

## HARIYANA SHIP BREAKERS LIMITED

<b>BOARD OF DIRECTORS</b>	:	Shri Shanti Sarup Reniwal Smt. Lalitadevi Reniwal Shri Rakesh Reniwal Shri Manohar Wagh Shri Pradeep Bhatia Shri Tejas Thakkar
<b>AUDITORS</b>	:	Jain Seth & Co. (Chartered Accountants) Bhavnagar 364 001.
<b>BANKERS</b>	:	Punjab National Bank Raheja Chambers, Nariman Point, Mumbai-400 021.
<b>REGISTERED OFFICE</b>	:	302, Sylverton Bldg., 102 Wodehouse Road, Colaba, Mumbai-400 005.
<b>BRANCH OFFICE</b>	:	308 Madhav Darshan, Waghawadi Road, Bhavnagar-364 001.  206 Barton Centre, M.G.Road, Bangalore - 560 001.
<b>SHIP BREAKING YARD</b>	:	Plot No. 14, Ship Breaking Yard, Alang, District : Bhavnagar.
<b>SPONGE IRON PLANT</b>	:	Survey No. 12, 14, 15 Shanthigrama (Hubli), Kanchanhally Village, Hassan - 573201.
<b>FINANCIAL YEAR</b>	:	2009-2010
<b>CONTENTS</b>	:	Notice Directors' Report Corporate Governance Report Auditors' Report Annual Accounts

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**HARIYANA SHIP BREAKERS LIMITED**

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

**ATTENDANCE SLIP**

Please fill attendance slip and hand it over at the entrance of the Meeting Venue.

(Joint Shareholders may obtain additional Attendance Slip on request).

Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Name and Address of the Shareholders \_\_\_\_\_

I hereby record my presence at the 29th ANNUAL GENERAL MEETING of the Company held on Thursday, the 30th day of September, 2010 at 11.00 a.m. at 302, Sylverton Bldg., Ground Floor, 102, Wodehouse Road, Colaba, Mumbai-400 005.

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

\* Strike out whichever is not applicable

**HARIYANA SHIP BREAKERS LIMITED**

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

**PROXY FORM**

Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a

member/members of HARIYANA SHIP BREAKERS LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote me/us and on my/our behalf at the 29th ANNUAL GENERAL MEETING to be held on Thursday, the 30th day of September, 2010 at 11.00 a.m. at 302, Sylverton Bldg., Ground Floor, 102, Wodehouse Road, Colaba, Mumbai-400 005. or any adjournment thereof.

Date this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Affix One  
Rupee  
Revenue  
Stamp

Note : The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

## CASH FLOW STATEMENT

Particulars	Current Year	Previous Year
<b>A Cash Flow from Operating Activities</b>		
— Net Profit before tax and extraordinary items	108,322,155.00	86,294,366.24
— Adjustment for :		
Depreciation	17,323,885.00	16,356,772.00
Share Issue and Preliminary Expenses	72,497.00	72,497.00
Extra Ordinary Item	5,348.00	2,531,663.00
— Operating Profit before Working Capital Changes	125,723,885.00	105,255,298.24
— Adjustments for :		
Trade Receivables	882,759.00	198,014,999.00
Other Receivable including MAT Credit	(313,954,738.00)	(156,228,593.00)
Inventories	(19,950,617.00)	33,380,667.00
Trade Payable	(122,251,206.00)	(172,591,777.00)
Cash Generated from operation	(329,549,917.00)	7,830,594.24
— Tax Paid	(35,717,000.00)	(29,828,603.00)
Net cash from operating activities	(365,266,917.00)	(21,998,008.76)
<b>B. Cash Flow from Investing Activities</b>		
— Purchase of Fixed Assets	(16,484,235.00)	(16,694,164.00)
— Sale of Fixed Assets	1,115,576.00	817,586.00
— Sale (Purchase) of Investment	(5,417,583.00)	6,724,786.00
	(20,786,242.00)	(9,151,792.00)
<b>C. Cash flow from Financing Activities</b>		
— Proceeds from Long Term Borrowings	397,658,487.00	3,682,356.00
— Proceeds from unsecured Loan	3,659,131.00	33,880,830.00
— Dividend Proposed	(14,429,384.00)	(14,429,384.00)
Net cash used for financing activities	386,888,234.00	23,133,802.00
Net Increase in cash & Cash Equivalents (A+B+C)	835,075.00	(8,015,998.76)
Opening Balance of Cash & Cash Equivalents	2,556,997.24	10,572,996.00
Closing Balance of Cash & Cash Equivalents	3,392,072.24	2,556,997.24

We have examined the above Cash Flow Statement of Hariyana Ship Breakers Ltd for the year ended on 31st March, 2010. The Statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 of Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 20th August, 2010 to the Members of the Company.

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

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

Place : Mumbai  
Date : 20th August, 2010

## NOTICE

Notice is hereby given that the TWENTY NINTH ANNUAL GENERAL MEETING of the Members of **HARIYANA SHIP BREAKERS LIMITED** will be held on **Thursday, 30th September 2010** at the Registered Office of the Company at 302, Sylverton Bldg., Ground Floor, 102 Wode House Road, Colaba, Mumbai – 400 005 at **11.00 a.m.** to transact the following business:

## ORDINARY BUSINESS :

- To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010 and Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors' thereon.
- To declare a dividend on Equity shares
- To appoint a Director in place of Smt. Lalitadevi Reniwal, who retires by rotation and being eligible, offers herself for re- appointment.
- To appoint a Director in place of Shri Manohar Wagh, who retires by rotation and being eligible, offers himself for re- appointment.
- To appoint M/s. Jain Seth & Co., Chartered Accountants, as Statutory Auditors who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

## SPECIAL BUSINESS :

- To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** Shri Pradeep Bhatia, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and who holds the office upto the date of the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company.”

- To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** Shri Tejas Thakkar, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and who holds the office upto the date of the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company.”

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

Sd/-  
Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 21st August, 2010

**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 21<sup>st</sup> September, 2010 to 30<sup>th</sup> September, 2010 (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, 2010, if declared at the Annual General Meeting will be made payable to those members whose names appears in the Register of Members of the Company as on date of Annual General Meeting. The dividend in respect of Equity Shares held in electronic form as at close of business hours of 20<sup>th</sup> September, 2010 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 2004-2005, FY 2005-2006, FY 2006-2007, FY 2007-2008 and FY 2008-09 are requested to make their claim to the Company / Registrar and Share Transfer Agent immediately. Members are requested to lodge Share Transfer documents and all other correspondence and queries relating to Share Transfer, Share Certificates, Change of Address etc., at the Office of Registrar & Share Transfer Agent. The relevant address of Registrar and Share Transfer Agent is as under:

Contact Person : Shri Shashikumar Sharex Dynamic (India) Pvt Ltd Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400 072. Ph: 022 28515606, 022 28515644, Fax: 022 2851 2885 • Email: sharexindia@vsnl.com	Sharex Dynamic (India) Pvt Ltd 17/B, Dena Bank Bldg, 2 <sup>nd</sup> Floor, Horniman Circle, Fort, Mumbai 400 001 Ph: 022 22702485, 022 22641376 Fax: 022 22641349
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- (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.

**3 Additional information as required under Part-IV of Schedule - VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile:**

1	Registration Details	
	Registration No.	24774
	State Code	11
	Balance Sheet Date	31st March, 2010
2	Capital raised during the year	Rupees in 'Lacs
	Public Issue	Nil
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
3	Position of mobilisation and deployment of funds.	
	Total Liabilities	12,633.61
	Total Assets	12,633.61
	Sources of Funds	
	Paid up Capital	617
	Reserve & Surplus	3,479
	Secured Loans	5,688
	Unsecured Loan	375
	Deffered Tax Liability	413
	Current Liabilities	2061
	Application of Funds	
	Net Fixed Assets	3,046
	Investments	292
	Net Current assets	9,263
	Miscellaneous Expenditure	32
	Accumulated Losses	Nil
4	Performance of Company	
	Turnover	14,256
	Total Expenditure (including decrease in stock)	13,173
	Profit/(Loss) before tax	1,083
	Profit/(Loss) after tax	693
	Earning per Share Basic	INR 11.24
	Earning per Share Diluted	INR 11.24
	Dividend Rate	20%
5	Generic Names of Principal Products, services of the Company.	
	Item Code No.	72042909
	Product Description	Ship Breaking
	Item Code No.	
	Product Description	Sponge Iron

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

As per our separate report of even date attached For **Hariyana Ship Breakers Limited**

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

Sd/-  
Partner  
**Prem Goplani**  
M.No 103765  
Place : Mumbai  
Date : 20th August, 2010

