Manager: Nil**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	others, specify...		
5	Others, please specify		
	Total		
	Ceiling as per the Act		

**ii) Remuneration to other directors: Nil**

Sr. No.	Particulars of Remuneration	Name of Director/Manager	Total Amount
1	Independent Directors		
	• Fee for attending board / committee meetings		
	• Commission		
	• Others, please specify		
	Total (1)		
2	Other Non-Executive Directors		
	• Fee for attending board / committee meetings		
	• Commission		
	• Others, please specify		
	Total (2)		
	Total =(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

**HARIYANA SHIP BREAKERS LIMITED****iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		4,40,000	4,40,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission- as % of profit- others, specify...			
5	Others, please specify			
	<b>Total</b>		<b>4,40,000</b>	<b>4,40,000</b>

**G PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ / NCLT/ COURT]
<b>A. COMPANY</b>				
Penalty Punishment Compounding			NONE	
<b>B. DIRECTORS</b>				
Penalty Punishment Compounding			NONE	
<b>C. OTHER OFFICERS IN DEFAULT</b>				
Penalty Punishment Compounding			NONE	

## Annexure-2

**REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance philosophy stems from our belief that corporate governance is an integral element in improving efficiency and enhancing investor confidence.

The Company believes in adopting and carrying out 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. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company. Towards this, the Company has taken following steps to strengthen its belief by ensuring:

- Adequate disclosure and effective decision making to achieve corporate objectives;
- Transparency in business transactions;
- Statutory and legal compliances;
- Protection of shareholders interest;
- Commitment to values and ethical conduct of Business

The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year 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.

Moreover, the Company undertakes to take an audit of its secretarial records and documents to ensure timely compliance with applicable laws to the Company.

**BOARD OF DIRECTORS****Composition of Board of Directors**

As on March 31, 2017; the Board comprised of 06 (Six) Directors, of whom three are Non-Executive Directors and the remaining 3 are Executive Directors. Pursuant to Regulation 17 of SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 ("*Listing Regulations*"), the Company shall have an optimum combination of Executive and Non-Executive Directors with at least 1 Woman Director and not less than fifty percent of the Board of Directors comprising of Non- Executive Directors. The Company comprises of 3 out of 6 as Non- Executive and 1 Woman Director. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or Chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures, if any regarding committee positions in other public companies as on March 31, 2017 have been made by the Directors.

## HARIYANA SHIP BREAKERS LIMITED

The Composition of the Board of the Company is in conformity with the Act and the Listing Regulations. The Company currently has right mix of Directors on the Board who possess the requisite qualifications and experience in general corporate management, finance, banking, marketing and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

In accordance with the provisions of the Companies Act, 2013 (*“the Act”*) and the Company’s Articles of Association; Mrs. Unnati Rakesh Reniwal, Director, retires by rotation and is eligible for re-appointment.

Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (*“Listing Regulations”*), profile of Director seeking re-appointment has been given along with the Notice of the Annual General Meeting.

### **Board Meetings:**

**14 Board Meetings** were held at Mumbai during the year under review.

The Board Meetings were held on **11/04/2016, 25/04/2016, 27/05/2016, 24/06/2016, 08/07/2016, 15/07/2016, 14/08/2016, 25/08/2016, 21/10/2016, 27/10/2016, 14/11/2016, 21/11/2016, 19/01/2017** and **14/02/2017**.

The meetings of the Board of Directors are scheduled well in advance and generally held at the Company’s Registered Office in Mumbai. The time gap between the two meetings did not exceed one hundred twenty days. Necessary quorum was present for all the meetings. All the information required to be furnished to the Board were made available to them along with detailed Agenda notes.

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

Separate board meeting of Independent Directors was held to review the performance of Executive Directors and the Board as a whole.

### **Membership, Attendance & Other Directorships:**

The category of each Director together with his attendance at Board Meetings; the number of his Directorships and memberships of the SEBI-designated Board Committees of other companies, as on March 31, 2017 are given below:-

Name of Directors & DIN	Category of Director	Board Meetings attended during 2016-17		Attended Last AGM	*No. of Directorships of other Indian Companies	## No. of & Committee memberships	
		Held	Attended			Public	Private
Shantisarup Reniwal (DIN: 00040355)	Promoter, Chairman & Managing Director	14	14	Yes	09	Nil	Nil
Mrs. Unnati Reniwal (DIN: 00041306)	Promoter & Executive Director	14	8	Yes	04	Nil	Nil
Mr. Rakesh Reniwal (DIN: 00029332)	Promoter & Executive Director	14	14	Yes	08	Nil	Nil
Mr. Manohar Wagh (DIN: 02622648)	Independent & Non-Executive Director	14	8	Yes	Nil	Nil	Nil
Mr. Pradeep Bhatia (DIN: 02903984)	Independent & Non-Executive Director	14	7	No	Nil	Nil	Nil
Mr. Tejas Thakker (DIN: 03017277)	Independent & Non-Executive Director	14	7	No	Nil	Nil	Nil

\* Other Directorships do not include Directorships of Section 8 Companies and of Companies incorporated outside India.

## Since, the Directors are not acting as a member of any committee except the Company; hence the question of chairmanship in other committee does not arise.

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 elsewhere in the Annual Report.

#### Code of Conduct:

The Board has formulated a code of conduct for the board members and senior management personnel of the Company. All board members and senior management personnel as on March 31, 2017 have affirmed their compliance with the code and the declaration to this effect given by the Chairman is annexed hereto in the Corporate Governance Report.

#### Independent Directors Meeting:

In terms of Section 149 of the Act and Regulation 25(3) of the Listing Regulations, a separate meeting of the Independent Directors was held on March 31, 2017, inter alia, to discuss:

- Evaluation of the Performance of Non-Independent Directors and the Board of Directors as a whole;

## HARIYANA SHIP BREAKERS LIMITED

- b) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors; and
- c) Evaluation of the quality, content and timeliness of flow on information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors were present at the Meeting.

### COMMITTEE OF DIRECTORS

#### Audit Committee

Sr. No	Name of Member	Designation	Meetings held during the year	Meetings attended during the year
1	Mr. Manohar Wagh	Chairman	7	7
2	Mr. Pradeep Bhatia	Member	7	7
3	Mr. Tejas Thakker	Member	7	7
4	Mr. Rakesh Reniwal	Member	7	7

#### Nomination and Remuneration Committee

Sr. No	Name of Member	Designation	Meetings held during the year	Meetings attended during the year
1	Mr. Manohar Wagh	Chairman	1	1
2	Mr. Pradeep Bhatia	Member	1	1
3	Mr. Tejas Thakker	Member	1	1

#### Stakeholders' Relationship & Share Transfer Committee

Sr. No	Name of Member	Designation	Meetings held during the year	Meetings attended during the year
1	Mr. Manohar Wagh	Chairman	4	4
2	Mr. Pradeep Bhatia	Member	4	4
3	Mr. Tejas Thakker	Member	4	4

#### Corporate Social Responsibility Committee

Sr. No	Name of Member	Designation	Meetings held during the year	Meetings attended during the year
1	Mr. Rakesh Reniwal	Chairman	1	1
2	Mr. Pradeep Bhatia	Member	1	1
3	Mr. Tejas Thakker	Member	1	1

**AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in compliance with the Section 177 of the Act and Regulation 18 of the Listing Regulations. All the members of Audit Committee possess expert knowledge in the field of accounts, audit and finance.

**Terms of reference:**

- 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 and auditors' report before submission to the Board for approval, with particular reference to:
  - Ø Matters to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - Ø Changes, if any, in accounting policies and practices and reasons for the same.
  - Ø Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Ø Significant adjustments made in the financial statements arising out of audit findings.
  - Ø Compliance with listing and other legal requirements relating to financial statements.
  - Ø Disclosure of any related party transactions.
  - Ø 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, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;

## HARIYANA SHIP BREAKERS LIMITED

- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of 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;
- Establish a vigil mechanism for Directors and employees to report genuine concerns in such manner as may be prescribed;
- To review the functioning of whistle blower mechanism.
- Approval of appointment of CFO;
- The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the Internal and Statutory Auditors and the Management of the Company;
- To allow Auditors and Key Managerial Personnel, a right to be heard while considering the Auditor's Report;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- To define significant related party transactions;
  - Ø Management discussion and analysis of financial condition and results of operations;
  - Ø Statement of significant related party transactions (as defined by the audit committee), submitted by management;

- Ø Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Ø Internal audit reports relating to internal control weaknesses; and
- Ø The appointment, removal and terms of remuneration of the chief internal auditor

The Audit Committee reports its findings to the Board at the subsequent meeting and its recommendations are implemented by the management.

#### **NOMINATION AND REMUNERATION COMMITTEE (NARC)**

The Company constituted a Nomination and Remuneration Committee of Directors in accordance with Section 178 of the Act and Regulation 19 of the Listing Regulations. The purpose of the NARC is to oversee the selection of members of the Board based on criteria related to the specific requirement of expertise, independence and execution. Further, the role of NARC is also to identify and select senior management personnel one level below the Board. The Committee shall also evaluate the performance of the Board members based on the expected performance criteria.

#### **Terms of reference:**

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.

#### **Remuneration Policy:**

The Company adopted a Remuneration Policy for Directors, KMPs and other employees in accordance with the provisions of the Act and the Listing Regulations. For details on the Remuneration Policy, kindly refer the annexure to the Board's Report. None of the directors (Executive, Non-executive & Independent) have been paid any kind of remuneration, commission, sitting fees, etc. for the financial year ended March 31, 2017.

The Company does not have any Employee Stock Option Scheme.

## **HARIYANA SHIP BREAKERS LIMITED**

### **STAKEHOLDERS' RELATIONSHIP & SHARE TRANSFER COMMITTEE**

In compliance with Section 178 of the Act and Regulation 20 of the Listing Regulations, the Stakeholders' Relationship Committee has been constituted.

The Committee approves / monitors transfers, transmissions, consolidation, issue of duplicate certificate, monitors the shareholding pattern as well as the redressal of complaints from shareholders by the Share Registrars, oversee overall improvement of the quality of Investor services, performance of Registrar and Share Transfer Agents, oversee compliance relating to dividend payment, transfer of unclaimed amount to IEPF, implementation of the Code of Conduct for prevention of Insider Trading.

There was no complaint pending as on March 31, 2017.

There was no investor complaints received during the year 2016-17 which were to be redressed.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The Corporate Social Responsibility (CSR) Committee has been constituted under Section 135 of the Act.

The terms of reference of Corporate Social Responsibility Committee are as follows:-

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Act;
- Recommend the amount to be spent on the CSR activities;
- Monitor the Company's CSR policy periodically;
- Attend to such other matters and functions as may be prescribed from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com).

### **BOARD AND DIRECTOR EVALUATION AND CRITERIA FOR EVALUATION**

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees. The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and individual Directors including the Chairman of the Company.

The criteria for Evaluation was based on the Guidance Note issued by the Securities and Exchange Board of India on January 5, 2017 and also included, inter-alia, the following:

#### **A. Criteria for Board Evaluation:**

- i. Degree of fulfillment of key responsibilities
- ii. Board structure and composition

- iii. Establishment and delineation of responsibilities to Committees
- iv. Effectiveness of Board processes, information and functioning
- v. Board culture and dynamics
- vi. Quality of relationship between the Board and the management
- vii. Efficacy of communication with various stakeholders

**B. Criteria for Evaluation of Independent and Non-Independent Directors:**

- i. Attendance
- ii. Contribution at Board Meetings
- iii. Guidance/ support to management outside Board/ Committee Meetings
- iv. For the Chairman of the Board, additional criteria include providing effective leadership to the Board; setting an effective strategic agenda of the Board; encouraging active engagement by all the members of the Board, promoting effective relationships and open communication; communicating effectively with all stakeholders and enabling meaningful relationships and motivating and providing guidance to the Managing Director & CEO/CFO.

**C. Criteria for Evaluation of Board Committees:**

- i. Degree of fulfillment of key responsibilities
- ii. Adequacy of Board Committee composition
- iii. Effectiveness of meetings
- iv. Committee dynamics
- v. Quality of relationship of the Committee with the Board and the management

**Familiarisation Programme:**

The Company has Familiarisation Programme for the Independent Directors with respect to the Company, their roles, rights, responsibilities and details of such Familiarisation Programme is available at the Company's website i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com).

**HARIYANA SHIP BREAKERS LIMITED**  
**GENERAL BODY MEETINGS**

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

<b>Location</b>	<b>Date</b>	<b>Time</b>
156, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	30.09.2014	09.00 a.m.
156, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	30.09.2015	09.00 a.m.
156, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	30.09.2016	09.00 a.m.

