

## HARIYANA SHIP BREAKERS LIMITED

**BOARD OF DIRECTORS :** Shri Shanti Sarup Reniwal  
Smt. Lalitadevi Reniwal  
Shri Rakesh Reniwal  
Shri Manohar Wagh  
Shri Pradeep Bhatia  
Shri Tejas Thakkar

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**AUDITORS :** Jain Seth & Co.  
(Chartered Accountants)  
Ahmedabad - 380 058.

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**BANKERS :** Punjab National Bank  
Raheja Chambers,  
Nariman Point,  
Mumbai-400 021.

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**REGISTERED OFFICE :** 302, Sylverton Bldg.,  
102 Wode House Road,  
Colaba, Mumbai-400 005.

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**BRANCH OFFICE :** Hariyana House,  
2165/A-2, 2nd Floor,  
Sanskar Mandal Chowk,  
Bhavnagar - 364 002.

206 Barton Centre,  
M.G.Road,  
Bangalore - 560 001.

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**SHIP BREAKING YARD :** Plot No. 14,  
Ship Breaking Yard,  
Alang, District : Bhavnagar.

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**SPONGE IRON PLANT :** Survey No. 12, 14, 15  
Shanthigrama (Hubli),  
Kanchanhally Village,  
Hassan - 573201.

.....  
**FINANCIAL YEAR :** 2011-2012

**Go Green Today**

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

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

**CONTENTS**

	Page No.
Notice	3
Directors' Report	7
Corporate Governance Report	16
Auditor's Report	32
Balance Sheet	39
Profit & Loss Accounts	40
Cash Flow Statement	41
Schedules to Accounts	42
Notes Forming Parts of the Accounts	64
Attendance Slip & Proxy	65

**Annual General Meeting**

**Date** : Friday, 28th September, 2012

**Time** : 12:00 noon

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

## NOTICE

Notice is hereby given that the THIRTY FIRST ANNUAL GENERAL MEETING of the Members of HARIYANA SHIP BREAKERS LIMITED will be held on Friday, 28th September 2012 at the Registered Office of the Company at 302, Sylverton Bldg., Ground Floor, 102 Wodehouse Road, Colaba, Mumbai – 400 005 at 12.00 noon. To transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors' thereon.
2. To declare a dividend on Equity shares.
3. To appoint a Director in place of Mr. Shantisarup Reniwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rakesh Reniwal, who retires by rotation and being eligible, offers himself for re- appointment.
5. To 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.

**SPECIAL BUSINESS :**

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the members be and is hereby accorded for payment of remuneration to Mr. Shantisarup Reniwal, Managing Director as set out in the explanatory statement annexed to the notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which terms shall be deemed to include any committee of the board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

"FURTHER RESOLVED THAT in the event of loss or inadequacy of profit during the term of Mr. Shantisarup Reniwal acting as Managing Director, the remuneration payable to Mr. Shantisarup Reniwal shall be paid as per the monetary ceiling prescribed under Schedule XIII to the Companies Act, 1956 or as may be amended from time to time.

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

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

## HARIYANA SHIP BREAKERS LIMITED

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and any other applicable provisions, if any of the Companies Act, 1956, in pursuant to the revised Clause 49 of the Listing agreement or any amendment or re-enactment made therefore, approval of Members of the Company be and is hereby accorded that the Non-Executive Directors of the Company, in addition to the sitting fees being paid to them for attending the meeting of the Board and its Committees to be paid every year for a period of 5 (five) years with effect from September 1, 2012 commission of an amount as may be determined by the Board from time to time, subject to a ceiling of 1% (one percent) of the Net Profits of the Company (computed in the manner specified in section 198(1) of the Companies Act, 1956) to be distributed amongst such Non – Executive Directors in such a manner as the Board of Directors may from time to time determine and deem fit."