Sd/-  
Director

Sd/-  
Director

**2 Particulars of Finished Goods (Mfg)**

	Opening stock	Production	Sale	Closing stock
— Shipbeaking Qty inMt.	-	27896.94	27896.94	-
Division Previous Yr	-	3,069.81	3,069.81	-
— Sponge Iron Qty inMt.	1,133.22	36,749.78	36,061.87	1,821.13
Division Previous Yr	554.95	43,344.00	42,765.73	1,133.22

**Particulars of Trading Goods**

	Opening stock	Purchase	Sales	Closing stock
— Trading Qty	3008.60	10290.52	13299.12	0.00
Division Previous Yr	6682.77	16417.29	20091.46	3008.60

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

	Current Year		Previous Year	
	Qty. Mt.	Value Rs. in Lacs	Qty. Mt.	Value Rs. in Lacs
- Indigenous	70,262.00	1,152.44	78,606.00	1,350.89
- Imported	75,851.52	6,402.38	84,266.60	5,427.70
Total	146,113.52	7,554.82	162,872.60	6,778.58

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

- Indigenous	-	133.69	-	185.94
- Imported	-	-	-	-
Total	-	133.69	-	185.94

**5 CIF Value of Imports**

- Raw Material	6,768.85		5,285.96
- Stores & Spares	-		-
- Trading Goods	-		4,368.21
- Capital Goods	-		-
Total	6,768.85		9,654.17

**6 Expenditure in foreign currency other than import**

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

**7 Earning in foreign currency**

	0.00		0.00
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**8 Managerial Remuneration**

- Directors Sitting fees	0.00		0.00
- Remuneration to Directors	0.00		0.00

- Perquisite to Directors	48,000.00		0.00
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**9 Particulars of payment to auditors**

- As auditor	134,566.00		78,313.00
- In other capacity	0.00		0.00
Total	134,566.00		78,313.00

(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.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF THE SECTION 173 (2) OF THE COMPANIES ACT, 1956.**
**Item No. 6 :**

Shri Pradeep Bhatia was appointed as an Additional Director on 25<sup>th</sup> December, 2009. He has a vast experience in administrative and accounting matters. He also has experience in the steel and ship breaking industry. The Company have received a notice under Section 257 of the Companies Act, 1956 from member signifying his intention to propose appointment of Shri Pradeep Bhatia as a Director of the Company. A copy of the above notice is available for inspection at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on any day except on Sundays and Public Holidays.

The Board recommends appointment of Shri Pradeep Bhatia as Director of the Company.

None of the Directors except Shri Pradeep Bhatia is interested in the resolution.

**Item No. 7 :**

Shri Tejas Thakkar was appointed as an Additional Director on 12<sup>th</sup> April, 2010. He is a B.Com graduate and has a good experience in finance and accounting matters. The Company have received a notice under Section 257 of the Companies Act, 1956 from member signifying his intention to propose appointment of Shri Tejas Thakkar as a Director of the Company. A copy of the above notice is available for inspection at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on any day except on Sundays and Public Holidays.

The Board recommends appointment of Shri Tejas Thakkar as Director of the Company.

None of the Directors except Shri Tejas Thakkar is interested in the resolution.

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

Sd/-  
Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 21st August, 2010

DIRECTOR'S REPORT

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

Your Directors present herewith their Twenty Ninth Annual Report of the Company together with the Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

**Financial Results :**

(Rs in Lacs)

	2009-10	2008-09
Sales & Other Income	14113.98	17764.98
Profit/(Loss) before Tax	1083.22	862.94
Provision for Corporate Tax and FBT	357.17	298.29
Adjustment for deferred tax	32.79	17.11
Profit after tax	693.26	547.55
Prior period adjustment	0.05	25.46
Profit/(Loss) Brought forward	1806.97	1378.25
Profit/(Loss) available for appropriations	2500.28	1951.26
<b>APPROPRIATIONS</b>		
- Dividend on Equity Shares	123.33	123.33
- Tax on distributed Profit	20.96	20.96
- Balance carried to balance sheet	2355.99	1806.97

During the year under review, the thrust area was Ship Breaking unit of the company which has achieved almost six times increase in terms of Sales Turnover. Sponge Iron and Trading have recorded nearly 50% decrease in sales turnover because of frequent and significant price decrease in the prices of Iron and steel during the year as compared with preceding year and that affected the sales turnover in terms of value. The finance and investment segment has achieved steady growth.

Net Profit earnings before tax have been 25.53% higher than the preceding financial year whereas net profit earnings after tax have remained at 26.61% higher than the preceding financial year

**DIVIDEND**

Taking into account the sustained good performance of the Company, Your Directors have recommended a Dividend of 20% (Rs. 2 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. 12333334/- out of profits for the year. Dividend distribution tax payable amounting to Rs. 2096050/- has been appropriated out of profits.

**PROSPECTS IN THE COMING YEAR**

During the financial year 2009-10, ship-breaking industry at Alang Ship Breaking Yard seen a complete turn around and it is booming like never before. To join the flow of the market the company also put

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

Particulars	Financing	Ship-breaking	Trading	Steel & Power	Total
a) External Sales/Revenue	596.99	5134.88	3889.30	4492.80	14113.97
Inter segment Sales/Revenue	274.16	155.73	84.27	0.00	
Total Revenue	871.15	5290.61	3973.57	4492.80	14113.97*
b) Segment Results Before Interest and Taxes	578.12	256.25	131.70	409.78	1375.85
c) Segment results as a % of total	42.02%	18.62%	9.58%	29.78%	100%
d) Segment Assets	5309.31	2932.56	61.17	4330.58	12633.61
e) Segment Liability	1616.42	5065.10	0.12	1856.47	8538.10

\*Total Gross Revenue is after elimination of inter segment revenues of Rs. 514.17 lacs.

- g) Transaction with related parties during the financial year and outstanding balance as on 31st March 2010.

- Subsidiaries Hariyana Air Products - Partnership Firm  
- Associates Hariyana Ship Demolition Pvt Ltd.

(Rs. In Lacs)

Nature of Transaction	Subsidiaries	Associates	Total
Investment in Capital (Net)	48.00	-	48.00
Net Loans Given/(returned)	-	280.16	280.16
Interest Received	-	134.00	134.00
Balance as at 31st March,2010			
Investment in Capital (Net)	48.00	-	48.00
Loans	-	429.68	429.68

3 Contingent Liabilities note provided for

- a) Income Tax assessment has been completed upto the year assessment year2007-08. The management has been advised that no additional liability will arise in the case of pending assessment.  
b) The company does not anticipate any significant liabilities on account of pending Income Tax and VAT assessments.  
c) The company has given corporate guarantee for Bank Term Loan Finance amounting Rs. 2.51 Crores to M/s. Hariyana Air Product, in which company is also one of the partner.
- 4 Previous years figures have been regrouped/rearranged wherever necessary so as to make them parable with current years figures.

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

1 Particulars of licenced,installed capacity & actual production

	Current Year		Previous Year	
	Shipbreaking Quantity MT	Sponge Iron Quantity MT	Shipbreaking Quantity MT	Sponge Iron Quantity MT
i) Licenced capacity	N.A.	N.A.	N.A.	N.A.
ii) Installed capacity	N.A.	N.A.	N.A.	N.A.
iii) Actual production	27,896.94	36,749.78	3,069.81	43,344.00

the Company.

i) **Amortisation of Preliminary Expenditure.**

Preliminary expenditure amounting to Rs. 30, 18,523/- has not been written off during the year as the Company is yet to generate revenue from its Power Project. The same will be amortized over a period of 5 years from the year in which revenues are derived from Business Operations.

j) **Deferred Taxation**

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

2 **Notes on Accounts**

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

b) In the opinion of the management, the realisable value of the fixed assets of the company are much higher than the carrying cost and therefore no provision for impairment is required to be made.

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

ii) The major components of the Deferred Tax Assets/Liabilities, based on the tax effect of the timing differences, as at 31st March 2010, are as under.

Particulars	Amount Rs	
	2009-10	2008-09
Deferred Tax Liability on account depreciation	41,338,290	38,074,892
Deferred Tax Assets	15,738	31,477
Net deferred tax liability at the year end	41,322,552	38,043,415

iii) Due to virtual uncertainty in realisation of carry forward Long Term Capital Loss of merged entities considered the same for the purpose of deriving the deferred tax assets.

d) There are no Micro, small and Medium Enterprises , to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

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

	Current year	Previous year
- Profit after tax as per profit & Loss accounts	69,326,017	54,755,090
- Add : Prior Period Adjustments	5,348	2,545,788
- Less :Dividend on Preference Shares including dividend Tax	0.00	-
- Net profit for calculation of Earning per shares	69,331,365	57,300,878
- Weighted average No. of shares outstanding during the year	6,166,667	6,166,667
- Weighted average No. of shares including to be issued	6,166,667	6,166,667
- Basic Earning per shares	11.24	9.29
- Diluted earnings per share	11.24	9.29

its main thrust to its ship breaking activities at ship breaking yard at Alang and has done remarkable business during the year under report. Moreover, fluctuating and volatile prices of old Ships, Iron and Steel products having been reasonably stabilized and the inventory levels of the company and its market position, all the segments of the company, viz. Ship Breaking, Sponge Iron and Trading, are expected to see manifold increase in terms of Gross Revenues and Net profit Margins in the coming year.