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

**a) 33<sup>rd</sup> AGM held on 30<sup>th</sup> September 2014:**

- a. To ratify appointment of Mr. Shantisarup Reniwal (DIN: 00040355) as Managing Director of the Company
- b. To borrow monies in excess of paid up Share Capital and Reserves, to the extent of Rs. 500 Crore
- c. Adoption of new Articles of Association of the Company containing regulation with the Companies Act, 2013

**b) 34<sup>th</sup> AGM held on 30<sup>th</sup> September 2015:**

- a. To ratify appointment of Mr. Shantisarup Reniwal (DIN: 00040355) as Managing Director of the Company.
- b. To borrow monies in excess of paid up Share Capital and Reserves, to the extent of Rs. 1250 Crores
- c. Amendment of Articles of Association of the Company by adopting the Table F of Schedule I of the Companies Act, 2013

**c) 35<sup>th</sup> AGM held on 30<sup>th</sup> September 2016: None**

**POSTAL BALLOT**

Members' approval was sought vide the following Postal Ballot Notices under Section 110 of the Act, details of which are relayed below:

**A. Postal Ballot Notice dated August 25, 2015, pertaining to the following matters:-**

Sr No.	Special Resolutions	Votes cast in favour		Votes cast against	
		No. of votes	%	No. of votes	%
1.	Resolution under section 180(1)(a) of the Companies Act, 2013, authorizing the Board of Directors for creation of charge on assets	20,96,754	100	6	0
2.	Resolution under section 186 of the Companies Act, 2013, authorizing the Board of Directors for inter-corporate loans & advances over and above the limits	20,96,759	100	1	0
3.	Resolution under section 13 of the Companies Act, 2013, to alter the Main objects of the Company.	20,96,760	100	0	0

**Appointment of Scrutinizer:** Mr. Dilip Bharadiya, Practicing Company Secretary, Mumbai

**Cut-off Record Date for reckoning Members eligible to receive Notice and vote:**  
August 28, 2015

**Cut-off date and time for voting:** October 5, 2015 till 5.00 P.M.

**Date of declaration of result:** October 8, 2015

**Procedure for Postal Ballot:**

In compliance with the Section 110 and other applicable provisions of the Act, read with related Rules, the Company dispatches the postal ballot notices and forms along with postage pre-paid business reply envelopes to its Members whose names appear in the Register of Members / the List of beneficiaries as on a cut-off date. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and the applicable Rules.

Voting rights are reckoned on the paid-up value of shares registered in the names of Members as on the cut-off date. Members desiring to exercise their votes are requested to return the forms duly completed and signed to the Scrutinizer on or before the end of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last day of e-voting. The Scrutinizer submits his/her report to the Chairman after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorised officer.

**EXTRAORDINARY GENERAL MEETINGS**

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

- a) During the year, there were no materially significant transactions with related parties, as per the Policy adopted by the Company that have potential conflict with the interests of the Company at large. All the transactions with related parties are after obtaining prior approval of Audit Committee. Details of the same are covered under Board's Report.

The policy is also available on the website of the Company i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com).

- b) There were no pecuniary relationships or transactions of the non-executive directors vis-à-vis the Company, other than payment of Board fees/commission and investments in shares / securities of the Company, if any.
- c) There were no material transactions of the Company with its promoters, directors, management or their relatives that may have potential conflict with the interest of the Company at large.
- d) There has been no instance of non-compliance by the Company on any matter related to capital markets. No penalties or strictures have been imposed by them on the Company.
- e) **Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee:**

The Audit Committee has established a Vigil Mechanism and adopted a Whistle-Blower Policy which provides a formal mechanism for all the Directors and Employees of the Company to approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

A copy of the policy is also uploaded on the website of the Company i.e. [www.hariyanagroup.com](http://www.hariyanagroup.com). The Company affirms that during the year under review, no report has been registered by any Director or Employee of the Company. Also, no Director or Employee of the Company has been denied access to the Audit Committee.

- f) **Policy on Preservation of Documents:**

Pursuant to the provisions of Regulation 9 of the SEBI Listing Regulations, your Company has adopted the policy for preservation of documents.

The Policy contains guidelines for identifying Documents (as defined under the SEBI Listing Regulations) that need to be maintained, the period of preservation of such Documents and its destruction/ disposal. The Policy aims to provide efficient and systematic control on the periodicity and destruction of business related Documents.

- g) **Policy for Determination of Materiality of Information or Event:**

Pursuant to the provisions of Regulation 30 of the SEBI Listing Regulations, your Company has adopted this policy for determination of materiality of information

or event for facilitating prompt disclosure of material price sensitive information to the stock exchange(s) in compliance with the provisions of the SEBI Listing Regulations. The Policy acts as a guidance for determining materiality of such price sensitive information so as to ensure prompt disclosure of material price sensitive information/ event to the stock exchange(s) where the securities of the Company are listed so that present and potential investors are able to take informed decision relating to their investment in the Company and to avoid creation of false market in the securities of the Company.

**h) Policy for Archival of Documents:**

Pursuant to the provisions of Regulation 30 of the SEBI Listing Regulations, your Company has adopted this policy for the archival of documents of the Company to comply with the provisions of the SEBI Listing Regulations.

**i) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI):**

This Code of Conduct has been framed and adopted by your Company in compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("*SEBI PIT Regulations*") to adhere to each of the Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as set out in Schedule A to the SEBI (PIT) Regulations.

**j) Code of Conduct for Trading in Listed or Proposed to be Listed Securities of Hariyana Ship- Breakers Limited:**

This document explains the Code to be observed by all the Connected Persons of the Company, pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to time ("*the SEBI PIT Regulations*").

The objective of this Code is to communicate to all the Connected Persons the Code related to trading in listed or proposed to be listed securities of the Company. It is intended to serve as a guideline to all concerned, which they should imbibe and practice, both in letter and spirit, while trading in listed or proposed to be listed securities of the Company.

**k) Code of Conduct for Board Members and Senior Management:**

This Code of Conduct has been framed and adopted by your Company in compliance with the provisions of Regulation 17 of the SEBI Listing Regulations.

The code incorporates the duties of independent directors as laid down in the Act and also helps the Board Members and Senior Managers to observe the highest standards of ethical conduct and integrity and to work to the best of their ability and judgement.

**l) Means of Communication:**

The unaudited quarterly results and audited results for the year are published in one English newspaper and atleast one vernacular newspaper shortly after its submission to the Stock Exchanges. The Company's website viz. [www.hariyanagroup.com](http://www.hariyanagroup.com) contains relevant information including matters

## HARIYANA SHIP BREAKERS LIMITED

pertaining to investor relations, shareholder benefits as well as quarterly/annual financial results.

m) **Reporting of Internal Auditor:**

The Internal Auditor reports to the Audit Committee of the Company to ensure independence of the Internal Audit function.

n) **Subsidiary Companies:**

The Company does not have any Subsidiary.

o) **Green Initiative:**

Your Company encourages the shareholders to register their email addresses with the Company or its Registrar & Transfer Agents viz. Sharex Dynamic (India) Pvt. Ltd. by sending a letter signed by the Shareholders 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 receive 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.

### GENERAL SHAREHOLDERS INFORMATION

<b>General Shareholder Information</b>	
<b>Compliance Officer</b>	Ms. Swati Chauhan
<b>Registered Office(Address for Correspondence)</b>	156, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai- 400021 E-Mail: contact@hariyanagroup.com Web Site: www.hariyanagroup.com
<b>Annual General Meeting(Date, Time and Venue)</b>	Saturday, September 30, 2017 at 9.30 A.M. 156, Maker Chambers VI, 220 Jamnalal Bajaj Marg, Nariman Point, Mumbai- 400021
<b>Financial Year</b>	The Financial Year of the Company ends on 31st March each year.
<b>Book Closure Date</b>	Sunday, September 24, 2017 to Saturday, September 30, 2017 (both days inclusive).
<b>Dividend Payment Date</b>	The Board does not recommend any dividend for the financial year ended March 31, 2017
<b>Listing on Stock Exchange</b>	BSE Limited (BSE) 25th Floor, P.J. Towers, Dalal Street, Mumbai – 400001
<b>Stock Code &amp; ISIN</b>	BSE:526931 & ISIN : INE400G01011
<b>Demat of Shares</b>	Available on National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). 98.81% of the Company's shares are in dematerialized mode. Annual Custodial charges have been paid to both Depositories upto March 31, 2018.

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
April-16	52.20	43.25
May-16	61.75	47.70
June-16	64.80	55.00
July-16	67.90	52.30
August-16	77.80	54.20
September-16	73.90	60.00
October-16	102.35	61.40
November-16	96.00	63.50
December-16	74.50	62.00
January-17	86.00	62.75
February-17	85.50	69.50
March-17	79.30	65.25

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



**HARIYANA SHIP BREAKERS LIMITED**  
**Registrar and Share Transfer Agents (R&TA):**

Contact Person: Mr. Shashikumar  
 Sharex Dynamic (India) Pvt Ltd

Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400072  
 Ph: 28515606, 28515644, | Fax: 28512885 | Email: [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)

**Share Transfer Systems:**

98.81% of the Equity Shares of the Company are in electronic form. Transfers of these shares are done through the depositories with no involvement of the Company.

As regards transfer of shares held in physical form the transfer documents can be lodged with the R&TA at any of the above mentioned address. Transfer of shares in physical form is processed within fifteen days from the date of receipt, if the documents are complete in all respects. The Stakeholders' Relationship & Share Transfer Committee periodically take note of transfers.

**Distribution of Shareholding as on March 31, 2017:**

<b>DISTRIBUTION SCHEDULE ON SCRIP VALUE AS ON MARCH 31, 2017</b>				
<b>SHARE OF NOMINAL VALUE</b>	<b>NO. OF HOLDERS</b>	<b>(%) OF HOLDERS</b>	<b>TOTAL AMOUNT</b>	<b>% OF AMOUNT</b>
UPTO TO 5000	1,444	81.12	21,50,800.00	3.49
5001 TO 10000	170	9.55	13,82,900.00	2.24
10001 TO 20000	70	3.93	10,84,530.00	1.75
20001 TO 30000	28	1.57	7,25,350.00	1.18
30001 TO 40000	14	0.79	5,02,680.00	0.82
40001 TO 50000	9	0.51	4,20,870.00	0.68
50001 TO 100000	22	1.24	15,27,350.00	2.48
100001 TO ABOVE	23	1.29	5,38,72,190.00	87.36
<b>TOTAL</b>	<b>1,780</b>	<b>100.00</b>	<b>6,16,66,670.00</b>	<b>100.00</b>

<b>DISTRIBUTION SCHEDULE ON NUMBER OF SHARES AS ON MARCH 31, 2017</b>				
<b>SHARE</b>	<b>NO. OF HOLDERS</b>	<b>(%) OF HOLDERS</b>	<b>TOTAL SHARES</b>	<b>% OF SHARES</b>
UPTO TO 100	901	50.62	59,481	0.96
101 TO 200	269	15.11	49,335	0.80
201 TO 500	274	15.39	1,06,264	1.72
501 TO 1000	170	9.55	1,38,290	2.24
1001 TO 5000	121	6.80	2,73,343	4.43
5001 TO 10000	22	1.24	1,52,735	2.48
10001 TO 100000	13	0.73	4,64,337	7.53
100001 TO ABOVE	10	0.56	49,22,882	79.83
<b>TOTAL</b>	<b>1,780</b>	<b>100.00</b>	<b>61,66,667.00</b>	<b>100.00</b>

**Details of Shares held by Directors as on March 31, 2017:**

Name of Directors	No. of Equity Shares Held
Mr. Shanti Sarup Reniwal (DIN: 00040355)	800,80
Mrs. Unnati Reniwal (DIN: 00041306)	4,00,000
Mr. Rakesh Reniwal (DIN: 00029332)	8,58,230
Mr. Manohar Wagh (DIN: 02622648)	02
Mr. Pradeep Bhatia (DIN: 02903984)	0
Mr. Tejas Thakker (DIN: 03017277)	0

**Details of Shareholding Pattern as on March 31, 2017:**

Detailed information about shareholding pattern is covered under extract of Annual Return forming part of Board's Report.

**Dematerialization of shares and liquidity:**

As on March 31, 2017, 98.81 % 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, traded on BSE Limited.

**Outstanding GDRs/ADRs/Warrants/ Convertible Instruments and their impact on Equity:**

The Company has not issued any GDRs/ADRs/Warrants/ Convertible Instruments in the past and hence as on March 31, 2017 does not have any outstanding GDRs/ADRs/Warrants/ Convertible Instruments.

**The Plant of the Company is situated at:**

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

**The other division of the Company is situated at:**

**Bhavnagar Division:**  
Hariyana House, 2165/A-2, 2<sup>nd</sup> Floor, Sanskar Mandal Chowk,  
Bhavnagar - 364002, Gujarat  
Ph. 0278-3005955 | Fax 0278-567222

**HARIYANA SHIP BREAKERS LIMITED**

**DECLARATION AFFIRMING ADHERENCE TO THE CODE OF CONDUCT BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL:**

In accordance with Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and the Senior Management Personnel of the Company affirmed compliance to their respective Codes of Conduct, as applicable to them for the financial year ended March 31, 2017.

