

32nd Annual Report

2012-13



SPONGE
IRON

SHIP
BREAKING

TRADING

REAL
ESTATE

FINANCE

 **HARIYANA**
SHIP BREAKERS LTD

ISO Certified

ISO = 14001:2004 / OHSAS = 18001:2007

HARIYANA SHIP BREAKERS LIMITED

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

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

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

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Annual General Meeting

Date : Monday, 30th September, 2013

Time : 10:00 a.m.

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

NOTICE

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

ORDINARY BUSINESS :

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

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Place : Mumbai
Date : 28/05/2013

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

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

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

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Place : Mumbai
Date : 28/05/2013

Shanti Sarup Reniwal
Chairman & Managing Director

DIRECTOR'S REPORT

To,
The Members,
Hariyana Ship Breakers Limited
Mumbai

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

Financial Results :

(Rs in Lacs)

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

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

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

DIVIDEND :

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

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

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

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

Industrial Gases :

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

Real Estate & Construction :

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

HARIYANA SHIP BREAKERS LIMITED

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

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

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

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

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

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

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

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

Management Discussion and Analysis – Review of Operations :

Provided in Annexure – B forming part of this report.

Director's Responsibility Statement :

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

Corporate Governance :

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

Board of Directors :

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

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

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

Auditor's Observation/qualification :

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

Deposits :

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

Auditors :

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

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

Particular of Employees :

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

Listing of Shares :

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

Acknowledgement :

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

By order of the Board

For HARIYANA SHIP BREAKERS LIMITED

Sd/-

Place : Mumbai

Date : 28/05/2013

Shanti Sarup Reniwal

Chairman & Managing Director