With the changed circumstances, the company is hopeful that in the coming period the company will continue its ship breaking activities and take it to the level of extended growth and will contribute more to the overall growth of the business of the company. The trading activities of the company are doing reasonably well and are contributing considerably to the profitability of the company. The sponge iron division of the company went through a not so good year, 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 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### a) Overview :

The company is now a diversified company with ship breaking, manufacture of sponge iron, trading, investment and money lending activities.

### b) Segmental Review :

#### i) Shipbreaking

As has been stated in the out-look, due to boom in the availability of old ships in the international market, the company's ship breaking unit at Alang Ship Breaking Yard, Bhavnagar is fully operational through out the year and has seen a manifold increase in terms of Sales Turnover and Net Profit Margins. Though the year under review saw heavy fluctuation in the international market of old ships coming for breaking,, the management was very cautious and purchased ships at proper time and built a good level of inventories to earn better profits. Now the market has stabilized and taking into account the inventory level of the company as at the year end, it is hoped that the turnover and the profitability will see a further increase in the current financial year.

#### ii) Steel & Power

As has been stated in the out-look, due to heavy price fluctuations during the year , and because of that the total sales in terms of value is showing decrease. Further, due to some impact of the overall economic slow down, the management took a cautious approach by not taking any major risk, the sales and the net profit margins have been affected during the year under review. However, the management of the view that the worst is over and the iron and steel industry is again doing well and with the expected boost in the economy the requirement of steel is slated to increase and the unit will also move further towards its sustained path of growth. Sponge iron is one of the basic raw materials for the iron and steel industry and therefore the Directors are confident that the sponge iron division of the company should do better in the coming years.

**iii) Trading**

The trading activity of the company is mainly in the iron and steel sector and considering the present market for the iron and steel, the same segment is also expected to grow in the coming years.

**iv) Investment**

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

**v) Money Lending**

Money lending is not main business of the company. As and when surplus funds are available with the company, the company lent the same with a view to earn interest.

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

Particulars	Financing	Ship-breaking	Trading	Steel & Power	Total
a) External Sales/Revenue	596.99	5134.88	3889.30	4492.80	14113.97
Inter segment Sales/Revenue	274.16	155.73	84.27	0.00	
Total Revenue	871.15	5290.61	3973.57	4492.80	14113.97*
b) Segment Results Before Interest and Taxes	578.12	256.25	131.70	409.78	1375.85
c) Segment results as a % of total	42.02%	18.62%	9.58%	29.78%	100%
d) Segment Assets	5309.31	2932.56	61.17	4330.58	12633.61
e) Segment Liability	1616.42	5065.10	0.12	1856.47	8538.10

\* Total Gross Revenue is after elimination of inter segment revenues of Rs. 514.17 lacs.

**c) Review of operation :**

As outlined in previous report, the company's ship breaking unit is now fully operational during the year under report and has done good business. The trading and steel and power division has performed reasonably well despite some not so encouraging market environment prevailing during the year. Any surplus funds available with the company were given on interest and the company could earn considerable amount of interest. The short term and long-term capital gain/(Loss) arising out of investment activities are less compared to the previous year. Due to decrease in sales turnover of company's Sponge Iron unit and trading unit, the over all turnover of the company has decreased to Rs. 13389.77 lacs as against Rs. 17517.77 last year. However, due to handsome profits generated by its ship-breaking unit, the company could achieve increase in net profit margins at Rs. 693.26 lacs as against Rs. 547.55 lacs last year. While the turnover has decreased by 23.56%, the net profit after tax has increased by 26.61%.

iv) All material expenditure and income to the extent considered payable and receivables respectively are accounted for on accrual basis, except for insurance claims and refunds from statutory authorities, which are accounted on cash basis, keeping in view the concept of materiality.

**b) Fixed Assets**

- i) Fixed assets are stated at cost net of cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. Expenditure relating to fixed assets is added to costs only when the same involved modification work whereby it increased the life of the assets. Fixed assets acquired from ships during the course of scrapping operation are capitalised at value estimated by the management.
- ii) Depreciation has been provided on the straight line method at the rates as specified in Schedule Rule XIV of the Companies Act, 1956.
- iii) An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**c) Inventories**

Ship Raw Materials	-	At Cost
Trading Goods Stock in Trade	-	At Lower of cost or net realisable value.
Steel Raw Material	-	At Cost
Steel Finished Goods	-	At Lower of cost or net realisable value.

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

Inventory at the close of the year is ascertained by reducing the weight of the scrap sold together with the estimated wastage of the material in the case of ship breaking activities. Stores and spares are written off at the time of purchase itself in the ship breaking division and no inventory is maintained

**d) Revenue Recognition**

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover include sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net), Value Added Tax (VAT) and gain/loss on corresponding hedge contracts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

**e) Investment**

The investment is stated at cost and provision for diminution, if any, in the value of investment is provided for in the books.

**f) Foreign currency transactions.**

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

**g) Excise Duty & Cenvat**

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

**h) Retirement Benefits.**

The management is of the opinion that since none of the employees of the company were in continuous service of more than five years, making provision of gratuity does not arise. The Management is also of the opinion that the payment of pension Act, is not applicable to



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

Particulars	Current Year	Previous Year
Listing Fees	49,635.00	39,097.00
Custom Duty	0.00	1,238,407.00
Share Demat Expenses	1,246.00	76,120.47
Water Expenses	10,785.00	5,460.00
Registrar & Share Transfer charges	20,830.00	20,642.00
Testing Charges	26,270.00	70,890.00
Long Term Loss On Sales of Shares	0.00	3,379,363.15
Loss On Sales of Assets	352,085.00	237,586.00
Security Transaction Tax	0.00	7,891.00
Sundry Balances w.off.	20,394.26	0.00
<b>Total</b>	<b>15,995,081.26</b>	<b>73,295,914.62</b>

**SCHEDULE -17 : FINANCIAL EXPENSES**

Bank Commission	18,139,532.00	30,385,555.00
Interest Paid	11,065,601.98	18,506,564.00
Interest & Penalties paid	57,423.00	42,740.00
<b>Total</b>	<b>29,262,556.98</b>	<b>48,934,859.00</b>

**SCHEDULE -18 : SELLING & DISTRIBUTION EXPENSES**

Sales Tax	21,485,482.00	24,721,105.00
Excise Expense	33,883,753.00	83,656,240.00
Weightment Charges	0.00	38,460.00
Rebate, Brokerage & Discount	2,861,824.00	1,478,974.00
Business Promotion & Advertisement	640,549.00	529,485.00
Packing Material	86,433.00	157,221.00
Freight Outward	6,190,486.00	3,627,944.00
<b>Total</b>	<b>65,148,527.00</b>	<b>114,209,429.00</b>

**SCHEDULE-19: NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2010**

**1 Significant Accounting Policies.**

**a) General**

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

**d) Financial Review and analysis :**

**Performance :**

(Rs in Lacs)

	2009-10	2008-09	% Change
Gross Turnover	13389.77	17517.77	(23.56)
Other income	724.20	255.58	183.35
Increase/Decrease in Stock of Finished Goods	142.20	7.07	1912.42
Total Expenditure Before Interest, Depreciation & Taxes	12707.09	16264.56	(21.87)
Operating Profit (PBIDT)	1549.09	1515.86	2.19
Interest	292.63	489.35	(40.20)
Gross Profit (PBDT)	1256.46	1026.51	22.40
Depreciation	173.24	163.57	5.91
Profit before tax	1083.22	862.94	25.53
Provision for current Tax & fringe benefit tax	357.17	298.29	19.74
Profit after current tax	726.05	564.66	28.58
Deferred tax	32.79	17.11	91.69
Adjustment for MAT Credit	0.00	0.00	0.00
Net Profit after total and Exceptional items	693.26	547.55	26.61

**e) Cash Flow Analysis :**

Sources of Cash	2009-10	2008-09
- Cash from operation	755.72	609.99
- Non-operating cash flow	—	—
- Increase in debts	4013.18	375.63
- Net decrease in investments	—	67.24
- Decrease in cash and cash equivalents	—	80.16
Uses of Cash		
- Net Increase in investments	54.18	—
- Increase in working capital	4552.74	974.25
- Net capital expenditure	153.69	158.77
- Increase in cash and cash equivalents.	8.30	—

**f) Risk Management :**

The Company is exposed to the risk from the market fluctuations of foreign exchange as well as the fluctuation in the price of iron and steel. In the ship breaking division, the raw material is old ship, which is purchased from the international market on credit ranging up to 180 days to 360 days. Though the Company is regularly monitoring the foreign exchange movement and suitable remedial measures are taken as and when felt necessary. Though the company is employing such measures, the company is still exposed to the risk of any heavy foreign exchange fluctuation.