On behalf of the Board of Directors  
For **Hariyana Ship- Breakers Limited**

Sd/-  
**Shantisarup Reniwal**  
Chairman  
(DIN: 00040355)

Date: May 30, 2017  
Place: Mumbai

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

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

We have reviewed financial statements and the cash flow statement of Hariyana Ship-Breakers Limited ('Company') for the year ended March 31, 2017 and that to the best of our knowledge and belief, we state that;

1. (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;  
(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. 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 violate the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or propose to be taken for rectifying these deficiencies.
4. We have indicated to the auditors and the Audit committee
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have 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 over financial reporting.

Sd/-  
**Rakesh Shantisarup Reniwal**  
Managing Director

Sd/-  
**Rajeev Reniwal**  
Chief Financial Officer

Place: Mumbai  
Date: May 30, 2017

## **HARIYANA SHIP BREAKERS LIMITED**

### **INDEPENDENT AUDITORS' CERTIFICATE**

**To**  
**The Members of**  
**Hariyana Ship-Breakers Limited**

1. We have examined the compliance of conditions of Corporate Governance by HARIYANA SHIP- BREAKERS LIMITED (“the Company”) for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations”).

#### **Management’s Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

#### **Auditors’ Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### **Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.

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

**For P. D. Goplani & Associates**  
**Chartered Accountants**  
Firm Reg. No. 118023W

Sd/-

**CA Sonam Langalia**  
**Partner**  
Membership No.154014

Place : Bhavnagar

Date : May 30, 2017

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HARIYANA SHIP-BREAKERS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure- A** for the financial year ended March 31, 2017 according to the provisions of:
  - (i) The Companies Act, 2013 (“*the Act*”) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (‘*SCRA*’) and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - **NOT APPLICABLE**
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘*SEBI Act*’):-
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **NOT APPLICABLE**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- **NOT APPLICABLE**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **NOT APPLICABLE**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **NOT APPLICABLE**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **NOT APPLICABLE**
2. I have relied on the representations made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/ group of Acts, Laws and Regulations as applicable to Company is as follows:
- (i) Gujarat Maritime Board Act, 1981;
  - (ii) The Factories Act, 1948;
  - (iii) The Contract Labour Act, 1970;
  - (iv) The Hazardous Wastes (Management & Handling) Rules, 1989 under Gujarat Pollution Control Board
3. I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by the “Institute of Company Secretaries of India”
  - (ii) The Listing Agreements entered into by the Company with the Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All resolutions/decisions at the Board and the Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and the Committee.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with

**HARIYANA SHIP BREAKERS LIMITED**

applicable laws, rules, regulations and guidelines.

I further report that during the audit year there were no instances of:

- (i) Public/ Rights Issue of Equity Shares & Equity Warrants/ Debentures/ Sweat Equity
- (ii) Redemption/ Buy- back of securities
- (iii) Merger/ Amalgamation/ Reconstruction, etc
- (iv) Foreign Technical Collaborations

This Report is to be read with our letter of even date which is annexed as **Annexure B** and forms an integral part of this Report.

For **DILIP BHARADIYA & ASSOCIATES**

Sd/-  
**DILIP BHARADIYA**  
Practicing Company Secretary  
FCS No. 7956 /CP No.6740

Date: May 30, 2017

Place: Mumbai

**Annexure- A**

**List of documents verified**

1. Memorandum & Articles of Association of the Company
2. Annual Report for the financial year ended March 31, 2016
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee along with Attendance Register held during the financial year under report
4. Minutes of General Body Meetings held during the financial year under report
5. Statutory Registers
6. Agenda papers provided to all the Directors / Members for the Board Meetings and Committee Meetings
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 164(2), 149(3), 149(7) and 184 of the Companies Act, 2013
8. Intimations received from Directors under the Prohibition of Insider Trading Code
9. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the financial year under report
10. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Regulations during the financial year under report

**HARIYANA SHIP BREAKERS LIMITED**

**Annexure- B**

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial record. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, norms and standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **DILIP BHARADIYA & ASSOCIATES**

Sd/-  
**DILIP BHARADIYA**  
Practicing Company Secretary  
FCS No. 7956 /CP No.6740

Date: May 30, 2017  
Place: Mumbai

## Annexure-4

**POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP  
AND SENIOR MANAGEMENT****Appointment criteria and qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

**Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel:****General**

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be

## **HARIYANA SHIP BREAKERS LIMITED**

subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

**b)** The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

**c)** Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

**d)** Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### **Remuneration to Managing Director/Executive Director, KMP and Senior Management Personnel**

**a) Fixed pay:**

The Managing Director/Executive Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

**b) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/Executive Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**c) Provisions for excess remuneration:**

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**Remuneration to Non- Executive / Independent Director**

**a) Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

**b) Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**c) Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

**d) Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

For and on behalf of the Board of Directors  
**Hariyana Ship- Breakers Limited,**

Sd/-

**Rakesh Shantisarup Reniwal**  
Managing Director  
(DIN 00029332)

Sd/-

**Shantisarup Reniwal**  
Chairman & Executive Director  
(DIN 00040355)

Place: Mumbai  
Date: May 30, 2017

**GLOBAL ECONOMIC INSIGHT**

The world economy is gaining its stability and moving towards a path of encouraging growth, after recovering from a sustained period of sluggishness. Supported by buoyant financial markets, along with improvement in manufacturing and trade sectors, the global economy is expected to grow from 3.1% in 2016 to 3.5% in FY17 [source: IMF].

The performances of advanced economies had been promising in the second half of 2016. US-based firms are anticipating a growth in their future demand. The US economy recorded a lower rate of unemployment as the newly elected President has vouched for an expansion of domestic investments and production within the country. Domestic demand also increased in the UK following Brexit. Eurozone witnessed an increased domestic demand after sustaining low growth and deflationary tendencies for some time because of geopolitical uncertainties.

If these trends continue, the world economy is expected to gain back its momentum in the medium term. However, the growing trend towards protectionism could prove detrimental to global trade.

Today, however, the major players of the world economy are the developing countries and their emerging markets. These countries account for 75% of global growth; almost twice than the share they had two decades ago. Though the growth patterns in these economies are varied, there is a general sense of cautious optimism all over the world.

The picture of emerging markets and developing economies (EMDEs) remained diverse throughout 2016-17.

- China witnessed a stronger than expected growth, backed by constant policy stimulus and consolidation after a sustained period of break-neck speed
- Latin American countries like Brazil and Argentina and Turkey witnessed weaker economic activities, as there was sharp fall in their tourism revenues
- Economic activities were better than expected in Russia

## Global growth pattern

(%)

	2015	2016	2017 (P)	2018(P)
World Output	3.2	3.1	3.4	3.6
Advanced Economies	2.1	1.7	2.0	2.0
United States	2.6	1.6	2.3	2.5
Euro Area	2.0	1.7	1.7	1.6
Japan	1.2	1.0	1.2	0.6
United Kingdom	2.2	1.8	2.0	1.5
Other Advanced Economies*	2.0	2.2	2.3	2.4
Emerging and Developing Economies	4.1	4.1	4.5	4.8
China	6.9	6.7	6.6	6.2
Sub-Saharan Africa	3.4	1.4	2.6	3.5

P: Projections \*(Excludes the G7 - Canada, France, Germany, Italy, Japan, United Kingdom, United States and euro area countries)(Source: International Monetary Fund).

## INDIAN ECONOMIC REVIEW

In FY17, India's GDP showed promising growth of 7.1%, which was aided by encouraging macroeconomic stability. The country recently emerged as the sixth-largest manufacturing country in the world. While this growth is being driven by the emerging urban clusters, the rural economy is also showing improvements after almost four years. The overall environment will help India gain momentum.

(%)

	2013-14	2014-15	2015-16	2016-17
India's GDP Growth	6.9	7.3	7.6	7.1

## Factors driving growth

**Uplifting infrastructure:** The Indian government is endeavoring to create world-class infrastructure in the country. It is planning to invest Rs 25 trillion (US\$ 376.53 billion) in infrastructure over the next three years. Rs 8 trillion (US\$ 120.49 billion) will be used to develop 27 industrial clusters, while Rs 5 trillion (US\$ 75.30 billion) will be used for building roads, railways and port connectivity.

**Changing rural demand:** India's rural sector is slowly undergoing a transformation. Consumption patterns of people are slowly changing, facilitated by improved networking. People in villages are seeking information proactively from multiple sources, which also include social media.

A sum of Rs 3,960 billion has been allocated to rural India in 2017-18 by the Union Budget. The intention of the Government is to electrify every village in the country by 2018 and by 2019, every village should have road connectivity.

## HARIYANA SHIP BREAKERS LIMITED

Higher agricultural credit, increased allocation for irrigation projects, a crop insurance scheme for farmers and enhanced allocations for MGNREGA in the Union Budget will also help boost rural income. The implementation of the Seventh pay Commission will also bolster the demand across semi-urban and rural India.

**Policy reforms:** 2016-17 remained significant for the country because of several policy reforms implemented by the Government of India. The reforms include the creation of Monetary Policy Committee (MPC), Insolvency and Bankruptcy Code (IBC), redesigning of the FRBM framework, the passage of the Goods and Services Tax (GST) Act, and finally, the demonetization of high-denomination notes to move towards a less-cash formal economy.

The GST is being seen as a crucial reform, as it is anticipated to bring greater transparency in the country's indirect tax structure. On the other hand, despite causing some temporary hardship, demonetization is expected to yield long-term benefits for the country. It would bring formalisation and digitalisation of the economy.

### OUTLOOK

India is expected to grow sustainably in days to come, owing to macro-economic stability, increase in domestic demand, a growing customer base comprising the youth and of course, government impetus towards reforms.

<b>Benefits of GST</b>	<b>Benefits of a cashless economy</b>
· Provides a uniform tax framework for indirect taxes	· A thrust towards digitization
· Unifies fragmented Indian market under uniform taxation	· Recapitalisation of banks, with declining interest rates on loans
· Enhances ease of doing business with transparent taxation	· Greater transparency and disclosure
· Removes cascading effects of taxes	· Higher collections by tax and other local authorities
· Saves Government's cost in tax collection	· Enhanced in tax compliance
· Diminishes raw material costs and thus, decreases prices of associated goods	· Prominence in formalisation of the economy
· Reduces corruption with unified taxation	

The Government of India has initiated favourable measures for restricting imports. This initiative has provided necessary support for the steel industry in maintaining prices. The Government has also announced investments in infrastructure and housing projects, which will help in sustaining the steel demand.

### OVERVIEW

The Company is now a diversified Company with ship breaking, trading activities and 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. During the financial year 2016-17, though total revenue of the Company has been decreased, the Company was able to increase its Net Profit. During the year under review,

the Company has earned net profit of Rs. 945.72 Lacs against Rs. 742.76 Lacs of preceding financial year.

## **SEGMENTAL REVIEW**

During the financial year 2016-17, the Company ship-breaking unit at Alang Ship Breaking Yard and Trading Unit, Mumbai has shown an increase in sales turnover, however, the ship breaking unit is expected to grow substantially in coming years. Due to fluctuating and volatile prices of old ships, iron and steel products coupled with fluctuation in value of Indian Rupee vis-à-vis US Dollar during the year, the net profit margins of this segment has been affected. The Trading Unit, Bhavnagar and Mumbai have performed well in terms of profit during the year under consideration. However, the Management is of the view that, in the coming years the ship breaking industry will be stable and with expected boost in the economy the requirement of iron and steel will increase which will help the Company to move towards its sustained path of growth.

### **Ship Breaking Unit (Bhavnagar):**

During the financial year 2016-17, ship breaking unit at Alang Ship Breaking Yard has performed very well. During the year under review, the sales turnover of Ship Breaking Unit has been increased by almost 7 times. However, due to various factors like fluctuations in the exchange rate of US Dollar vis-à-vis Indian Rupee and steep decrease in prices of Iron and steel products and volatile market conditions the unit was unable to increase its profit margin. The Management is of the view that, in the coming years the ship breaking industry will be stable and with expected boost in the economy the requirement of iron and steel will increase which will help the Company to move towards its sustained path of growth.

### **Trading Unit (Bhavnagar):**

During the financial year 2016-17, the trading unit (Bhavnagar) has not been able to perform well in terms of sales turnover due to adverse market conditions like decrease in prices of Iron and steel products and fluctuations in the exchange rate of US Dollar vis-à-vis Indian Rupee. However, in such an uncertain market environment in Iron and Steel industry, the management took cautious approach to the prevalent affairs and avoided any venturesome business decision in the interest of the Company which resulted in increased profit margin of the unit. Moreover, the management hopes that the trading unit will show an increase in terms of sales as well as profits in the coming years.