By order of the Board

For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

Place : Mumbai  
Date : 16/08/2012

Shanti Sarup Reniwal  
Chairman & Managing Director

**NOTES :**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) Proxies in order to be effective, should reach duly completed, stamped and must be deposited at the registered office of the Company not less than 48 hours before the meeting.
- (c) Explanatory Statement pursuant to the provisions of the Section 173 (2) of the Companies Act, 1956 in respect of special business under Item no. 6 & 7 is annexed herewith.
- (d) The Register of Members and transfer register will remain closed from 18<sup>th</sup> September, 2012 to 28<sup>th</sup> September, 2012 (both days inclusive).
- (e) Details required under Clause 49 of the Listing Agreement entered with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, are given in the relevant section of the Corporate Governance Report included in the Annual Report.
- (f) The Dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2012, if declared at the Annual General Meeting will be made payable to those members whose names appears in the Register of Members of the Company as on date of Annual General Meeting. The dividend in respect of Equity Shares held in electronic form as at close of business hours of 28<sup>th</sup> September, 2012 will be payable to the beneficial owners of the Equity Shares as per the details furnished by the Depositories for the purpose.
- (g) Shareholders, who still continue to hold shares in physical form, are requested to dematerialise their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).
- (h) Members who have not encashed their dividend warrant for FY 2006-2007, FY 2007-2008, FY 2008-2009, FY 2009-2010 and FY 2010-2011 are requested to make their claim to the Company / Registrar and Share Transfer Agent immediately. Members are requested to lodge Share Transfer documents and all other correspondence and queries relating to Share Transfer, Share Certificates, Change of Address etc., at the Office of Registrar & Share Transfer Agent. The relevant address of Registrar and Share Transfer Agent is as under:

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

- (i) Members are hereby informed that in terms of the provisions of Section 205A of the Companies Act, 1956, dividend not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to Investor Education & Protection Fund established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or said fund after the said transfer.
- (j) Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the Office.

By order of the Board

For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

Place : Mumbai  
 Date : 16/08/2012

Shanti Sarup Reniwal  
 Chairman & Managing Director

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 6 :**

As per the provisions of section 269, 198 read with Schedule XIII of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, pay remuneration to the Managing Director. The Board has drafted an agreement on the terms and conditions including remuneration of which certain clauses are as follows :

Perquisites shall include Car & Petrol expenses may be re-imbursed for office use only.

Telephone expenses may be re-imbursed which has been used for office purposes only.

The entire agreement is tabled after initial of the Chairman and is available for inspection. Moreover, the Register maintained under section 302 of the Companies Act, 1956 is also available for inspection.

**Explanation :**

For the purpose of calculating perquisites and allowances, the same shall be evaluated as per the Rules for valuation of perquisites under the Income Tax Act, 1961 or any amendments thereto or any modifications or statutory re-enactment thereof and/or any Rules or Regulations framed for the said purpose. In the absence of any such provision for valuation of any perquisites and allowances in the said Rules, the same shall be evaluated at its actual cost of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors except Mr. Rakesh Reniwal and Mrs. Lalitadevi Reniwal of the Company is, in any way, concerned or interested in the said resolution.

**Item No. 7 :**

Pursuant to the amendments made by the Securities and Exchange Board of India (SEBI) under the provisions of Clause 49(1)(B) of the Listing Agreement and Section 309 of the Companies Act, 1956 compensation payable to the Non- Executive Directors, including the Independent Directors shall require previous approval of the members in the general meeting. Approval of the members is sought by way of special resolution for payment of Commission for a future period of 5 years to Non-Executive Directors as set out in the Resolution at item no. 7 of this notice.

All Directors of the Company except Mr. Shantisarup Reniwal, Managing Director may be considered to be concerned or interested in this resolution.

By order of the Board

For **HARIYANA SHIP BREAKERS LIMITED**

Sd/-

Place : Mumbai  
Date : 16/08/2012

Shanti Sarup Reniwal  
Chairman & Managing Director

## DIRECTOR'S REPORT

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

The Directors are pleased to present the 31<sup>st</sup> Annual Report of the Company together with the Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

**Financial Results :**

(Rs in Lacs)