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

**DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March 2010, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing fraud and other irregularities;
- (iv) that the directors had prepared the accounts on a going concern basis.

**Directors :**

Shri Hemant Thakkar and Shri Satish Diwate have resigned as Directors of the Company w.e.f. 26th December 2009 and 12<sup>th</sup> April 2010 respectively. The Board wishes to place on record its appreciation of the valuable services rendered by them during their tenure as Directors. Shri Pradeep Bhatia and Shri Tejas Thakkar have joined the Board as an Additional Directors on 25th December 2009 and 12<sup>th</sup> April 2010 respectively. Shri Pradeep Bhatia and Shri Tejas Thakkar hold office up to the date of the ensuing Annual General Meeting. Notices have been received under Section 257 of the Companies Act, 1956 from Members proposing the appointment of Shri Pradeep Bhatia and Shri Tejas Thakkar as Directors.

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

**Auditor's Report :**

The observation/qualification of the auditors are based on the facts stated in the schedules of notes, which are self explanatory and does not require any further clarification/reply.

**Deposits :**

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

**Auditors :**

Messrs Jain Seth & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept office, if re-appointed. They have given a certificate to the effect that the re-appointment, if made,

Particulars	Current Year	Previous Year
<b>SCHEDULE -14 : LABOUR &amp; WAGES</b>		
Salary, Wages & Allowances	16,952,723.00	13,601,232.00
Bonus	567,977.00	477,591.00
Provident Fund	305,456.00	47,752.00
Staff & Workers Welfare	366,080.00	44,014.00
Workmen Insurance	167,279.00	170,051.00
Total	18,359,515.00	14,340,640.00
<b>SCHEDULE -15 : WORKS EXPENSES</b>		
Power, Fuel & Gas	31,312,566.00	23,367,982.00
Enviromental & Pollution Control Expenses	1,049,882.00	1,133,821.00
Plot Development Charges	1,124,200.00	1,049,800.00
Carriage & Cartage	3,757,800.00	525,732.00
G.M.B.Expenses	1,186,871.00	0.00
Hire Charges	1,172,558.00	0.00
Plant Operational Expenses	667,340.00	3,434,658.00
Repair & Maintenance and Consumable stores	13,369,050.00	18,593,514.00
Excise Duty	415,241.30	36,914.00
Total	54,055,508.30	48,142,421.00
<b>SCHEDULE -16 : ADMINISTRATIVE EXPENSES</b>		
Electric Expenses	408,202.00	241,784.00
Advertisement	16,624.00	20,260.00
Audit Fee	90,446.00	78,313.00
Additional Duty Write off	8,070,216.00	0.00
Fixed Assets W/off	13,491.00	0.00
Donation	26,427.00	111,700.00
Security Charges	930,167.00	1,018,704.00
Legal & Professional Expenses	1,405,280.00	1,889,102.00
Postage & Courier	101,109.00	138,226.00
Telephone Expenses	547,661.00	503,836.00
Insurance	523,921.00	330,437.00
Printing & Stationery	225,899.00	218,081.00
Transportation & Vehicle Running Expenses	1,689,960.00	1,624,604.00
Crane Expenses	0.00	359,558.00
Travelling Expenses	392,526.00	323,428.00
Subscription & Fees	89,945.00	156,563.00
General Expenses	77,564.00	159,486.00
Rent	230,741.00	578,093.00
Exchange Rate Difference Variation	0.00	59,974,624.00
Conveyance	16,815.00	16,700.00
Property Maintenance	167,158.00	117,268.00
Professional Tax	5,430.00	2,500.00
Rates & Taxes	397,048.00	262,078.00
Repair & Mainternance other assets	87,206.00	95,113.00

## SCHEDULES TO PROFIT &amp; LOSS ACCOUNTS

Particulars	Current Year	Previous Year
<b>SCHEDULE -10 : SALES</b>		
— Sales Ship Material (Net of return)	502,939,079.00	71,615,087.00
— Sale of Trading Goods (Net of return)	447,108,018.00	878,573,515.00
— Sale of Sponge Iron (Net of Return)	388,930,218.00	801,588,516.00
— Receipts from Investment and Fiance	0.00	0.00
Total	1,338,977,315.00	1,751,777,118.00
<b>SCHEDULE -11 : OTHER RECEIPTS</b>		
Rent & Compension Received (Gross)	2,189,550.00	2,145,000.00
Rebate & Discount	47,246.00	32,816.00
Dividend Income	21,600.00	127,100.00
Exchange Variation	10,602,244.00	0.00
Interst & Bill discounting charges Received	55,697,723.00	21,630,443.00
Misc. Income	652,519.00	505,706.00
Diminution in value of shares	2,631,941.14	837,208.86
Long Term Capital Gain on Shares	249,183.00	0.00
Interest on Income Tax Refund	328,247.00	280,070.00
Total	72,420,253.14	25,558,343.86
<b>SCHEDULE - 12 : INCREASE/(DECREASE) IN STOCK</b>		
Opening Stock of Finished Goods	9,065,760.00	7,491,825.00
Opening Stock of By Products	163,924.00	183,816.00
Opening Stock of Work in Progress	1,384,350.00	2,231,759.00
	10,614,034.00	9,907,400.00
Less : Closing Stock of Finished Goods	22,285,168.00	9,065,760.00
Less : Closing Stock of By Products	996,937.00	163,924.00
Less : Work in Progress	1,552,400.00	1,384,350.00
	24,834,505.00	10,614,034.00
Total	14,220,471.00	706,634.00
<b>SCHEDULE - 13 : RAW MATERIAL CONSUMED</b>		
Opening Stock	249,177,569.00	282,913,581.00
Add : Purchases	1,123,001,511.00	1,342,659,195.00
	1,372,179,080.00	1,625,572,776.00
Less : Closing Stock	255,100,766.00	249,177,579.00
Total	1,117,078,314.00	1,376,395,197.00

would be within the limits prescribed under Section 224(2B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

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

**Particulars of Employees :**

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

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

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

**Corporate Governance :**

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

**Listing of Shares :**

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

**Acknowledgement :**

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

For and on behalf of the Board

Sd/-  
Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 21st August, 2010

ANNEXURE - I

Information as per section 217 (1) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988 and forming part of the Director's Report for the period ended on 31st March, 2010.

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

FORM-B

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

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

Particulars	Current Year	Previous Year
<b>C) Cash &amp; Bank Balances</b>		
1 Cash in Hand	2,893,558.34	2,308,822.34
2 Balance with scheduled banks		
a) In current/CC A/c	433,235.87	182,897.87
b) In FDR A/c	64,287.00	64,287.00
c) Share Application refund A/c	990.00	990.00
Total	3,392,071.21	2,556,997.21
<b>D) Loans &amp; Advances</b>		
1 Loans	422,967,869.00	152,019,779.00
2 Advances recoverable in cash or in kind or value to be received (unconfirmed, considered good)	51,130,244.06	45,538,958.06
3 Deposits	4,113,668.00	4,445,436.00
4 Pre-paid Taxes	91,242,432.00	53,495,302.00
Total	569,454,213.06	255,499,475.06
Total Current Assets & Loans & Advances	926,300,361.27	592,442,691.27
<b>SCHEDULE - 8: CURRENT LIABILITIES &amp; PROVISIONS</b>		
1 Sundry Creditors for Capital Goods	1,505,622.00	1,541,776.00
2 Sundry Creditors for goods	83,871,521.00	242,996,554.00
3 Sundry Creditors for expenses	318,871.00	121,040.00
4 Advances from customers	4,678,000.00	2,025,000.00
5 Other liabilities	22,035,425.00	23,430,291.14
6 Provision for Tax	93,759,879.00	58,305,863.00
Total Current Liabilities & Provisions	206,169,318.00	328,420,524.14
<b>SCHEDULE - 9: MISC EXPENDITURE YET TO BE WRITTEN OFF OR ADJUSTED</b>		
<b>a) Share Issue expenses</b>		
- Opening Balance	295,785.00	368,282.00
- Addition during the year	0.00	0.00
	295,785.00	368,282.00
- Less: Written Off For The Year	72,497.00	72,497.00
	223,288.00	295,785.00
<b>b) Pre-operative Expenses Pending Capitalisation</b>		
- Opening Balance	3,018,523.00	3,018,522.00
- Addition during the year	0.00	0.00
	3,018,523.00	3,018,522.00
Less: Capitalised during the year	0.00	0.00
	3,018,523.00	3,018,522.00
Grand Total	3,241,811.00	3,314,307.00