### **Trading & Investment Unit, Mumbai (HO):**

During the year under review, the Mumbai Trading Unit has outperformed in terms of sales turnover and profit margins. The sales turnover for the FY: 2016-17 of Trading Unit (Mumbai) was Rs. 163.61 Crores and profit was Rs. 19.46 Crores. The Management is hopeful that in the coming financial years the Trading Unit, Mumbai will achieve new heights in terms of sales turnover and profits.

### **Steel & Power Unit (Bangalore):**

Steel and Power unit has been shut down during the preceding financial year due to issues of uninterrupted availability of raw materials, local mining issues, rupee volatility and other similar factors at Hassan, Karnataka.

## HARIYANA SHIP BREAKERS LIMITED

### Investments:

Investment is not the 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 gains. 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.

### SEGMENT RESULTS

(in Lacs)

Particulars	Investment & Trading (HO)	Ship-Breaking	Trading (Bhavnagar)	Steel & Power	Total
a) External Sales/Revenue	19351.32	8729.99	2702.74	94.01	30878.06
Inter segment Sales/Revenue	-	243.10	317.92	-	561.02
b) Total Revenue	19351.32	8973.09	3020.66	94.01	31439.08
c) Segment Results <i>(before Extra-Ordinary Items and Taxes)</i>	1946.10	(677.66)	211.08	(233.56)	1245.96
d) Segment Assets	18823.71	1745.16	993.25	373.91	21936.03
e) Segment Liabilities	385.53	5955.98	3394.34	708.59	10444.44

### FINANCIAL REVIEW AND ANALYSIS

(in Lacs)

Performance	2016-17	2015-16
Revenue from Operations	27544.80	36569.74
Other income	3333.27	2451.93
Total Revenue	30878.07	39021.67
<b>Operating Profit (PBIDT)</b>	<b>1866.52</b>	<b>1713.19</b>
Interest	786.69	718.58
<b>Gross Profit (PBDT)</b>	<b>1079.82</b>	<b>994.62</b>
Depreciation	195.66	209.18
<b>Profit before tax</b>	<b>884.16</b>	<b>785.44</b>
Current Tax	107.71	-
Deferred Tax	(169.26)	42.68
<b>Net Profit after Tax</b>	<b>945.72</b>	<b>742.76</b>

### CASH FLOW ANALYSIS

(in Lacs)

Particulars	2016-17	2015-16
- Net Cash Flow from Operating Activities	(4941.33)	4974.34
- Cash Outflow from Investing Activities	5486.37	(4719.53)
- Cash Outflow from Financing Activities	(609.68)	(663.97)
- Net Cash Inflow/(Outflow)	(64.63)	(385.17)

## Risk Management

The Company is exposed to the risk from the market fluctuations of foreign exchange as well as the fluctuation in the price of iron and steel. The Company's raw material is old ships which are purchased from the international market on credit ranging up to 180 days to 360 days. The Company is adopting policy of full hedging or covering the foreign exchange requirement. The Company is regularly monitoring the foreign exchange movement and suitable remedial measures are taken as and when felt necessary.

Though the Company is employing such measures, the Company is still exposed to the risk of any heavy foreign exchange fluctuation.

Likewise the Company's finished products are mainly re-rollable scrap generated from ship breaking and the price of the same is linked to the market rate for iron and steel. Any fluctuation in the price of the iron and steel will affect the profitability of the Company.

In addition to the above, the Company is also exposed to the risk of fluctuation in the real estate and construction and redeveloping market as the Company has invested some of its surplus funds in partnership firm engaged in such business. However, the Directors considering their past experience are confident that the Company will not face any major set back in these areas.

## **HARIYANA SHIP BREAKERS LIMITED**

### **INDEPENDENT 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 31st March, 2017, the statement of profit and loss and the cash flow statement and a summary of significant accounting policies and other explanatory information for the year then ended, [in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Mumbai HO and Bangalore].

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date, ***except for non provision for gratuity and long term employee benefits as per AS – 15, the amount of which could not be ascertained in the absence of actuarial valuation.***

### Other Matter

We have not audited the financial statements of Mumbai Division (HO) and Bangalore (Steel & Power Unit), whose financial statements reflect total assets of Rs. 11877.12 Lacs and Rs. 373.91 Lacs and as at March 31, 2017, total revenue of Rs. 19392.35 Lacs and Rs. 94.01 Lacs respectively, whose 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The reports on the accounts of the branch offices of the company audited under section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - d. 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.

## HARIYANA SHIP BREAKERS LIMITED

- e. In our opinion, and except for the effects of our qualified opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure - B'; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed impact of pending litigations on its financial position in its financial statements - *Refer Note 2.29 of the financial statements.*
  - ii. The Company did not any long term contracts including derivative contracts for which there were any material foreseeable losses. and
  - iii. There has been no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. the Company has provided requisite disclosures in its financial statements as to dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company - *Refer Note 2.28 to the financial statements.*

**For P. D. Goplani & Associates**  
**Chartered Accountants**  
FRN: 118023W

Sd/-

**CA. Sonam Langalia**  
**Partner**  
M. No. 154014

Bhavnagar  
May 30, 2017

## Annexure A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2017, we report that:

- i)
  - a) The Company has maintained proper records showing the full particulars, including the quantitative details and situation of its fixed assets.
  - b) All the assets have not been physically verified by the management during the year, but as per the information and explanations provided to us, there is a regular programme of physical verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c) According to information and explanations given by the management, the title deeds of immovable properties, included under tangible fixed assets, are held in the name of the Company, **except as detailed in Annexure - 1, The company holds certain lands near Shantigrama, Hassan. We were given to understand except main land on which company has constructed factory building is registered in favor of the company, however, all other are agriculture lands, situated at Near Shantigrama, Hassan, cannot be registered in the name of the company; and therefore, the properties are registered in the name of Mr. H. Veerappa and subsequently a general power of attorney is entered by Mr. H. Veerappa in favor of the company. Details of such agricultural land are enclosed to this report.**
- ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on such physical verification.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees, and security the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v) According to the information and explanations given to us, the company has not invited any deposits as per the provisions of section 73 to 76 or any other relevant provisions of companies act and the rules framed there under.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

## HARIYANA SHIP BREAKERS LIMITED

- vii) a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it and no such undisputed amounts were in arrears for a period of more than six months from the date they became payable.
- b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the authority (where the dispute is pending)	Related period	Nature	Amount Rs.
Hon. ITAT, Mumbai	AY: 2007-08	Income Tax	3,96,780
Hon. ACIT, Mumbai	AY: 2009-10	Income Tax	1,88,120
Hon. CIT, Central Circle - 54, Mumbai	AY: 2010-11	Income Tax	2,00,550
Hon. DCIT, Central Circle - 3(1)(2), Mumbai	AY: 2011-12	Income Tax	3,58,140
Hon. DCIT, Central Circle - 3(1)(2), Mumbai	AY: 2012-13	Income Tax	30,30,960
Hon. CIT (A) - 8, Mumbai	AY: 2013-14	Income Tax	60,29,800
Hon. CIT (A) - 8, Mumbai	AY: 2014-15	Income Tax	98,53,510

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institution. The Company has not taken any loan from government.
- ix) In our opinion and according to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loan during the year under report.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

- xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv) According to the information and explanations given by the management and based on the examinations of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For P. D. Goplani & Associates**  
**Chartered Accountants**  
FRN: 118023W

Sd/-  
**CA. Sonam Langalia**  
**Partner**  
M. No. 154014

Bhavnagar  
May 30, 2017

**HARIYANA SHIP BREAKERS LIMITED****Annexure 1 to the Auditor's Report (CARO, 2016)  
Details of Para 3(i) (c) : Immovable Properties**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Gross Block Value as at 31.03.2017 (Rs.)</b>	<b>Net Block Value as at 31.03.2017 (Rs.)</b>	<b>Remarks</b>
1	Agricultural Land Survey No. 10/2, 10/1, Kanchanhalli Village, Shantigram, Hobli, Hassan Taluk	6,51,300	6,51,300	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour.
2	Agricultural Land Survey No. 13/1,9/1,9/ 4,9/5, Kanchanhalli Village, Shantigram, Hobli, Hassan Taluk	6,07,960	6,07,960	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour
3	Agricultural Land Survey No. 10/7, Kanchanhalli Village, Shantigram, Hobli, Hassan Taluk	6,09,636	6,09,636	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour
4	Agricultural Land Survey No. 9/2, 9/3, Kanchanhalli Village, Shantigram, Hobli, Hassan Taluk	1,99,054	1,99,054	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour
5	Agricultural Land Survey No. 8/2, Kanchanhalli Village, Shantigram, Hobli, Hassan Taluk	1,46,805	1,46,805	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour.
6	Agricultural Land Survey No. 9/6, Kanchanhalli Village, Shantigram, Hobli, Hassan Taluk	71,874	71,874	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour.
7	Agricultural Land Survey No. 16/p-1, Kanchanhalli Village, Shantigram, Hobli, Hassan Taluk	10,50,000	10,50,000	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour.

Sr. No	Particulars	Gross Block Value as at 31.03.2017 (Rs.)	Net Block Value as at 31.03.2017 (Rs.)	Remarks
8	Agricultural Land Survey No. 8/3, 10/8, Kanchanhalli Village, Shantigrama, Hobli, Hassan Taluk	6,19,002	6,19,002	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour.
9	Agricultural Land Survey No. 10/6, Kanchanhalli Village, Shantigrama, Hobli, Hassan Taluk	97,980	97,980	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour.
10	Agricultural Land Survey No. 10/3, Kanchanhalli Village, Shantigrama, Hobli, Hassan Taluk	2,39,618	2,39,618	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour.
11	Agricultural Land Survey No. 10/4, 11/1a, 10/5, Kanchanhalli Village, Shantigrama, Hobli, Hassan Taluk	6,51,330	6,51,330	Held in the name of Mr. H. Veerappa as Company cannot purchase agriculture land; and a registered power of attorney is entered in his favour.
12	Godown1929, Iron & Steel Market Yard, Kalamboli, Dist: Raigad	48,17,420	28,95,797	Held in the name of director of the company.

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Hariyana Ship Breakers Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the company for the year ended on that date. [in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Mumbai HO and Bangalore].

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion and according to the best of information and explanations provided to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to Mumbai Branch and Bangalore, are based on the corresponding reports of the auditors of such branches.

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

**Chartered Accountants**

FRN: 118023W

Sd/-

**CA. Sonam Langalia**

**Partner**

M. No. 154014

Bhavnagar

May 30, 2017

# HARIYANA SHIP BREAKERS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at	
		March 31, 2017	March 31, 2016
<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	1,087,492,856	993,589,189
<b>2 NON-CURRENT LIABILITIES</b>			
(a) LONG-TERM BORROWINGS	2.3	69,762,307	64,534,974
(b) DEFERRED TAX LIABILITIES	2.4	5,735,002	22,661,046
(c) OTHER LONG TERM LIABILITIES	2.5	1,690,000	1,340,000
<b>3 CURRENT LIABILITIES</b>			
(a) SHORT TERM BORROWINGS	2.6	15,486,531	3,012,647
(b) TRADE PAYABLES	2.7		
(I) TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES		-	-
(II) TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES		-	-
		904,889,063	1,359,769,042
(c) OTHER CURRENT LIABILITIES	2.8	45,033,358	16,666,498
(d) SHORT-TERM PROVISIONS	2.9	1,847,196	42,056
<b>TOTAL</b>		<b>2,193,602,982</b>	<b>2,523,282,122</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) FIXED ASSETS			
(i) TANGIBLE ASSETS	2.10	85,290,067	151,448,702
(ii) INTANGIBLE ASSETS		413	21,939
(iii) CAPITAL WORK-IN-PROGRESS		1,135,890	-
(b) NON-CURRENT INVESTMENTS	2.11	694,747,601	769,878,446
(c) LONG-TERM LOANS & ADVANCES	2.12	8,032,084	7,206,164
<b>2 CURRENT ASSETS</b>			
(a) INVENTORIES	2.13	186,270,396	36,293,241
(b) TRADE RECEIVABLES	2.14	225,250,346	347,109,475
(c) CASH & CASH EQUIVALENTS	2.15	4,396,661	10,860,155
(d) SHORT-TERM LOAN & ADVANCES	2.16	988,212,564	1,200,197,040
(e) OTHER CURRENT ASSETS	2.17	266,960	266,960
<b>TOTAL</b>		<b>2,193,602,982</b>	<b>2,523,282,122</b>

See Accompanying Notes to Financial Statements

As per our separate report of even date

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

**Chartered Accountants**

FRN: 118023W

**Sd/-**

**CA. Sonam Langalia**

**Partner**

M. No. 154014

Place: Bhavnagar

Date : May 30, 2017

For and on behalf of the Board of Directors

**Hariyana Ship Breakers Limited**

**Sd/-**

Shantisarup Reniwal

**Managing Director**

(DIN 00040355)

