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BUSINESS SCOPE REPORT

OPERATIONS

1011-0100

Engaged in iron ore mining

1011-0000

Produces iron ores

1011-0101

Engaged in open pit iron ore mining

1011-0103

Engaged in underground iron ore mining

DIVISION DETAILS

The following are the details about their line of business

Division name	Product details
Iron ore unit	Extraction of Iron ore unit
HLN Enterprises	Distributor of Watches and C&F agents for watches
H L Nathumal (RCIL Division)	Distributor of reliance telecom products
H.L. Nathurmal - (Telcom Division)	Distributorship for Panasonic telecom equipment.
H. L. Nathurmal (Karnataka Division)	Distribution of electronic and telecom item
H. L. Nathurmal (Microworld Division)	Distribution of computer software (antivirus software)
H. L. Nathurmal (Watch Division)	Distributor of Q&q nd maxima watches
Pharma division *	Export of Pharmaceutical items

* Recently started



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PURCHASES

LOCAL : 100 %

PURCHASING TERMS

LOCAL PURCHASE TERMS : Open Account (30 days)

SALES TERRITORY

INTERNATIONAL : 100 %

EXPORTS TO:-

China (People's Republic) : 100%

SELLING TERMS

EXPORT TERMS : Open Account (15days)

CUSTOMERS

Subject maintains 10 to 20 accounts / customers.

MAJOR CUSTOMERS TYPES

Trading Firm(s) & Steel Plants in China

MAJOR CUSTOMERS*

Sinochem International Company
China (People's Republic)

Sinosteel Trading Company
China (People's Republic)

Qingde Iron & Steel
China (People's Republic)



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De Long Steel
China (People's Republic)

Rizhao Steel
China (People's Republic)

* Provided by the Management

MAJOR SUPPLIERS *

Machinery Supplier

Telco Construction Equipment Limited
India

Volvo India
India

Marketing

T-Series
Oxim
Polar
Reliance
Maxima
Panasonic / GE

* As discussed and as per Information provided by the Management

EMPLOYEE(s) - CURRENT YEAR

Total Employees : 122

Total Employees include

At office : 26
Other Locations : 96



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EMPLOYEE(s) - PREVIOUS YEAR

YEAR:- : 2005
Total Employees : 122

Previous year's employees including :

At office : 26
Other Locations : 96

CAPACITY AND PRODUCTION OUTPUT

PRODUCT NAME : Iron Ore
Period : 2005 to 2006
Actual Output : 73,500 Metric Tonnes per year
Licensed Capacity : 73,500 Metric Tonnes per year

ACRONYM(s)

HLN

LOCATION DETAILS OF HEAD OFFICE

SIZE OF PREMISE : 550 Square Meters
TYPE OF OCCUPATION : Owned
BUILDING FRAME : Adobe
PREMISES USED AS : Administrative office



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GROUP COMPANY

There are three companies in NATHURMAL Group.

Entity name	Address	Line of Business	% of holding by the subject
Nihal Apparels	# 385, Novo Portugal, Moira, Bardez, Goa	Manufacturing Industrial uniforms	100%
HLN Phil Trading Inc.	2F - 210 Skyland Plaza, Commercial Area Tower 6, Sen Gil Puyat Ave, Makati City, Philippines	Selling pharmaceutical products	100%



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BRANCHES/DIVISIONS

Currently Subject maintains 7 branches (es).
The principal branch location(s) are as follows:-