Particulars	Market value	Current Year	Previous Year
<b>SCHEDULE-6 INVESTMENT</b>			
<b>Long Term Investment</b>			
<b>UNQUOTED</b>			
1 Share of Rs. 10/- Each of The Cuffe Parade Persepolis premises Co-operative Ltd.		10.00	10.00
40.00% share in profit/(loss) in Whitefield Projects, a partnership firm		40,000.00	40,000.00
33.33% shares in profit/(loss) in Swastik Developers, a partnership firm		21,731,734.00	19,403,334.00
20.00% shares in profit/(loss) in Raj Associates a partnership firm		-	880,000.00
80.00% Investment in Hariyana Air Products		4,800,000.00	-
<b>QUOTED</b>			
25500 Shares of G R Industries & Fin Ltd		0.00	357,599.00
16000 Shares of Hindalco	2,907,200	2,631,524.14	2,631,524.14
30000 Shares of Nageshwar Investment Ltd		0.00	473,218.00
Total	2,907,200	29,203,268.14	23,785,685.14

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

A) Inventory (As taken, valued & certified by the Management)			
Raw materials (valued at cost)		239,059,004.00	117,418,930.00
Stock in Transit (valued at cost)		16,041,762.00	131,758,649.00
Finished Goods (valued at cost or net realisable value)		22,285,168.00	9,065,760.00
By Products (valued at realisable value)		996,937.00	163,924.00
Consumable Stores (valued at cost)		4,043,391.00	4,236,432.00
Work In Progress (valued at cost)		1,552,400.00	1,384,350.00
Total		283,978,662.00	264,028,045.00
B) Sundry Debtors			
- (Unsecured, unconfirmed and considered good)			
- More than Six Months		3,381,240.00	9,327,848.00
- Others		66,094,175.00	61,030,326.00
Total		69,475,415.00	70,358,174.00

Technology Absorption, adaption and innovation.

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

Foreign Exchange Earning & Outgo

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

For & on behalf of the Board of Directors

Sd/-  
Shanti Sarup Reniwal  
Chairman & Managing Director

Place : Mumbai  
Date : 21st August, 2010

Corporate Governance Report

Company's philosophy :

At Hariyana Ship Breakers Limited (HSBL), it is our belief that as we move closer towards our aspirations of becoming a corporation, which is looked up globally, & our corporate governance standards must be globally benchmarked. That gives us the confidence of having put in the right building blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner.

We are committed to meeting that aspiration of all our stakeholders. This is demonstrated in shareholder returns, governance processes and an entrepreneurial, performance focused work environment.

Traditional views of governance as a regulatory and compliance requirement have given way to adoption of governance tailored to the specific needs of the Company. Clause 49 has set the benchmark compliance rules for a listed company and the baseline for governance standards. HSBL not only adheres to the prescribed corporate practices as per Clause 49 but also is constantly striving to adopt emerging best practices worldwide. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives.

Corporate governance has indeed been an integral part of the way we have done business for several decades. This emanates from our strong belief that strong governance is integral to creating value on a sustainable basis. Corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target.

Board of Directors :

The Board composition is in conformity with the provisions of the Companies Act, 1956 and complies with clause 49 of the listing agreement. The strength of the Board as on 31<sup>st</sup> March, 2010 is 6 (Six) Directors comprising of 1(One) Executive Directors and 5 (Five) Non-executive Directors. Out of which three directors are independent.

The composition of the Board as was as follows :

Sr. No.	Name of Director	Category of Directorship	*No. of other Directorship		No. of Committee Membership	
			Public	Private	Public	Private
1	Mr. Shanti Sarup Reniwal	Promoter & Executive Director	Nil	5	Nil	Nil
2	Mr. Lalitadevi Reniwal	Promoter & Non Executive Director	Nil	Nil	Nil	Nil
3	Mr. Rakesh Reniwal	Promoter & Non Executive Director	Nil	7	Nil	Nil
4	Mr. Manohar Wagh^	Independent	Nil	Nil	Nil	Nil
5	Mr. Pradeep Bhatia#	Independent	Nil	Nil	Nil	Nil
6	Mr. Tejas Thakkar {}	Independent	Nil	Nil	Nil	Nil
7	Shri Satish Diwate{*}	Independent	Nil	Nil	Nil	Nil
8	Mr. Hemant Thakker~	Independent	Nil	Nil	Nil	Nil

SCHEDULE - 5: FIXED ASSETS

ASSETS	GROSS BLOCK		TOTAL	DEPRECIATION		NET BLOCK	
	AS ON 01.04.2009	ADDITION DEDUCTIONS		AS ON 01.04.2009	RATE OF DEP. DEP.	AS ON 31.03.2010	AS ON 31.03.2009
FACTORY PREMISES	22,528,299.00	366,575.00	22,894,874.00	-	-	22,894,874.00	22,528,299.00
PREMISES							
Non Factory	39,703,150.00	30,000.00	39,733,150.00	1.63	49,096.00	28,666,144.00	29,283,701.00
Warehouse (Leasehold)	4,817,420.00	-	4,817,420.00	1.63	3,878.00	1,378,030.00	3,439,390.00
- Godown	1,356,795.70	-	1,356,795.70	1.63	22,116.00	311,441.48	1,045,354.22
- Office	1,891,059.00	150,000.00	2,041,059.00	1.63	31,294.00	154,842.00	1,886,217.00
FACTORY BUILDING	16,755,499.00	6,671,586.00	23,427,085.00	3.34	605,313.00	2,435,008.00	20,992,077.00
ROADS & CULVERTS	72,850.00	-	72,850.00	3.34	2,433.00	9,326.00	63,524.00
PLANT & MACHINERY	213,090,152.00	1,433,078.00	214,523,230.00	4.75	11,227,802.00	274,959.00	59,367,288.00
CRANE	5,299,658.00	6,389,152.50	11,688,810.50	4.75	459,495.00	1,864,243.00	9,824,567.50
POLLUTION CONTROL EQUIPMENTS	43,999,330.00	-	43,999,330.00	5.28	2,323,165.00	9,519,406.00	34,479,924.00
PLANT & MACHINERY (OTHERS)	8,851,478.00	22,200.00	8,873,678.00	4.75	412,779.00	1,888,379.00	6,985,299.00
OFFICE EQUIPMENTS	2,119,685.00	73,040.00	2,192,725.00	4.75	103,584.00	676,753.00	1,515,972.00
MOBILE	45,080.00	22,100.00	67,180.00	4.75	2,007.00	6,530.00	47,159.00
FURNITURE	4,081,392.76	26,100.00	4,107,492.76	6.33	258,087.00	1,837,583.00	2,269,909.76
COMPUTERS	1,882,098.38	410,148.00	2,292,246.00	16.21	249,366.00	1,562,557.00	729,688.38
AIRCONDITIONERS	91,370.00	-	91,370.00	4.75	4,340.00	23,520.00	67,850.00
VEHICLES	7,439,788.00	3,487,270.00	10,927,058.00	9.50	877,185.00	337,706.00	3,250,603.00
TRANSPORT VEHICLES	5,541,718.00	659,715.00	6,201,433.00	11.31	510,485.00	1,773,945.00	3,697,122.00
PORTABLE GENERATOR SET	23,800.00	-	23,800.00	4.75	1,131.00	15,358.00	8,442.00
WIRE ROPES	1,935,150.40	1,362,155.00	3,297,305.40	4.75	118,860.00	573,030.00	2,724,275.40
FIRE FIGHTING EQUIPMENTS	95,251.00	69,883.00	1,65,134.00	4.75	5,741.00	38,535.00	126,599.00
OXYGEN CYLINDERS CAGE	151,500.00	-	151,500.00	3.34	5,080.00	6,304.00	145,196.00
SPECTRO METER	-	811,981.20	811,981.20	4.75	8,325.00	8,325.00	803,656.20
WEIGHING MACHINE	46,446.00	-	46,446.00	4.75	2,206.00	21,401.00	25,045.00
WEIGH BRIDGE	744,392.40	-	744,392.40	4.75	35,359.00	293,549.00	450,843.40
WINCH	101,000.00	-	101,000.00	4.75	4,788.00	38,436.00	62,564.00
TOTAL	382,664,362.64	21,984,983.70	404,649,346.34		17,323,885.00	948,066.00	387,325,461.34
CAPITAL WORK IN PROGRESS	5,500,749.00	487,521.00	5,988,270.00	-	-	-	5,500,749.00
GRAND TOTAL	388,165,111.64	22,472,504.70	410,637,616.34		17,323,885.00	948,066.00	392,313,731.34
PREVIOUS YEAR	372,677,947.26	16,694,164.00	389,372,111.26		16,556,772.00	948,066.00	366,815,339.26