	<b>2011-12</b>	<b>2010-11</b>
Sales & Other Income	60167.08	33663.30
Profit/(Loss) before Tax	1523.19	1434.18
Provision for Tax	(505.00)	(480.68)
Adjustment for deferred tax	19.31	5.36
Profit after tax	1037.49	958.86
Prior Period Adjustment	(0.81)	32.95
Balance Profit from Last Year	2568.02	2355.99
Profit Available for Appropriation	3604.70	3347.80
Transfer to General and other Reserves	(110.00)	(600.00)
Proposed Dividend	(185.00)	(154.17)
Dividend Distribution Tax thereon	(30.01)	(25.61)
Balance of Profit Carried to Balance Sheet	3279.69	2568.02
Earning Per Share (Face Value Rs.10/-)		
- Basic and Diluted	16.81	16.08

During the year under review, the aggregate gross revenues from operations (turnover) was Rs. 58210.16 Cr as compared to Rs. 32714.84 Cr in the previous Financial Year reflecting 78% growth. Net profit, however, increased by 4.53% at 10.37 Cr compared to Rs. 9.92 Cr last year, due to volatile market in Iron and Steel product, increased interest costs and high depreciation in value of Indian Rupee against forex. Companies consolidated EBIDT for the year was at 21.79 Cr which is 12.72% higher than the preceding financial year.

**DIVIDEND :**

Taking into account the sustained good performance of the Company, Your Directors have recommended a Dividend of 30% (Rs. 3 per share) on the Equity Shares of Rs. 10/- each for approval by the Members. The total dividend, if approved by the shareholders at the Annual General Meeting, would absorb Rs. 185.00 lacs out of profits for the year. Dividend distribution tax payable amounting to Rs. 30.01 lacs has been appropriated out of profits.

**PROSPECTS IN THE COMING YEAR :**

During the financial year 2011-12, ship-breaking industry at Alang Ship Breaking Yard seen a sustained growth and this booming trend is expected to continue in coming years also. Trading unit of the

## HARIYANA SHIP BREAKERS LIMITED

company has done tremendously well during the year and the trend is expected to continue in the coming years. Steel and Power unit has also driven better results in terms of sales as compared with preceding years and it is hoped that the growth story of the unit shall be sustained. Overall, since the prices of iron and Steel having been reasonably stabilized and the inventory levels of the company and its market position, all the segments of the company, viz. Ship Breaking, Sponge Iron and Trading, are expected to see major increase in terms of Gross Revenues and Net profit Margins in the coming year.

With the changed circumstances, the company is hopeful that in the coming period the company will continue its ship breaking activities and take it to the level of extended growth and will contribute more to the overall growth of the business of the company. The trading in Iron and Steel activities of the company are doing well and are contributing considerably to the profitability of the company. The sponge iron division of the company also has given good results during the year, and with the increased management focus on market environment, the unit is also expected to yield positive results in the current year as well in the coming years. The financing and investment division of the company is also doing well. Your directors see a very positive and bright future prospects ahead for the company looking to the prevailing upward trend in the Iron and Steel sector in India and internationally.

The company has entered into a partnership in M/s. Hariyana Air Products (with 60% share.) for the manufacture and supply of Industrial Oxygen Gas in the year 2011-12. During the year the oxygen plant at Bhavnagar, Gujarat has also performed well. Because of proximity to Alang Ship Breaking Yard and huge captive consumption requirements of group companies, the company expects good long term benefits from the said partnership venture.

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

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

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

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

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



**MANAGEMENT DISCUSSION AND ANALYSIS – REVIEW OF OPERATIONS :**

Provided in Annexure – B forming part of this report

**Director's Responsibility Statement :**

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

**Corporate Governance :**

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

**Board of Directors :**

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

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

**Auditor's Observation/qualification :**

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

**Deposits :**

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

**Auditors :**

M/s. Jain Seth & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting. However, the company has not received their confirmation of their willingness to be re-appointed. The company has received confirmation and their eligibility and willingness to accept office from M/s. P.D. Goplani & Associates, Chartered Accountants, if appointed. They have given a certificate to the effect that the appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their appointment.

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

**Particular of Employees :**

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

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

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

**Listing of Shares :**

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

**Acknowledgement :**

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

**For and on behalf of the Board**

Sd/-

Place : Mumbai  
Date : 16/08/2012

Shanti Sarup Reniwal  
Chairman & Managing Director