Division	Address	Line of Business
HLN Enterprises	<u>Registered Office</u> : Jaiprakash Chowk, Near Municipality, Sawantwadi - 416510 <u>Administration Office</u> : Anushaya Building, Nigdewadi Gandhinagar Kolhapur Road, PO Uchgaon Tal Karve, Kolhapur	Distributor of Watches and C&F agents for watches
H L Nathumal (RCIL Division)	7, Rizvi Chamber Ground Floor, Opp Hotel Delmon, Caetano Albuquerque Road, Panjim - 403001, Goa	Distributor of reliance telecom products
H.L. Nathurmal - (Telcom Division)	Rizvi Chamber, 3rd Floor, Caetano Albuquerque Road, Panjim - 403001, Goa	Distributorship for Panasonic telecom equipment.
Lucky Stop *	7, Rizvi Chamber Ground Floor, Opp Hotel Delmon, Caetano Albuquerque Road, Panjim - 403001, Goa	Retail shop distributorship of Reliance
H. L. Nathurmal (Karnataka Division)	302/304, Pioneer Landmark, 1627, R K Marg, Hindwadi, Belgaum - 06, Karnataka	Distribution of electronic and telecom item
H. L. Nathurmal (Microworld Division)	3rd Floor, Rizvi Chamber Caetano Albuquerque Road, Panjim - 403001, Goa	Distribution of computer software (antivirus software)
H. L. Nathurmal (Watch Division)	Rizvi Chamber, 3rd Floor, Caetano Albuquerque Road, Panjim - 403001, Goa	Distributor of Q&q nd maxima watches
Pharma division *	3rd Floor, Rizvi Chamber Caetano Albuquerque Road, Panjim - 403001, Goa	Export of Pharmaceuitcal items

* As discussed with Management, currently this division was closed and Pharma division was recently started



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ADDRESS OF IRON/ORE MINING

Oilem Arvalem
Village : Sanquelim
North Goa
Goa
India

Tel No - 0832 - 3226354/52
Area size - 85.85 Hectres

REGISTRATIONS/CERTIFICATIONS

- ❖ Consent to establish obtained from Goa state pollution control board
- ❖ Subject has obtained Environmental Clearance for enhancement of Production Capacity of Iron ore from 26,000 MT P.A. to 73,500 MT P.A. during April 2007

RBI DEFAULTERS LIST

As observed from the RBI Defaulters list that is publicly available, the subject is not enlisted as a defaulter.



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PROFITS :

Net Profit of the Company increased from INR 1,097 thousand in FY 2003-04 to INR 3,708 thousand in FY 2004-05 (a growth of 237.86%). Further for the FY 2005-06, Profits increased by 8.77% to INR 4,033 thousands (Profits for the FY 2005-06 include profit from 7 divisions, whose operations were initiated during the year 2006).

The growth in Profits from Iron ore business has been 22.22%, there is an increase in Profits from INR 3,708 thousand to INR 4,532 thousand. The reason for increase in profits from Iron ore in spite of a decrease in Sales is due to an increase in Non-Operating Income (Particularly Interest on Bank Deposits and Miscellaneous Income)

However the growth in Profits for the year 2005 is not commensurate with sales and also the Operating profit ratio decreased for the year 2005 & 2006 in comparison to 2004 due to the following reasons being observed from financials

However the growth in Profits for FY 2004 - 2005 cannot be said to be commensurate with Sales of the year. Also the Operating Profit Ratio decreased for the FY 2004-05 & FY 2005-06 in comparison to the FY 2003-04 due to the following reasons

- ❖ Increase in Operating expenses and drop in Operating profit ratio as a % of sales

Year	(In terms of %)		
	FY 2003-04	FY 2004-05	FY 2005-06
Operating expenses as a % of sales	2.93	4.77	8.51
Operating Profit ratio	5.63	3.22	3.80

- ❖ Depreciation expenditure increased Y-O-Y due to an increase in Investment in Plant & Machinery as well as other assets for the expansion of the business. The details of Fixed Assets and Depreciation for the 3 year period is as below

Particulars	FY 2003-04	FY 2004-05	FY 2005-06
Fixed Assets (WDV as on Balance sheet date)	2,484,770	18,005,677	25,547,429
WDV of the Plant & Machinery	448,550	8,673,239	12,304,854
Depreciation	368,100	2,515,767	4,016,606