**Sd/-**

Rajeev Reniwal

**Chief Financial Officer**

Place: Mumbai

Date : May 30, 2017

**Sd/-**

Rakesh Reniwal

**Director**

(DIN 00029332)

**Sd/-**

Swati Chauhan

**Company Secretary**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2017**

Particulars	Note No.	For the Year Ended on	
		March 31, 2017	March 31, 2016
<b>INCOME</b>			
a) REVENUE FROM OPERATIONS	2.18	2,754,479,674	3,656,974,365
b) OTHER INCOME	2.19	333,326,956	245,192,742
<b>Total Revenue</b>		<b>3,087,806,630</b>	<b>3,902,167,107</b>
<b>EXPENSE</b>			
a) COST OF MATERIALS CONSUMED	2.20	931,181,888	90,169,694
b) PURCHASE OF STOCK-IN-TRADE	2.21	1,935,535,247	3,426,455,980
c) CHANGES IN INVENTORIES OF FINISHED GOODS	2.22	(66,250,367)	(25,284,123)
d) EMPLOYEE BENEFITS EXPENSES & FINANCE COSTS	2.23 & 2.24	91,275,050	75,098,387
e) DEPRECIATION & AMORTIZATION EXPENSES	2.10	19,566,181	20,918,070
f) OTHER EXPENSES	2.25	51,902,782	236,265,321
<b>Total Expense</b>		<b>2,963,210,781</b>	<b>3,823,623,328</b>
<b>PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS &amp; TAXES</b>		<b>124,595,849</b>	<b>78,543,779</b>
EXTRAORDINARY ITEMS		36,179,611	-
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>88,416,238</b>	<b>78,543,779</b>
<b>TAX EXPENSES:</b>	2.26		
(1) CURRENT TAX		10,770,561	-
(2) DEFERRED TAX		(16,926,046)	4,267,765
(3) TAXES OF EARLIER YEARS		-	-
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>94,571,723</b>	<b>74,276,014</b>
<b>EARNINGS PER EQUITY SHARES:</b>			
EQUITY SHARES OF PAR VALUE OF Rs. 10/- EACH			
(1) BASIC		15.34	12.04
(2) DILUTED		15.34	12.04
Weighted average number of shares outstanding		6,166,667	6,166,667

See Accompanying Notes to Financial Statements

As per our separate report of even date

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

**Chartered Accountants**

FRN: 118023W

**Sd/-**

**CA. Sonam Langalia**

**Partner**

M. No. 154014

Place: Bhavnagar

Date : May 30, 2017

For and on behalf of the Board of Directors

**Hariyana Ship Breakers Limited**

**Sd/-**

Shantisarup Reniwal

**Managing Director**

(DIN 00040355)

**Sd/-**

Rajeev Reniwal

**Chief Financial Officer**

Place: Mumbai

Date : May 30, 2017

**Sd/-**

Rakesh Reniwal

**Director**

(DIN 00029332)

**Sd/-**

Swati Chauhan

**Company Secretary**

# HARIYANA SHIP BREAKERS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	March 31, 2017	March 31, 2016
	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before Extraordinary Items &amp; Taxes</b>	124,595,849	78,543,779
- Adjustment for :		
Depreciation	19,566,181	20,918,070
Extraordinary Items	36,179,611	-
Finance Cost	78,669,082	71,857,695
Interest & Other Non-Operative Income	(217,537,793)	-
<b>Operating Profit before Working Capital Changes</b>	(30,886,292)	171,319,544
- Adjustments for :		
Trade Receivable	121,859,129	37,733,182
Other Current Assets	-	4,102
Inventories	(149,977,155)	73,189,566
Trade Payable & Other current Liabilities	(424,357,980)	215,187,157
<b>Cash Flow from operation</b>	(483,362,297)	497,433,551
Income Tax Paid	10,770,561	-
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(494,132,858)</b>	<b>497,433,551</b>
<b>B. Cash Flow arising from Investing Activities :</b>		
- Purchase of Fixed Assets	(5,043,874)	(996,294)
- Sale of Fixed Assets	49,853,909	1,417,662
- Sale (Purchase) of Investment	75,130,845	(460,967,127)
- Interest & Other Non-Operative Income	217,537,793	-
- Proceeds from Long Term Loans & Advances	(825,920)	(4,672,665)
- Proceeds from Short Term Loans & Advances	211,984,476	(6,734,940)
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>548,637,229</b>	<b>(471,953,364)</b>
<b>C. Cash Flow arising from Financing Activities:</b>		
- Proceeds from Long Term Borrowings	5,227,333	4,847,898
- Proceeds from Short Term Borrowing	12,473,884	3,012,647
- Finance Cost	(78,669,082)	(71,857,695)
<b>Net Cash (Outflow) from Financing Activities</b>	<b>(60,967,865)</b>	<b>(63,997,150)</b>
Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)	(6,463,495)	(38,516,963)
Add: Balance at the beginning of the year	10,860,157	49,377,120
<b>Cash and Cash Equivalents at the close of the year (Refer Note 2.16)</b>	<b>4,396,662</b>	<b>10,860,157</b>

*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

For P. D. Goplani & Associates

Chartered Accountants

FRN: 118023W

Sd/-

CA. Sonam Langalia

Partner

M. No. 154014

Place: Bhavnagar

Date: May 30, 2017

For and on behalf of the Board of Directors

Hariyana Ship Breakers Limited

Sd/-

Shantisarup Reniwal

Managing Director

(DIN 00040355)

Sd/-

Rajeev Reniwal

Chief Financial Officer

Place: Mumbai

Date: May 30, 2017

Sd/-

Rakesh Reniwal

Director

(DIN 00029332)

Sd/-

Swati Chauhan

Company Secretary

**1. CORPORATE INFORMATION:**

Hariyana Ship Breakers Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company has its primary listing on BSE Limited.

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 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.

**2. SIGNIFICANT ACCOUNTING POLICIES ON ACCOUNTS:****2.1. Basis of preparation of financial Statements:**

- a. The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realization of incomes. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.
- b. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**2.2. USE OF ESTIMATES:**

- a. Preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.
- b. All material expenditure and income to the extent considered payable and receivable are accounted for on accrual basis, except for insurance claim and refunds/subsidy from statutory authorities, which are accounted on cash basis, keeping in view the concept of materiality.
- c. Accounting estimates could change from period to period. Accrual results could differ from these estimates. Appropriate changes in estimate are made as the Management becomes aware of changes in circumstances surrounding the estimate. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**2.3. REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**Sale of Goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Further, sales are exclusive of all duties and taxes and net of returns, claims, rebates, discounts, etc.

**Income from Rent-Services**

Income from Rent-Services is recognized on performance of the contract and acceptance of the services by the parties.

**Interest Income**

Revenues of interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Insurance, duty drawback and other claims are accounted for on receipt basis or as acknowledged by the appropriate authorities.

**2.4. TANGIBLE FIXED ASSETS:**

- I. Capitalized at cost of acquisition.
- II. Fixed Assets are stated at cost, less accumulated depreciation (other than 'Freehold Land'). 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 for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from discard/sale of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is discarded/ sold.

- III. In the event of the same having been revalued, they are stated at the revalued figures. Expenditure relating to Tangible fixed assets is added to costs only when the same involved modification work whereby it increases the life of the assets.

**2.5. DEPRECIATION ON TANGIBLE ASSETS:**

- I. Depreciation on tangible assets is provided on the straight-line method over the useful lives of the assets estimated by the Management. Depreciation for assets purchased during a period is proportionately charged.

Useful lives and residual values of assets are reviewed periodically.

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

**2.6. VALUATION OF INVENTORIES:**

Inventories of Raw Materials - Ships are stated at Cost values. Cost comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost formulas used are First -in -First -out. Inventories of Finished Goods are stated at lower of cost or net realizable value.

Consumable stores and spares are written off at the time of purchase itself.

In ship recycling units, the weight of the ship purchased is accounted in terms of LDT/MT 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 long period of the 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.

**2.7. INVESTMENTS:**

Investments are classified into current and Long-term investment based on the Managements' intention. Current Investments are stated at lower of cost and fair market value. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of investments.

**2.8. RETIREMENT BENEFITS:****i) Gratuity**

The management is of the opinion that since none of the employees of the company were in continuous service of more than five years and accordingly making provision of the gratuity does not arise. However, if payment on account of gratuity arises due to happening of any incidents as provided under the applicable provisions of the law, the same will be accounted as and when incurred.

**ii) Pension**

The management is also of the opinion that the payment under Pension Act is not applicable to the Company.

**iii) Contribution to Provident Funds**

The company contributes to the employee's provident fund maintained under the Employees Provident Fund Scheme of the Central Government and the same is charged to the Profit & Loss Account. The company has no obligation, other

**iv) Other short term benefits**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**2.9. TAXES ON INCOME :****Current Tax**

Provision for current Tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations and the provisions of Income Tax Act, 1961.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and TDS/TCS receivables.

**Deferred Tax**

Deferred tax liability resulting from timing differences between taxable Income and accounting income is accounted for at the current rate of tax or substantively enacted tax rates as at reporting date, to the extent that the timing differences are expected to crystallize.

Deferred tax assets are recognized where realization is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that such deferred tax assets will be realized.

**2.10. FOREIGN CURRENCY TRANSACTIONS:**

The company is exposed to currency fluctuations on foreign currency transactions. Transactions denominated in foreign currency are recorded at the original rates of exchange in force/ notional determined exchange rates at the time transactions are affected. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the Statement of profit and loss of the year.

In the case of forward contract, if any, difference between the forward rates and the exchange rates on the transaction dates is recognized as income or expenses over the lives of the related contracts. The Profit/Loss arising out of the cancellation or renewal of forward exchange contract is recorded as Income/ Expense for the period.

Monetary assets/ liabilities relating to foreign currency transaction are stated at exchange rate prevailing at the end of the year and exchange difference in respect thereof is charged to statement of Profit & Loss.

**2.11. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for:

- i) Possible obligations which will be confirmed only by future events not within the control of the Company or,

- ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**2.12. CASH & CASH EQUIVALENTS:**

Cash and cash equivalents comprise cash and cash on deposit with banks. The company considers all highly liquid investment with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**2.13. CASH FLOW STATEMENT:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transaction of a non-cash nature, any deferral or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**2.14. IMPAIRMENT OF ASSETS:**

The company assesses at each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

**2.15. SEGMENT INFORMATION :**

The company has recognized its segments according to business activities carried on by it, to enhance executive-customer relationships, improve focus on each business activities and increase management oversight. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are set out in the significant accounting policies.

Business segments of the company are primarily categorized as:

- Trading & Investment
- Ship Breaking
- Steel & Power
- Trading Unit - BVN

## HARIYANA SHIP BREAKERS LIMITED

Revenue and identifiable operating expenses as well as Assets and Liabilities in relation to segments are categorized based on the items that are individually identifiable to that segment.

### 2.16. EARNINGS PER SHARE :

Basic and Diluted Earnings per shares are calculated by dividing the net profit attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The Company reports basic and diluted earnings per share in accordance with Accounting Standard issued by the Institute of Chartered Accountant of India. Basic earnings per share are computed by dividing the net profit for the year by the Weighted Average Number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where results are anti-dilutive. Statement showing the computation of EPS is as under:

Particulars	March 31, 2017	March 31, 2016
Net profit after tax	9,45,71,723	7,42,76,014
Weighted Average Number of Equity Shares Outstanding during the year	61,66,667	61,66,667
Basic Earning Per Share	15.34	12.04
Diluted Earning Per Share	15.34	12.04

As per our report of even date  
For **P. D. Goplani & Associates**  
Chartered Accountants  
FRN: 118023W

Sd/-  
**CA. Sonam Langalia**  
Partner  
M. No. 154014

Place: Bhavnagar  
Date : May 30, 2017

For and on behalf of the Board of Directors  
**Hariyana Ship Breakers Limited**

Sd/-  
Shantisarup Reniwal  
**Managing Director**  
(DIN 00040355)

Sd/-  
Rajeev Reniwal  
**Chief Financial Officer**

Sd/-  
Rakesh Reniwal  
**Director**  
(DIN 00029332)

Sd/-  
Swati Chauhan  
**Company Secretary**

Place: Mumbai  
Date : May 30, 2017

## 2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

## 2.1 SHARE CAPITAL

Particulars	As at	
	March 31, 2017	March 31, 2016
<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

## Notes

- a) The reconciliation of the number of outstanding shares as at 31st March, 2017 and 31st March, 2016 is set out below:

Particulars	March 31, 2017		March 31, 2016	
	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	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>6,166,667</b>	<b>61,666,670</b>	<b>6,166,667</b>	<b>61,666,670</b>

- b) The details of shareholder holding more than 5% shares as at 31st March, 2017 and 31st March, 2016 is set out below:

NAME OF SHAREHOLDER	March 31, 2017		March 31, 2016	
	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	24.96%	1,539,009	24.96%
6 Unnati Reniwal	400,000	6.49%	400,000	6.49%

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.