## SCHEDULES TO BALANCE SHEET

Particulars	Current Year	Previous Year
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
6500000 (6500000)		
Equity Shares of Rs 10/- each	65,000,000.00	65,000,000.00
5000000 -4% Redeemable Preference Share Of Rs. 10/- Each	50,000,000.00	50,000,000.00
Issued, Subscribed & Paid up		
6166667(6166667) Equity Shares of Rs 10/- each fully paid (Of the above 3146640 equity shares were issued as fully paid up Bonus Shares by Capitalising General Reserve & Profit)	61,666,670.00	61,666,670.00
Total	61,666,670.00	61,666,670.00
<b>SCHEDULE - 2: RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Transfer from HFPL & HMEPL	89,360,940.00	89,360,940.00
Total	89,360,940.00	89,360,940.00
<b>SHARE PREMIUM A/C</b>		
- Balance as per Last Balance Sheet	14,038,400.00	14,038,400.00
Total	14,038,400.00	14,038,400.00
<b>REVALUATION RESERVE</b>		
- Balance as per Last Balance Sheet	9,834,013.02	10,782,079.02
- Less : Reduction during the year	948,066.00	948,066.00
Total	8,885,947.02	9,834,013.02
Profit & Loss Account	235,598,739.98	180,696,758.38
Total	347,884,027.00	293,930,111.40
<b>SCHEDULE - 3 : SECURED LOANS</b>		
Term Loan Punjab National Bank	29,841,257.00	57,405,012.00
Cash Credit from Punjab National Bank	30,181,161.97	3,584,415.00
Punjab National Bank (LC)	494,362,863.00	107,180,771.00
Loan against vehicles from ICICI/HDFC/Kotak/DCB	732,642.98	84,207.00
Overdraft from Punjab National Bank	12,493,090.94	163,924.65
Development Credit Bank Ltd.	1,167,635.00	2,701,834.00
Total	568,778,650.89	171,120,163.65

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

**SCHEDULE - 4 : UNSECURED LOANS**

From Directors / Share Holders	37,539,961.00	33,880,830.00
Total	37,539,961.00	33,880,830.00

- ^ Mr. Manohar Wagh was appointed as Director w.e.f 28<sup>th</sup> April 2009.
- # Mr. Pradeep Bhatia was appointed as an Additional Director w.e.f 25<sup>th</sup> December 2009.
- { } Mr. Tejas Thakker was appointed as an Additional Director w.e.f 12<sup>th</sup> April 2010.
- { \* } Mr. Satish Diwate resigned as Director w.e.f 12<sup>th</sup> April 2010.
- ~ Mr. Hemant Thakker resigned as Director w.e.f 26<sup>th</sup> December 2009.
- \* Excludes Alternate Directorships, Directorships in Section 25 Companies & Foreign Companies and proprietorship and partnership firms.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, membership/ chairmanship of only the Audit Committee, Shareholders'/Investors Grievance Committee and the Remuneration Committee of the Public Limited Companies has been considered.

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

**Board Meetings**

During the year there were in total 16 Board Meetings, which were held on 01.04.2009, 10.04.2009, 28.04.2009, 30.07.2009, 03.09.2009, 15.09.2009, 22.09.2009, 15.10.2009, 30.10.2009, 03.11.2009, 04.01.2010, 05.01.2010, 30.01.2010, 01.02.2010, 23.02.2010 and 20.03.2010. The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board were made available to them along with detailed Agenda notes.

Sr. No.	Name of the Director	Relationship with other Directors	No. of Board Meetings Attended	Attended Last AGM
1.	Shri Shanti Sarup Reniwal	Husband of Smt. Lalitadevi Reniwal Father of Mr. Rakesh Reniwal.	16	Yes
2.	Smt Lalitadevi Reniwal	Wife of Mr. Shanti Sarup Reniwal mother of Mr. Rakesh Reniwal	16	Yes
3.	Shri Rakesh Reniwal	Son of Mr. Shanti Sarup Reniwal Smt. Lalitadevi Reniwal	16	Yes
4.	Mr. Manohar Wagh <sup>^</sup>	@	14	Nb
5.	Mr. Pradeep Bhatia <sup>#</sup>	@	6	Nb
6.	Mr. Tejas Thakkar <sup>{}</sup>	@	-	Nb
7.	Mr. Satish Diwate <sup>{*}</sup>	@	16	Yes
8.	Mr. Hemant Thakker	@	10	Yes

@ there is no relationship among any of the Directors.

**Code of Conduct :**

The Board has formulated a code of conduct for the Board members and senior management of the Company. All Board members and senior management personnel as on 31 March 2010 have affirmed their compliance with the code and the declaration to this effect given by the Chairman is annexed hereto.

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

Mrs. Lalitadevi Reniwal and Mr. Manohar Wagh are the Directors who are liable to retire by rotation and seeking re-appointment at the ensuing Annual General Meeting.

**Audit Committee :**

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

The Audit Committee presently comprises of three Non Executive Directors of which two are Independent Directors.

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

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

The Committee met 5 times during the year under report on 28.04.2009, 30.07.2009, 29.08.2009, 30.10.2009, 30.01.2010.

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

From 01-04-2009 31-03-2010

Name	Designation	No. of Committee meetings attend.
Mr. Hemant Thakker~ Resigned w.e.f. 26 <sup>th</sup> December 2009	Chairman	4
Mr. Rakesh Reniwal	Member	5
Mr. Manohar Wagh	Member	5
Mr. Pradeep Bhatia # appointed as Director w.e.f 25 <sup>th</sup> December 2009	Chairman	1

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

- Approving and implementing the Audit procedures and techniques.
- Reviewing audit reports of statutory auditors with management and Statutory Auditors.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2010**

Particulars	Sch.	Current Year	Previous Year
<b>INCOME</b>			
- Gross Sales and Receipts	10	1,338,977,315.00	1,751,777,118.00
- Other Receipts	11	72,420,253.14	25,558,343.86
- Increase/(Decrease) in finished goods	12	14,220,471.00	706,634.00
<b>TOTAL INCOME</b>		<b>1,425,618,039.14</b>	<b>1,778,042,095.86</b>
<b>EXPENDITURE</b>			
- Raw Material Consumed /Traded	13	1,117,078,314.00	1,376,395,197.00
- Labour & Wages	14	18,359,515.00	14,340,640.00
- Works expenses	15	54,055,508.30	48,142,421.00
- Administrative Expenses	16	15,995,081.26	73,295,914.62
- Financial Expenses	17	29,262,556.98	48,934,859.00
- Selling Expenses	18	65,148,527.00	114,209,429.00
<b>TOTAL EXPENDITURE</b>		<b>1,299,899,502.54</b>	<b>1,675,318,460.62</b>
Profit before depreciation & Tax		125,718,536.60	102,723,635.24
Depreciation	5	17,323,885.00	16,356,772.00
Share Issue Expenses Written Off	9	72,497.00	72,497.00
Profit Before Tax		108,322,154.60	86,294,366.24
Less: Provision for current Income Tax		(35,717,000.00)	(29,632,000.00)
Add/(Less) MAT Credit Entitlement (Adjustment) for the year		0.00	0.00
Less: Provision for Fringe Benefit Tax		0.00	(196,603.00)
Add/(Less) Adjustment for Deferred Tax for the Year		(3,279,137.00)	(1,710,673.00)
Profit after tax for the year		69,326,017.60	54,755,090.24
Income Tax of earlier years		5,348.00	2,531,663.00
Prior Period Adjustments		0.00	14,125.00
Profit Bought Forward from Balance Sheet		180,696,758.38	137,825,264.14
Profit/(Loss) available for appropriation		250,028,123.98	195,126,142.38
<b>APPROPRIATIONS</b>			
- Dividend on Equity Shares		12,333,334.00	12,333,334.00
- Tax on distributed Profit		2,096,050.00	2,096,050.00
- Balance carried to balance sheet		235,598,739.98	180,696,758.38
<b>Total</b>		<b>250,028,123.98</b>	<b>195,126,142.38</b>
Earning per share - Basic		11.24	9.29
Earning per share - Diluted		11.24	9.29