## HARIYANA SHIP BREAKERS LIMITED

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

The company has only one class of equity shares having a par value of Rs.10/-. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting.

During the period ended 31st March 2017, the amount of per share dividend recognized as distributions to equity shareholder was NIL per share (PY Nil)

Preference shareholder do not have any voting right. They are entitled to dividend @ 4% before equity shareholders.

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.

### 2.2 RESERVES & SURPLUS

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>A CAPITAL RESERVES</b>		
Balance as per the last Financial Statements	89,360,940	89,360,940
Add: Current Year Transfer	-	-
<b>Closing Balance</b>	<b>89,360,940</b>	<b>89,360,940</b>
<b>B CAPITAL REDEMPTION RESERVE</b>		
Balance as per the last Financial Statements	50,000,000	50,000,000
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
<b>Closing Balance</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>C SECURITIES PREMIUM ACCOUNT</b>		
Balance as per the last Financial Statements	14,038,400	14,038,400
Add: Securities premium credited on Share issue	-	-
Less: Premium Utilized for various reasons	-	-
Amount utilized toward Issue of Fully paid Bonus Shares	-	-
<b>Closing Balance</b>	<b>14,038,400</b>	<b>14,038,400</b>
<b>D REVALUATION RESERVE</b>		
Balance as per the last Financial Statements	4,430,961	5,099,018
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	668,057	668,057
<b>Closing Balance</b>	<b>3,762,904</b>	<b>4,430,961</b>

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>E GENERAL RESERVE</b>		
Balance as per the last Financial Statements	37,425,418	37,425,418
Add: Current Year Transfer	-	-
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	798,333,471	724,057,456
Net Profit/(Net Loss) For the current year	94,571,723	74,276,014
Transfer From Reserves	-	-
<b>Less: APPROPRIATIONS</b>		
Proposed Final Equity Dividend	-	-
Tax on Proposed Equity Dividends	-	-
Transfer to General Reserves	-	-
<b>Total Appropriations</b>	<b>-</b>	<b>-</b>
<b>Net Surplus in the Statement of Profit &amp; Loss</b>	<b>892,905,194</b>	<b>798,333,470</b>
<b>Total Reserve &amp; Surplus</b>	<b>1,087,492,856</b>	<b>993,589,189</b>

## 2.3 LONG TERM BORROWINGS

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>UNSECURED</b>		
<b>A LOANS &amp; ADVANCES</b>		
- From Related Parties	69,762,307	64,534,974
<b>Total</b>	<b>69,762,307</b>	<b>64,534,974</b>

## 2.4 DEFERRED TAX LIABILITIES

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>Deferred Tax Liabilities</b>		
- On account of Depreciation	5,735,002	22,661,046
<b>Total</b>	<b>5,735,002</b>	<b>22,661,046</b>

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

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>Other Payables</b>		
Advance from Customers	350,000	-
Security Deposit From Tenants	1,340,000	1,340,000
<b>Total</b>	<b>1,690,000</b>	<b>1,340,000</b>

## HARIYANA SHIP BREAKERS LIMITED

### 2.6 SHORT TERM BORROWINGS

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>SECURED</b>		
<b>A LOANS REPAYABLE ON DEMAND</b>		
I Working Capital Loans From Banks	15,486,531	3,012,647
<b>Total</b>	<b>15,486,531</b>	<b>3,012,647</b>

#### Notes:

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

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>Working Capital Loan from banks:</b>		
a - Punjab National Bank OD-376097	15,486,531	-
b - Punjab National Bank CC- 600	-	3,012,647
	15,486,531	3,012,647

##### 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 - 1040 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.

### 2.7 TRADE PAYABLES

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES</b>		
- Creditors (For Goods)	903,089,779	1,325,878,953
- Other Creditors (For Expenses)	1,799,284	33,890,089
<b>Total</b>	<b>904,889,063</b>	<b>1,359,769,042</b>

## 2.8 OTHER CURRENT LIABILITIES

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>OTHER PAYABLE</b>		
Statutory Dues	14,871,651	1,004,083
Advance from Customers	3,341,367	-
Magin Money	26,600,001	15,395,001
Outstanding Liabilities	220,339	267,414
<b>Total</b>	<b>45,033,358</b>	<b>16,666,498</b>

## 2.9 SHORT-TERM PROVISIONS

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>(A) Provision for Employee Benefits</b>		
Salary & Bonus	1,001,577	-
Contribution to Provident Funds	107,667	8,622
Contribution to ESIC	42,932	1,934
Outstanding Liabilities	31,500	31,500
<b>(B) Others</b>		
Provision for Income Tax	663,520	-
<b>Total</b>	<b>1,847,196</b>	<b>42,056</b>

# HARIYANA SHIP BREAKERS LIMITED

## 2.10 FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	ASON 01.04.2016	ADDITION	DEDUCTION	TOTAL 31.03.2017	UPTO 01.04.2016	DER. FOR THE YEAR	ON REVALUATION	WRITTEN BACK	TOTAL ASON 31.03.2017	ASON 31.03.2017	ASON 31.03.2016
<b>TANGIBLE ASSETS</b>											
FACTORY LAND	23,529,682	-	-	23,529,682	-	-	-	-	-	23,529,682	23,529,682
PREMISES - OTHER THAN FACTORY	39,733,150	-	-	39,733,150	14,941,872	45,953	595,291	-	15,583,116	24,150,034	24,791,278
WAREHOUSE (LEASEHOLD)	4,817,420	-	-	4,817,420	1,845,195	3,662	72,766	-	1,921,623	2,895,797	2,972,225
GODOWN	1,356,796	-	-	1,356,796	549,417	74,624	-	-	624,041	732,755	807,379
OFFICE	2,041,059	-	-	2,041,059	353,475	12,932	-	366,407	-	-	1,687,584
FLAT - MADHAV HILL	1,264,697	-	-	1,264,697	-	-	-	-	-	1,264,697	1,264,697
FACTORY BUILDING	19,409,471	-	-	19,409,471	5,902,921	625,660	-	-	6,528,581	12,880,890	13,506,550
ROADS & CUIVETS	72,850	-	72,850	-	23,618	2,280	-	25,898	-	-	49,232
PLANT & MACHINERY	121,431,764	-	120,841,134	590,630	77,220,075	10,525,357	-	87,645,664	99,766	490,864	44,211,691
CRANE	16,805,083	-	-	16,805,083	8,091,319	1,313,767	-	-	9,405,086	7,399,997	8,713,764
POLLUTION CONTROL EQUIPMENTS	38,461,757	-	38,461,757	-	24,932,506	2,860,129	-	27,792,635	-	-	13,529,251
PLANT & MACHINERY (OTHERS)	30,081,630	-	30,081,630	-	23,575,151	2,525,669	-	26,100,820	-	-	6,506,479
ASBESTO HANDLING SYSTEM	283,500	-	-	283,500	87,369	17,946	-	-	105,315	178,185	196,131
OFFICE EQUIPMENTS	2,545,739	-	1,672,787	872,952	2,302,214	15,045	-	1,591,315	725,944	147,008	243,525
OXYGEN TANK	-	2,101,000	-	2,101,000	-	109,553	-	-	109,553	1,991,447	-
MOBILE	219,760	34,200	-	253,960	196,072	12,724	-	-	208,796	45,164	23,688
FURNITURE	4,338,922	-	2,732,541	1,606,381	3,963,095	76,527	-	2,557,576	1,482,046	124,335	375,827
COMPUTERS	2,765,166	-	1,487,601	1,277,565	2,672,953	25,073	-	1,482,618	1,215,408	62,157	92,213
AIRCONDITIONERS	373,070	-	-	373,070	120,169	24,128	-	-	144,297	228,773	252,901
METAL DETECTOR	102,222	-	-	102,222	52,728	7,718	-	-	60,446	41,776	49,494
VEHICLES	3,708,680	1,339,079	-	5,047,759	910,886	577,440	-	-	1,488,326	3,559,433	2,797,794
TRANSPORT VEHICLES	509,668	-	509,668	-	484,183	-	-	484,185	-	-	25,481
PORTABLE GENERATOR SET	23,800	-	-	23,800	22,610	-	-	-	22,610	1,190	1,190
WIRE ROPES	5,175,167	433,705	-	5,608,872	1,950,942	381,744	-	-	2,332,686	3,276,186	3,224,225
FIRE FIGHTING EQUIPMENTS	165,134	-	-	165,134	98,539	14,284	-	-	112,823	52,311	66,595
BUILDING	292,542	-	-	292,542	56,417	9,186	-	-	65,603	226,939	236,125
SPECTRO METER	811,981	-	-	811,981	275,727	56,433	-	-	332,160	479,821	536,254
WEIGHING MACHINE	87,289	-	-	87,289	51,844	7,524	-	-	59,368	27,921	35,445
WEIGH BRIDGE	1,555,818	-	-	1,555,818	721,633	143,779	-	-	865,412	690,406	834,185
WINCH	1,091,375	-	-	1,091,375	203,558	75,518	-	-	279,076	812,299	887,817
TOTAL (A)	323,055,192	3,907,984	197,901,027	129,062,149	171,606,488	19,544,655	668,057	148,047,118	43,772,082	85,290,067	151,448,702
<b>INTANGIBLE ASSETS</b>											
WEBSITE	107,630	-	-	107,630	85,691	21,526	-	-	107,217	413	21,939
TOTAL (B)	107,630	-	-	107,630	85,691	21,526	-	-	107,217	413	21,939
<b>CAPITAL WORK-IN-PROGRESS</b>											
GREEN PLOT	-	1,135,890	-	1,135,890	-	-	-	-	-	1,135,890	-
TOTAL (C)	-	1,135,890	-	1,135,890	-	-	-	-	-	1,135,890	-
<b>TOTAL (A + B + C)</b>	<b>323,162,822</b>	<b>5,043,874</b>	<b>197,901,027</b>	<b>130,305,669</b>	<b>171,692,179</b>	<b>19,566,181</b>	<b>668,057</b>	<b>148,047,118</b>	<b>43,879,299</b>	<b>86,426,370</b>	<b>151,470,641</b>
PREVIOUS YEAR	323,970,043	996,294	1,803,521	323,162,816	150,491,938	20,918,070	668,057	385,888	171,692,177	151,470,639	173,478,105

## 2.11 NON-CURRENT INVESTMENTS

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>A LONG TERM INVESTMENTS (AT COST)</b>		
<b>INVESTMENT IN EQUITY SHARES - UNQUOTED</b>	10	10
The Cuffe Parade premises of Co-Operative Ltd. 1 (PY 10) share of Rs.10/- each paid up		
<b>INVESTMENT IN EQUITY SHARES - QUOTED</b>		
<b>Inducto Steel Ltd</b>	401	401
10 (PY 10) share of Rs.10/- each paid up		
<b>INVESTMENT IN MUTUAL FUNDS</b>		
PNB Principle Regular Growth Fund	-	163,256,308
<b>INVESTMENTS IN PARTNERSHIP FIRMS *</b>	694,747,190	606,621,727
<b>Total</b>	<b>694,747,601</b>	<b>769,878,446</b>

\* Details of Investment in Firms

Particulars	Share in Profit/ (Loss)	As at	
		March 31, 2017	March 31, 2016
<b>In Partnership Firms</b>			
<b>Fixed Capital</b>			
Orchid Lakeview Developers	33.33%	100,000	100,000
White Mountain	25.00%	25,000	25,000
Shree Balaji Associates	5.00%	25,000	25,000
Goyal Hariyana Construction (*orchid woods project)	50.00%	-	10,000,000
Hariyana Developers	51.00%	-	255,000
Goyal Hariyana Realty	50.00%	50,000	50,000
Hariyana Air Product	95.00%	-	4,500,000
<b>Current A/c</b>			
Whitefield Projects	40.00%	420,386	420,386
Swastik Developers	33.33%	48,070,149	42,919,776
Orchid Lakeview Developers	33.33%	289,094,688	163,708,761
Goyal Hariyana Construction	50.00%	46,675,788	282,497,537
White Mountain	25.00%	123,047,695	226,674,591
Hariyana Developers	51.00%	-	143,942,059
Goyal Hariyana Realty	50.00%	105,905,054	93,663,714
Shree Balaji Associates	5.00%	60,114,674	(369,531,743)
Hariyana Air Product	95.00%	21,218,756	7,371,646
		694,747,190	606,621,727

\* The partnership deed of M/s. Hariyana Air Product has been re-constituted w.e.f. 08.07.2016. With the re-constitution, share in profit/(loss) of the company has been increased to 95% from 60%.

## HARIYANA SHIP BREAKERS LIMITED

### 2.12 LONG TERM LOANS & ADVANCES

Particulars	As at	
	March 31, 2017	March, 31 2016
<i>(Unsecured, considered good)</i>		
<b>A Security Deposits</b>	670,219	170,219
(A)	670,219	170,219
<b>B Other Loans and Advances</b>		
- Balance with statutory/government authorities	7,361,865	7,035,945
(B )	7,361,865	7,035,945
<b>Total(A+B)</b>	<b>8,032,084</b>	<b>7,206,164</b>

### 2.13 INVENTORIES

Particulars	As at	
	March 31, 2017	March, 31 2016
<i>(As verified, valued and certified by management)</i>		
<b>A RAW MATERIALS &amp; COMPONENTS</b>		
UNCUT SHIP	89,125,700	-
SPONGE IRON	-	5,398,912
	89,125,700	5,398,912
<b>B FINISHED GOODS</b>	-	137,331
<b>C STOCK- IN -TRADE</b>	97,144,696	30,756,998
<b>Total</b>	<b>186,270,396</b>	<b>36,293,241</b>

### 2.14 TRADE RECEIVABLES

Particulars	As at	
	March 31, 2017	March, 31 2016
Trade receivables outstanding <i>For a period less than six months from the date they are due for payment</i> <i>(Unsecured, Considered good)</i>	223,371,529	345,262,246
(A)	223,371,529	345,262,246
<i>For a period exceeding six months from the date they are due for payment</i> <i>(Unsecured, Considered good)</i>	1,878,817	1,847,229
(B)	1,878,817	1,847,229
<b>Total(A+B)</b>	<b>225,250,346</b>	<b>347,109,475</b>

### 2.15 CASH & CASH EQUIVALENTS

Particulars	As at	
	March 31, 2017	March, 31 2016
Cash in Hand <i>(As verified and certified by management)</i>	3,239,081	1,393,332
Balances with scheduled banks	1,157,581	9,466,822
<b>Total</b>	<b>4,396,662</b>	<b>10,860,154</b>

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

Particulars	As at	
	March 31, 2017	March, 31 2016
<u>In Bank Accounts:</u>		
Balances with scheduled banks	723,554	2,125,890
- Punjab National Bank - CC 1040	73,528	50,931
- Punjab National Bank - CC2793	37,405	22,273
- Punjab National Bank - CC 600	250,618	-
- Punjab National Bank - Bhavnagar Branch (52134)	52,476	155,652
- State Bank of India	20,000	117,794
- Punjab National Bank (Mumbai) OD 376097	-	6,994,282
<b>Total</b>	<b>1,157,581</b>	<b>9,466,822</b>

#### 2.16 SHORT-TERM LOANS & ADVANCES

Particulars	As at	
	March 31, 2017	March 31, 2016
<i>(Unsecured, Considered good)</i>		
<b>Others Loans &amp; Advances :</b>		
Prepaid Expenses	103,748	84,889
Deposits	-	191,392
Staff Advances	535,152	545,038
Advance against proposed joint venture	951,969,603	1,177,069,603
Advances recoverable in cash or kind or value to be received	11,696,085	17,794,652
Advance to Suppliers	63,900	-
Margin Money given	282,527	-
Balance with statutory/government authorities	23,561,549	4,511,466
<b>Total</b>	<b>988,212,564</b>	<b>1,200,197,040</b>

#### 2.17 OTHER CURRENT ASSETS

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>Unsecured, considered good</b>		
Security Deposits	266,960	266,960
<b>Total</b>	<b>266,960</b>	<b>266,960</b>

#### 2.18 REVENUE FROM OPERATIONS

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
SALES OF MANUFACTURED GOODS	954,547,328	113,599,755
SALES OF TRADED GOODS :	1,904,584,361	3,549,296,820
	2,859,131,689	3,662,896,575
LESS: EXCISE DUTY	(104,652,015)	(5,922,210)
<b>Total</b>	<b>2,754,479,674</b>	<b>3,656,974,365</b>

## HARIYANA SHIP BREAKERS LIMITED

### 2. 19 OTHER INCOME

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
EXCISE/ CUSTOM DUTY REFUNDABLE	-	465,197
FOREIGN CURRENCY TRANSACTION VARIATION	21,983,485	-
RENT RECEIVED	3,605,594	3,960,955
PROFIT/(LOSS) FROM PARTNERSHIP FIRMS	108,620,806	107,184,676
PROFIT ON SALE OF MUTUAL FUNDS	11,152,830	30,946,308
<b>INTEREST INCOME</b>		
FROM CUSTOMER	76,581,028	85,645,109
FROM OTHER PARTIES	97,764,157	14,137,820
FROM PARTNERSHIP FIRMS	1,957,645	1,279,774
<b>OTHER INCOME</b>		
AMOUNT WRITTEN OFF AS NO LONGER PAYABLE	9,120,913	1,089,734
MISC. INCOME	2,540,498	483,169
<b>Total</b>	<b>333,326,956</b>	<b>245,192,742</b>

### 2. 20 COST OF CONSUMPTION OF RAW MATERIALS

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
INVENTORY AT THE BEIGINNING OF THE YEAR	5,398,912	103,868,407
LESS: EXCISE DUTY INCLUDED IN OPENING INVENTORIES	-	(8,299,801)
ADD: PURCHASE OF RAW MATERIAL	1,014,908,676	-
	1,020,307,588	95,568,606
LESS: INVENTORY AT THE END OF THE YEAR	89,125,700	5,398,912
<b>COST OF CONSUMPTION OF RAW MATERIALS</b>	<b>931,181,888</b>	<b>90,169,694</b>

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

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
PURCHASES	1,935,535,247	3,426,455,980
<b>Total</b>	<b>1,935,535,247</b>	<b>3,426,455,980</b>

## 2.22 CHANGES IN INVENTORIES OF FINISHED GOODS

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
<b>INVENTORY AT THE BEGINNING OF THE YEAR</b>		
- FINISHED GOODS	30,756,998	5,432,817
- BY PRODUCT GOODS	137,331	177,389
- WORK-IN-PROGRESS		
(A)	30,894,329	5,610,206
<b>INVENTORY AT THE END OF THE YEAR</b>		
- FINISHED GOODS	97,144,696	30,756,998
- BY PRODUCT GOODS	-	137,331
- WORK-IN-PROGRESS		
(B)	97,144,696	30,894,329
<b>INCREASE/(DECREASE) IN FINISHED GOODS (A-B)</b>	<b>(66,250,367)</b>	<b>(25,284,123)</b>

## 2.23 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended	
	March 31, 2017	March, 31 2016
SALARIES & WAGES	10,051,996	2,509,107
CONTRIBUTION TO PROVIDENT FUND	655,013	112,386
CONTRIBUTION TO E.S.I.C.	347,719	39,365
BONUS	1,395,496	162,548
STAFF WELFARE EXPENSES	155,744	417,286
<b>Total</b>	<b>12,605,968</b>	<b>3,240,692</b>

## 2.24 FINANCE COST

Particulars	For the year ended	
	March 31, 2017	March, 31 2016
BANK COMMISSION & CHARGES	7,336,860	3,567,287
LC DISCOUNTING CHARGES	23,997,986	60,708,284
<b>INTEREST EXPENSES:</b>		
ON BANK LOANS	1,742,727	1,364,053
LC USANCE INTEREST	8,098,599	751,086
PAID TO OTHER PARTIES	37,089,445	5,386,554
DELAYED PAYMENT OF STATUTORY DUES	403,465	80,431
<b>Total</b>	<b>78,669,082</b>	<b>71,857,695</b>

## HARIYANA SHIP BREAKERS LIMITED

### 2. 25 OTHER EXPENSES

Particulars	For the year ended	
	March 31, 2017	March, 31 2016
<b>MANUFACTURING EXPENSES</b>		
CONSUMPTION OF STORE & SPARE PARTS	1,471,439	131,468
ENVIRONMENT PROTECTION CHARGES	116,188	1,723
GASES EXPENSES	14,773,944	706,781
OTHER MANUFACTURING & OPERATING EXPENSES	116,924	-
PLOT RENT & PLOT DEVELOPMENT CHARGES	2,579,296	1,360,450
POWER & FUEL	613,601	526,746
REPAIRS & MAINTENANCES	214,486	151,004
SUB TOTAL	19,885,878	2,878,172
<b>ADMINISTRATIVE EXPENSES</b>		
ADVERTISEMENTS	39,683	111,817
ACCOUNTING CHARGES	206,500	147,000
BAD DEBTS	2,991,192	1,945,369
COMPUTER CHARGES	35,423	38,906
CLEARING & FORWARDING CHARGES	6,950,442	-
DONATION	133,885	-
INSURANCE	-	197,117
GROUND RENT EXPENSE	-	509,380
EXCISE EXPENSES (INVENTORIES)	-	7,695,113
ELECTRIC EXPENSES	157,560	180,320
FEES & SUBSCRIPTION	55,417	80,450
FOREIGN CURRENCY TRANSACTION VARIATION	9,394,177	190,904,954
GENERAL EXPENSES	2,349,262	3,922,155
INSURANCE	72,361	741,998
LEGAL & PROFESSIONAL EXPENSES	2,228,912	1,812,559
LOSS ON SALE OF ASSETS	-	517,633
LISTING EXPENSES	297,701	276,246
PAYMENT TO AUDITOR *	218,408	198,227
PENALTY & INTEREST CHARGES	-	72,265
POSTAGE & COURIER	43,156	104,312
PRINTING & STATIONERY	139,528	100,191
PROFESSIONAL TAX	2,000	2,000
RATE & TAXES	459,670	583,560
RENT	70,000	-
REPAIR & MAINTENANCE	-	1,148
SECURITY EXPENSES	34,742	147,830

SHORTAGE OF GOODS	921,899	-
SHARE DEMAT	-	1,210
GODOWN RENT EXPENSE	-	181,870
SOCIETY MAINTENANCE	291,249	167,399
TELEPHONE EXPENSES	106,804	185,420
TRAVELLING EXPENSES	566,107	1,210,872
WAREHOUSING CHARGES	136,640	-
VEHICLE & CONVEYANCE EXPENSES	560,928	414,020
<b>SUB TOTAL</b>	<b>28,463,646</b>	<b>212,451,341</b>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
BROKERAGE & COMMISSION	3,130,963	3,909,812
LOADING / UNLOADING CHARGES	186,279	943,972
FREIGHT OUTWARD	71,270	12,705,190
SERVICE TAX	-	59,138
SALES TAX	164,746	3,317,696
<b>SUB TOTAL</b>	<b>3,553,258</b>	<b>20,935,808</b>
<b>Total</b>	<b>51,902,782</b>	<b>236,265,321</b>
<b>* PAYMENT TO AUDITOR</b>		
<b>AS AUDITOR :</b>		
AUDIT FEE	181,608	169,602
TAX AUDIT FEE	19,550	17,175
OTHER SERVICES	17,250	11,450
<b>Total</b>	<b>218,408</b>	<b>198,227</b>

**2. 26 TAX EXPENSES**

Particulars	For the year ended	
	March 31, 2017	March, 31 2016
Current tax:		
- Income taxes	10,770,561	-
- Deferred taxes	(16,926,046)	4,267,765
<b>Total</b>	<b>(6,155,485)</b>	<b>4,267,765</b>

## HARIYANA SHIP BREAKERS LIMITED

### 2. 27 EARNING PER SHARE

The annualised earning per equity share has been calculated as under.:

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Profit after tax as per profit & Loss accounts	94,571,723	74,276,014
Add: Prior Period Adjustments	-	-
Less :Dividend on Preference Shares including dividend Tax	-	-
Net profit for calculation of Earning per share	94,571,723	74,276,014
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 share	15.34	12.04
Diluted earnings per share	15.34	12.04

### 2. 28 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs) :

During the year, the Company had specified bank notes and other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs *	Other Denomination Notes	Total
Closing Balance as at November 8, 2016	8,224,000	1,280,076	9,504,076
Add: Permitted receipts	-	367,144	367,144
Add: Withdrawals from Bank	-	1,208,000	1,208,000
Less: Paid for permitted transactions	-	894,496	894,496
Less: Deposited in Banks	8,224,000	-	8,224,000
<b>Closing Balance as at December 30, 2016</b>	<b>-</b>	<b>1,960,724</b>	<b>1,960,724</b>

\* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

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

Particulars	Nature	Related Financial Year	As at	
			March 31, 2017	March 31, 2016
- Pending appeal before Hon. ITAT "I" Bench, Mumbai	Income Tax	AY: 2007-08	396,780	396,780
- Pending appeal before Hon. ACIT Circle 3(1)(2), Mumbai	Income Tax	AY: 2009-10	188,120	188,120
- Pending appeal before Hon. CIT, Central circle 54, Mumbai	Income Tax	AY: 2010-11	200,550	200,550
- Pending appeal before Hon. DCIT Circle 3(1)(2), Mumbai	Income Tax	AY: 2011-12	358,140	358,140
- Pending appeal before Hon. DCIT Circle 3(1)(2), Mumbai	Income Tax	AY: 2012-13	3,030,960	3,030,960
- Pending appeal before Hon. CIT (A)-8, Mumbai	Income Tax	AY: 2013-14	6,029,800	6,029,800
- Pending appeal before Hon. CIT (A)-8, Mumbai	Income Tax	AY: 2014-15	9,853,510	-
			20,057,860	10,204,350

**Notes:**

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. 30 CORPORATE SOCIAL RESPONSIBILITY EXPENSES :**

The Company has constituted a CSR committee as required under Section 135 of the Act, together with relevant rules as prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR rules'). During the year, basis on these rules the amount to be spent for CSR activities was Rs. 25.17 Lakhs for FY: 2016-17 and Rs. 35.04 Lakhs for FY: 2015-16, whereas the Company has spent an amount of Rs. Nil for FY: 2016-17 as well as for FY: 2015-16 towards Corporate Social Responsibility. Management and CSR Committee are in the process of finding better avenues of CSR Expenditure to be incurred in near future.