As per our separate report of even date attached

For **Hariyana Ship Breakers Limited**

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

Sd/-  
Partner

**Prem Goplani**  
M.No 103765

Place: Mumbai

Date: 20th August, 2010

Sd/-  
Director

Sd/-  
Director



## BALANCE SHEET AS AT 31st MARCH, 2010

SOURCES OF FUNDS		Sch.	Current Year	Previous Year
<b>1</b>	<b>Share Holders Fund</b>			
a)	Share Capital	1	61,666,670.00	61,666,670.00
b)	Reserves & Surplus	2	347,884,027.00	293,930,111.40
<b>2</b>	<b>Loan Funds</b>			
a)	Secured Loans	3	568,778,650.89	171,120,163.65
b)	Unsecured Loans	4	37,539,961.00	33,880,830.00
<b>3</b>	<b>Deferred Tax Liability</b>		41,322,552.00	38,043,415.00
	Total		1,057,191,860.89	598,641,190.05
<b>APPLICATION OF FUNDS</b>				
<b>1</b>	<b>Fixed Assets</b>	5		
a)	Gross Block		402,737,037.96	382,664,362.26
b)	Less: Depreciation		98,121,299.48	80,646,080.48
c)	Net Block		304,615,738.48	302,018,281.78
d)	Capital Work in Progress		—	5,500,749.00
<b>2</b>	<b>Investment</b>	6	29,203,268.14	23,785,685.14
<b>3</b>	<b>Working Capital</b>			
a)	Current Assets, Loans & Advances	7		
i)	Inventories		283,978,662.00	264,028,045.00
ii)	Sundry Debtors		69,475,415.00	70,358,174.00
iii)	Cash & Bank Balances		3,392,071.21	2,556,997.21
iv)	Loans & Advances		569,454,213.06	255,499,475.06
	Total		926,300,361.27	592,442,691.27
b)	Less: Current Liabilities & Provisions	8	206,169,318.00	328,420,524.14
c)	Net Working Capital		720,131,043.27	264,022,167.13
<b>4</b>	<b>Miscellaneous Expenditure yet to be W/Off or adjusted</b>	9		
-	Preliminary Expenses		223,288.00	295,785.00
-	Pre-operative Expenses pending capitalisation		3,018,523.00	3,018,522.00
	Total		1,057,191,860.89	598,641,190.05
	Notes forming part of the accounts	19		

As per our separate report of even date attached

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

Sd/-  
Partner  
**Prem Goplani**  
M.No 103765  
Place : Mumbai  
Date : 20th August, 2010

For **Hariyana Ship Breakers Limited**

Sd/-  
Director

Sd/-  
Director

- Reviewing, with management, performance of statutory auditors, adequacy of the internal control systems.
- Reviewing the finding of any internal investigations where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Review of Related party Transactions:
- Reviewing accounting treatment and confirmation of the fact that financial statements are giving true and fair view as per Company Law and Listing Agreement with the Stock Exchanges.
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

**Remuneration Committee :**

The Company does not have a Remuneration Committee and no remuneration or commission is paid to any Director.

**Shareholders/Investors Grievance Committee :**

The Shareholder's /Investment committee presently comprises of 3 Non Executive Directors.

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

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

**Composition of the Committee and attendance during the year ended 31<sup>st</sup> March 2010 :**

Pursuant to Clause 49 (VI) of the Listing Agreement, the Committee met 4 (four) times during the financial year ended on 31<sup>st</sup> March, 2010 to review, to approve matters related to Shares, etc. namely 28<sup>th</sup> April, 2009, 30<sup>th</sup> July, 2009, 30<sup>th</sup> October, 2009 and 30<sup>th</sup> January, 2010 respectively.

**THE ATTENDANCE AT THE SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE MEETING WAS AS UNDER :**

Name	Designation	No. of Committee meetings attend.
Mr. Hemant Thakker~ Resigned w.e.f 26 <sup>th</sup> December 2009	Chairman	3
Mr. Rakesh Reniwal	Member	4
Mr. Manohar Wagh	Chairman	4
Mr. Shantisarup Reniwal	Member	4

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

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

**Subsidiary Companies :**

The Company does not have any Subsidiary Company.

**CEO / CFO Certification :**

A certificate from Chairman on the financial statements of the Company was placed before the Board

**General Body Meetings :**

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

Financial Year	Date	Time	Venue	Special Resolution(s)
2006-2007	31 <sup>st</sup> October 2007	11.00 a.m	302, Sylverton Building, Ground Floor, 102 Wode House Road, Mumbai 400005.	For Delisting the Shares from the Ahmedabad Stock Exchange
2007-2008	26 <sup>th</sup> September 2008	12.00 noon	302, Sylverton Building, Ground Floor, 102 Wode House Road, Mumbai 400005	None
2008-2009	30 <sup>th</sup> September 2009	11.00 am	302, Sylverton Building, Ground Floor, 102 Wode House Road, Mumbai 400005	None

- Xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. However the long term funds have been used to finance short-term investment.
- Xviii) According to the information and explanations given to us, the company has not made any issue of shares or securities during the year.
- xix) According to the information and explanations given to us, during the period covered by our audit, the company has not issued any debentures.
- xx) According to the information and explanations given to us, during the period covered by our audit, the company has not raised any money by public issue.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Sd/-  
Prem Goplani  
Partner  
M.No.103765

Place : Mumbai  
Date : 20<sup>th</sup> August, 2010

- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five Lakhs in respect of any party during the year have been made at a price which are reasonable having regard to prevailing market prices at the relevant time.
- vi) According to the information and explanations given to us, the company has not accepted any deposits from the Public. However the company has taken unsecured loans from Associate Companies.
- vii) The Directors themselves conduct the affairs of the company. The company does not have a formal system of internal audit but there are adequate checks and controls at all levels.
- viii) As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Custom Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and cess were in arrears, as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they become payable.
- c) According to the information and explanations given to us, there are no dues of sales tax, custom duty, wealth tax, central excise duty and cess, which have not been deposited on account of any dispute.
- x) In our opinion, there was no accumulated losses of the company, therefore the provision of clause 4 (x) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
- xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.
- xii) In our opinion and as per the information provided to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore the provision of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 is not applicable to the Company.
- xiv) In our opinion, the company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name.
- xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the company.
- xvi) As per the information and explanation given to us the company has not raised any term loans during the year.

**EXTRA ORDINARY GENERAL MEETING :**

- 1) Extraordinary General Meeting held on 22<sup>nd</sup> May, 2007 :
- a) Alteration of Articles of Association of the Company.
- b) Approval for issue and allotment of Equity Shares to the shareholders of Hariyana Fashions Private Limited and Hariyana Machinery Export Private Limited pursuant Scheme of Amalgamation.
- c) Appointment and payment of remuneration to Mr. Sanjeev Reniwal for holding an office or place of profit under the Company.

All the resolutions set out in the respective notices were passed by the members with requisite majority.

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

**Disclosures :****a) Related party transactions**

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

**b) Accounting Treatment**

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

**c) Risk Management**

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

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

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

**e) Remuneration of Directors**

The Company does not have practice of payment of any remuneration / fees etc. to Non Executive Director. However in the future if any payment is to be made to Non Executive Director, the same shall be paid having regard to prevalent practice in the industry & commensurate with their experience. Besides the above, there is no pecuniary relationship or transaction by the Company with its Non Executive Director. Further there is no remuneration being paid to Chairman and Managing Director of the Company.

**f) Management Discussion and Analysis**

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

**g) Shareholders**

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

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

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

**i) Whistle Blower Policy**

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

**Statutory Compliance :**

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

**Means of Communication :**

The Quarterly/ yearly results were sent to the concerned Stock Exchange after being approved by the Board. The Company has setup its website. All quarterly results as well as any official news release has been displayed thereon.

**General Shareholders Information :**

The 29<sup>th</sup> Annual General Meeting is scheduled to be held on 30<sup>th</sup> day of September 2010 at 11.00 a.m. at the Registered Office Address.

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

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

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date.

- i) a) The company has maintained proper records showing the full particulars, including the quantitative details and situation of its fixed assets.
- b) All the assets have not been physically verified by the management during the year, but there is a regular programme of physical verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year the company has disposed off few non-core surplus assets. According to the information and explanations given to us, we are of the opinion that the sale of the said assets has not affected the going concern status of the company.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of the inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The company has taken loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 3.75 Crores and the year-end balance of loans taken from such parties was Rs. 3.75 Crores.  
  
There is one party covered in the register maintained under section 301 of the Companies Act, 1956, to which the company has granted loans. The maximum amount involved during the year was Rs. 41.91 Crores and the year-end balance of loans granted to such party was Rs. 4.30 Crores.
- b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

**AUDITOR'S REPORT**

To,  
The Members  
Hariyana Ship Breakers Limited  
Bhavnagar

We have audited the attached Balance Sheet of **HARIYANA SHIP BREAKERS LIMITED** as at 31st March 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the propose of our audit;
  - ii) In our opinion, proper books of account, as required by the law have been kept by the Company so far as appears from our examination of the books;
  - iii) The Balance Sheet and Profit & Loss Account and cash flow statements dealt with by this report are in agreement with the books of account;
  - iv) *In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, read with other notes in Schedule-19, forming part of the accounts, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956:*
  - v) On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010, from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956:
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes and schedules thereon give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting the principles generally accepted in India.
- i)
    - i) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 2010 and
    - ii) In the case of Profit & Loss account of the Profit of the company for the year ended on that date.
    - iii) In the case of the cash flow statement of the cash flows for the year ended on that date.

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

Sd/-  
Prem Goplani  
Partner  
M.No.103765

Place : Mumbai  
Date : 20<sup>th</sup> August,2010

- ii. Book Closure dates are from 21<sup>st</sup> September 2010 to 30<sup>th</sup> September 2010 (both days inclusive).
- iii. Dividend, if declared by the Company at the 29<sup>th</sup> Annual General Meeting of the Company scheduled to be held on September 30, 2010 will be paid on or about October 5th, 2010 to those shareholders whose names appear in the Register of Members of the Company as on September 30, 2010.
- iv. The company's shares are listed at Bombay Stock Exchange.
- v. The Company's Equity Shares are listed on the Bombay Stock Exchange Limited and all applicable listing fees have been paid up till date. The other details are as follows:

**Scrip Code : 526931**

**ISIN : INE400G01011**

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

Month	Scrip Movement		BSE Sensex Movement	
	High	Low	High	Low
Apr-09	38.90	27.30	11,492.10	9,546.29
May-09	50.00	27.10	14,930.54	11,621.30
Jun-09	51.50	33.25	15,600.30	14,016.95
Jul-09	41.25	30.30	15,732.81	13,219.99
Aug-09	47.70	33.55	16,002.46	14,684.45
Sep-09	49.70	35.70	17,142.52	15,356.72
Oct-09	43.90	31.50	17,493.17	15,805.20
Nov-09	36.10	31.80	17,290.48	15,330.56
Dec-09	41.70	33.00	17,530.94	16,577.78
Jan-10	47.80	36.20	17,790.33	15,982.08
Feb-10	45.00	34.80	16,669.25	15,651.99
Mar-10	40.00	34.65	17,793.01	16,438.45

**Distribution of shareholding as on 31<sup>st</sup> March, 2010.**

DISTRIBUTION SCHEDULE ON NUMBER OF SHARES/DEBS - As On :31 <sup>st</sup> March 2010				
SHARE (OR DEBENTURE)	NUM OF HOLDERS	(%) OF HOLDERS	T O T A L SHARES (OR DEBENTURE)	% OFSH/DB
UPTO TO 100	801	45.05	62985	1.02
101 TO 200	289	16.25	53605	0.87
201 TO 500	347	19.52	140570	2.28
501 TO 1000	162	9.11	135923	2.20
1001 TO 5000	137	7.71	297798	4.83
5001 TO 10000	19	1.07	143649	2.33
10001 TO 100000	11	0.62	406313	6.59
100001 TO ABOVE	12	0.67	4925824	79.88
<b>T O T A L</b>	<b>1778</b>	<b>100</b>	<b>6166667</b>	<b>100.00</b>

j) Details of Shareholding pattern as on 31st March 2010 :

STATEMENT SHOWING SHAREHOLDING PATTERN								
Name of the Company : HARIYANA SHIP BREAKERS LIMITED								
Scrip Code : 526931			Quarter Ended : 31 <sup>st</sup> March 2010					
Category Code	Category of Shareholder	Number of Shareholder	Total Number of Shares	Number of shares held in demeterialized form	Total shareholding as a percentage of total number of shares		shares pledged or otherwise encumbered	
					A sa % of (A+B) <sup>1</sup>	A sa % of (A+B+C)	No. of Shares	A sa %
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	14	4529814	4529814	73.456	73.456		
(b)	Central Government/ State Government(s)							
(c)	Bodies Corporate							
(d)	Financial Institutions/ Banks							
(e)	Any Others (Specify)							
(e-i)								
(e-ii)								
	<b>Sub Total(A)(1)</b>	<b>14</b>	<b>4529814</b>	<b>4529814</b>	<b>73.456</b>	<b>73.456</b>	<b>0</b>	<b>0</b>
2	Foreign							
A	Individuals (Non-Residents Individuals/Foreign Individuals)							
B	Bodies Corporate							
C	Institutions							
D	Any Others(Specify)							
d-i								
d-ii								
	<b>Sub Total(A)(2)</b>							
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>14</b>	<b>4529814</b>	<b>4529814</b>	<b>73.456</b>	<b>73.456</b>	<b>0</b>	<b>0</b>
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI							
(b)	Financial Institutions/Banks							
(c)	Central Government/ State Government(s)							
(d)	Venture Capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors							

Auditors' Report on Consolidated Financial Statements

To  
The Board of Directors  
Hariyana Ship Breakers Limited

We have audited the attached Consolidated Balance Sheet of Hariyana Ship Breakers Limited and its various Units (collectively referred to as "the Company") as at 31<sup>st</sup> March, 2010, and the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conduct our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- Financial statements / consolidated financial statements of certain units, which reflect total assets of Rs.9701.06 lacs as at 31<sup>st</sup> March, 2010, total revenue of Rs. 9337.52 lacs and net cash flows amounting to Rs. 2.73 lacs for the year then ended, have been audited by other auditors or jointly by others with other and financial statements of certain associates in which the share of profit of the company is involved have been audited by other auditors.
- We did not audit the financial statements / consolidated financial statements of certain units, whose financial statements / consolidated financial statements reflect total assets of Rs. 9701.06 lacs as at 31<sup>st</sup> march, 2010, total revenue of Rs. 9337.52 lacs and cash flow amounting to Rs. 2.73 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of those auditors.
- We report that the consolidated financial statements have been prepared by the Company's management in accordance with requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS) 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standards) Rules, 2006.
- Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements / consolidated financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31<sup>st</sup> March, 2010;
  - in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
  - in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

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

Sd/-  
Prem D. Goplani  
Partner  
Membership No. 103765  
Place : Mumbai  
Date : 20<sup>th</sup> August, 2010

**CERTIFICATION BY**

**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

To,

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

We hereby certify that for the financial year, ending 31<sup>st</sup> March, 2010 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

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

Sd/  
 SHANTISARUPRENIWAL  
 Managing Director

Sd/-  
 RAKESHRENIWAL  
 Director

Date : 13<sup>th</sup> August, 2010  
 Place : Mumbai.

Category Code	Category of Shareholder	Number of Shareholder	Total Number of Shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		shares pledged or otherwise encumbered	
					As a % of (A+B) <sup>1</sup>	As a % of (A+B+C)	No. of Shares	As a %
(g)	Foreign Venture Capital Investors							
(h)	Any Other (specify)							
(h-i)								
(h-ii)								
	<b>Sub-Total (B)(1)</b>							
<b>B2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	93	485153	482853	7.867	7.867		
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1657	723176	635676	11.727	11.727		
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	8	426900	390400	6.923	6.923		
(c)	Any Other (specify)							
(c-i)	Clearing Member	2	450	450	0.007	0.007		
(c-ii)	NRI	4	1174	1174	0.019	0.019		
	<b>Sub-Total (B)(2)</b>	<b>1764</b>	<b>1636853</b>	<b>1510553</b>	<b>26.544</b>	<b>26.544</b>		
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1764</b>	<b>1636853</b>	<b>1510553</b>	<b>26.544</b>	<b>26.544</b>		
	<b>TOTAL (A)+(B)</b>	<b>1778</b>	<b>6166667</b>	<b>6040367</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0.00</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued							
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>1778</b>	<b>6166667</b>	<b>6040367</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0.00</b>

**Details of Shares held by Directors as on 31st March 2010 :**

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

**j) Dematerialization of shares and liquidity :**

As on 31<sup>st</sup> March, 2010, 97.95% of the total equity share capital of the Company is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialized form.

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

The Company does not have any outstanding GDRs/ADRs/warrants/convertible instruments as on 31st March 2010.

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

**Ship Breaking Yard**

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

**Sponge Iron Plant**

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

**Registered Office :**

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

**Branch Office (Bhavnagar) :**

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

**Branch Office (Bangalore) :**

206, Barton Centre, 84, M G Road, Bangalore 560 001  
Ph. 080-25325716 • Fax 080-25091411.  
Email: hsbl@vsnl.com

**Register and Transfer agents.**

Contact Person : Shri Shashikumar Sharex Dynamic (India) Pvt Ltd Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400 072. Ph: 022 28515606, 022 28515644, Fax: 022 2851 2885 • Email: sharexindia@vsnl.com	Sharex Dynamic (India) Pvt Ltd 17/B, Dena Bank Bldg, 2 <sup>nd</sup> Floor, Horniman Circle, Fort, Mumbai 400 001 Ph: 022 22702485, 022 22641376 Fax: 022 22641349
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**viii. Share Transfer System**

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

**ADDRESS FOR CORRESPONDENCE :**

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

**COMPLIANCE CERTIFICATE OF THE AUDITORS :**

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

**DECLARATION**

I, Shantisarup Reniwal, Managing Director of the Company hereby declare that all Board members and senior management personnel have affirmed compliance with the code on an annual basis.

**FOR HARIYANA SHIP BREAKERS LIMITED**

Sd/-

**SHANTISARUP RENIWAL  
Chairman & Managing Director**

Date: 13<sup>th</sup> August,2010

Place: Mumbai.