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
(i) Gross Amount Required to be spent	2,516,822	3,504,106
(ii) Amount Spent	-	-
(iii) Not Utilized amount	2,516,822	3,504,106
<b>Corporate Social Responsibility Expense during the year</b>	-	-

## HARIYANA SHIP BREAKERS LIMITED

### 2.31 SEGMENT INFORMATION :

The business of the company is divided into three segments: Investment & Finance, 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
Trading - Bhavnagar	Trading in Ferrous and Non Ferrous Metals
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 Lakhs)

Particulars	Investment & Trading	Ship Breaking	Trading	Steel & Power	Total Operations
<b>Segment Revenue</b>					
External revenue from activities	<b>16,361.35</b>	<b>8,498.95</b>	<b>2,684.20</b>	<b>0.30</b>	<b>27,544.80</b>
	-	<i>1,076.78</i>	<i>35,492.17</i>	<i>0.80</i>	<i>36,569.74</i>
Other Income	<b>2,989.98</b>	<b>231.04</b>	<b>18.54</b>	<b>93.71</b>	<b>3,333.27</b>
	<i>2,448.54</i>	<i>(22.39)</i>	<i>3.22</i>	<i>22.56</i>	<i>2,451.93</i>
<b>Total revenue as per Profit &amp; Loss</b>	<b>19,351.32</b>	<b>8,729.99</b>	<b>2,702.74</b>	<b>94.01</b>	<b>30,878.07</b>
	<i>2,448.54</i>	<i>1,054.38</i>	<i>35,495.39</i>	<i>23.36</i>	<i>39,021.67</i>
Add: Inter segment Interest income	-	<b>243.10</b>	<b>317.92</b>	-	<b>561.02</b>
	-	<i>10.89</i>	<i>1,371.39</i>	-	<i>1,382.28</i>
<b>Total Segment Revenue</b>	<b>19,351.32</b>	<b>8,973.09</b>	<b>3,020.66</b>	<b>94.01</b>	<b>31,439.08</b>
	<i>2,448.54</i>	<i>1,065.27</i>	<i>36,866.78</i>	<i>23.36</i>	<i>40,403.95</i>
Less: Financial Charges(external)	<b>624.20</b>	<b>9.29</b>	<b>94.40</b>	<b>58.80</b>	<b>786.69</b>
	<i>59.33</i>	<i>9.32</i>	<i>595.48</i>	<i>54.45</i>	<i>718.58</i>
Less: Inter segment Interest expense	<b>519.98</b>	-	-	<b>41.03</b>	<b>561.02</b>
	<i>1,308.52</i>	-	-	<i>73.76</i>	<i>1,382.28</i>
Less: Expenses	<b>16,261.04</b>	<b>9,641.46</b>	<b>2,715.18</b>	<b>227.73</b>	<b>28,845.42</b>
	<i>41.88</i>	<i>1,187.48</i>	<i>36,070.96</i>	<i>217.33</i>	<i>37,517.66</i>
<b>Segment Results</b>	<b>1,946.10</b>	<b>-677.66</b>	<b>211.08</b>	<b>-233.56</b>	<b>1,245.96</b>
	<i>1,038.81</i>	<i>-131.54</i>	<i>200.34</i>	<i>-322.17</i>	<i>785.44</i>
<b>Extraordinary Items</b>					<b>361.80</b>
					-
<b>Less: Current Taxes</b>					<b>(61.55)</b>
					<i>42.68</i>
<b>Net Profit</b>					<b>945.72</b>
					<i>742.76</i>
<b>Segment Assets</b>					
Total Assets	<b>18,823.71</b>	<b>1,745.16</b>	<b>993.25</b>	<b>373.91</b>	<b>21,936.03</b>
	<i>20,151.99</i>	<i>372.98</i>	<i>3,599.36</i>	<i>1,108.49</i>	<i>25,232.82</i>
<b>Segment Liabilities</b>					
Total Liabilities	<b>385.53</b>	<b>5,955.98</b>	<b>3,394.33</b>	<b>708.59</b>	<b>10,444.43</b>
	<i>711.43</i>	<i>31.64</i>	<i>13,193.34</i>	<i>743.85</i>	<i>14,680.26</i>

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

**2.32 Related Party Transactions:****a) Key Management personnel**

i) Shantisarup Reniwal	Managing Director
ii) Rakesh Reniwal	Executive Director
iii) Unnati Reniwal	Executive Director
iv) Swati Chauhan	Company Secretary
v) Rajeev Reniwal	CFO

**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	Partnership
ii) Swastik Developers	Partnership
iii) White Mountain	Partnership
iv) Whitefield Projects	Partnership
v) Hariyana Ship Demolition Private Limited	Common Directors
vi) Goyal Hariyana Realty	Partnership
vii) Inducto Steels Ltd	Common Directors
viii) Shree Balaji Associates	Partnership
ix) Goyal Hariyana Construction	Partnership
x) Hariyana Developers	Partnership
xi) Hariyana Air Products	Partnership

## HARIYANA SHIP BREAKERS LIMITED

The details of transaction with related parties

(In Rupees)

Nature of transactions	Related Personnel		Other Related Parties	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>INCOME</b>				
White Mountain	-	-	22,562,869	22,127,796
Orchid Lakeview Developers	-	-	19,934,366	17,671,273
Swastik Developers	-	-	5,150,373	4,609,793
Goyal Hariyana Realty	-	-	11,233,070	9,810,020
Hariyana Developers	-	-	-	1,332,059
Goyal Hariyana Construction	-	-	17,638,236	17,969,206
Shree Balaji & Associates	-	-	-	12,060,359
Hariyana Air Products	-	-	1,957,645	1,279,774
	-	-	78,476,559	86,860,280
<b>OXYGEN GAS PURCHASES</b>				
Hariyana Air Product	-	-	4,358,272	6,218
	-	-	4,358,272	6,218
<b>INTEREST PAID</b>				
Shree Balaji & Associates	-	-	31,281,297	-
Tanmay Trilokchand Agarwal	-	-	23,254,089	21,511,646
	-	-	54,535,386	21,511,646
<b>SHARE OF PROFIT/(LOSS) FROM FIRM</b>				
Orchid Lakeview Developers	-	-	43,527,718	(1,097)
Shree Balaji Associates	-	-	149,584	831,335
Goyal Hariyana Construction	-	-	40,651,023	91,596,493
Goyal Hariyana Realty	-	-	1,008,270	-
White Mountain	-	-	16,310,235	18,345,695
Whitefield Projects	-	-	-	(68,525)
Hariyana Air Products	-	-	(974,632)	(3,519,225)
	-	-	100,672,198	107,184,676
<b>REMUNERATION PAID</b>				
Swati Chauhan	440,000	160,000	-	-
Disha Shah	-	280,000	-	-
	440,000	440,000	-	-

Nature of transactions	Related Personnel		Other Related Parties	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>INVESTMENT IN PARTNERSHIP</b>				
<b><u>CAPITAL INTRODUCED</u></b>				
Orchid Lakeview Developers	-	-	80,000,000	2,500,000
Shree Balaji Associates	-	-	4,318,200,000	2,901,603,000
Goyal Hariyana Construction	-	-	3,000,000	60,000,000
Hariyana Developers	-	-	-	142,865,000
Goyal Hariyana Realty	-	-	20,000,000	2,541,000
Hariyana Air Products	-	-	2,500,000	914,000
	-	-	4,423,700,000	3,110,423,000
<b><u>CAPITAL WITHDRAWN</u></b>				
Orchid Lakeview Developers	-	-	20,000,000	12,500,000
Shree Balaji Associates	-	-	3,860,550,000	2,982,451,000
Goyal Hariyana Construction	-	-	313,135,772	13,972,964
Hariyana Developers	-	-	144,197,059	-
Goyal Hariyana Realty	-	-	20,000,000	-
White Mountain	-	-	142,500,000	-
Whitefield Projects	-	-	-	2,308,925
Hariyana Air Products	-	-	10,864,098	6,319,467
	-	-	4,511,246,929	3,017,552,356
<b>LOAN GIVEN</b>				
Hariyana Ship Demolition Private Limited	-	-	-	19,100,000
	-	-	-	19,100,000
<b>LOAN TAKEN</b>				
Hariyana Ship Demolition Private Limited	-	-	-	19,100,000
	-	-	-	19,100,000

**HARIYANA SHIP BREAKERS LIMITED**

OUTSTANDING BALANCES AS ON MARCH 31, 2017

The details of transaction with related parties

Nature of transactions	Key Management Personnel		Other Related Parties	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>INVESTMENT IN PARTNERSHIP FIRM</b>				
<b><u>In Fixed Capital</u></b>				
Orchid Lakeview Developers	-	-	100,000	100,000
White Mountain	-	-	25,000	25,000
Shree Balaji Associates	-	-	25,000	25,000
Goyal Hariyana Construction	-	-	-	10,000,000
Hariyana Developers	-	-	-	255,000
Goyal Hariyana Realty	-	-	50,000	50,000
Hariyana Air Products	-	-	-	4,500,000
<b><u>In Current Account</u></b>				
Whitefield Projects	-	-	420,386	420,386
Swastik Developers	-	-	48,070,149	42,919,776
Orchid Lakeview Developers	-	-	289,094,688	163,708,761
Goyal Hariyana Construction	-	-	46,675,788	282,497,537
White Mountain	-	-	123,047,695	226,674,591
Hariyana Developers	-	-	-	143,942,059
Goyal Hariyana Realty	-	-	105,905,054	93,663,714
Shree Balaji Associates	-	-	60,114,674	-369,531,743
Hariyana Air Products	-	-	21,218,756	7,371,646
	-	-	694,747,190	606,621,727

Note:

1. During the year Hariyana Ship Breakers Ltd ("The Company") has retired from Goyal Hariyana Construction with effect from 22nd February 2017. Share of profit Rs.46,675,788/- till the date of retirement has been credited in Current Account of the Company as decided mutually and the same is shown as Capital Balance as on 31st March 2017.
2. During the year Hariyana Ship Breakers Ltd ("The Company") has also retired from Hariyana Developers with effect from 01st April 2016. As per the explanation provided by the management the Partnership Firm has not started any business till the date of retirement.
3. The partnership deed of M/s. Hariyana Air Product has been re-constituted w.e.f. 08.07.2016. With the re-constitution, share in profit/(loss) of Hariyana Ship Breakers Ltd. has been increased to 95% from 60%.

**2. 33** The previous year figures have been reclassified/ regrouped wherever considered necessary.

**2. 34** Significant accounting policies and practices adopted by the Company are disclosed in the Notes to Financial Statements.

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As per our separate report of even date  
**For P. D. Goplani & Associates**  
**Chartered Accountants**  
FRN: 118023W

**Sd/-**  
**CA. Sonam Langalia**  
**Partner**  
M. No. 154014

Place: Bhavnagar  
Date : May 30, 2017

For and on behalf of the Board of Directors  
**Haryana Ship Breakers Limited**

**Sd/-**  
Shantisarup Reniwal  
**Managing Director**  
(DIN 00040355)

**Sd/-**  
Rajeev Reniwal  
**Chief Financial Officer**

Place: Mumbai  
Date : May 30, 2017

**Sd/-**  
Rakesh Reniwal  
**Director**  
(DIN 00029332)

**Sd/-**  
Swati Chauhan  
**Company Secretary**

If undelivered, please return to :

**HARIYANA SHIP BREAKERS LIMITED**

156, Maker Chambers VI, 220 Jamnalal Bajaj Marg,  
Nariman Point, Mumbai- 400021.

Tel.; +91 22 22043211 | Fax +91 22 22043215

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