

**ABG**

**ABG Shipyard Limited**



**Annual Report 2010 - 2011**

## ABG SHIPYARD LIMITED

### Board of Directors

Shri. Rishi Agarwal - *Chairman*  
 Shri. Ram Swaroop Nakra - *Managing Director*  
 Shri. Saket Agarwal - *Director* (Upto 29/07/2011)  
 Major Arun Phatak - *Executive Director*  
 Shri. Ashok R. Chitnis - *Director*  
 Shri. Shahzaad Dalal - *Director*  
 Shri. Nainesh Jaisingh - *Nominee Director* (Up to 29/07/2011)  
 Shri. Ashwani Kumar - *Director*  
 Shri. Dhananjay Datar - *Whole Time Director* (w.e.f. 29/07/2011)

### 26<sup>th</sup> Annual General Meeting

Day : Tuesday  
 Date : 27<sup>th</sup> September, 2011  
 Time : 12.00 Noon  
 Venue : At the Registered Office of the Company  
 Near Magdalla Port,  
 Dumas Road, Surat - 395007.  
 Gujarat - India

### Auditors

M/s. Nisar & Kumar  
 Chartered Accountants  
 A-17, Everest Building,  
 156, Tardeo Road, Mumbai - 400 034.

### Bankers

ICICI Bank Ltd.  
 State Bank of India  
 Bank of Baroda  
 Bank of India  
 IDBI Bank Ltd.  
 Export-Import Bank of India  
 Standard Chartered Bank  
 Oriental Bank of Commerce  
 Development Credit Bank  
 Indian Overseas Bank  
 Punjab National Bank  
 Andhra Bank

### Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (West),  
 Mumbai - 400 078.  
 Tel.: 91-22-25946970  
 Fax: 91-22-25946979  
 e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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### Registered Office

Near Magdalla Port, Dumas Road,  
 Surat - 395007. Gujarat - India  
 Tele.: 91-261-2725191  
 Fax: 91-261-3048243

### Corporate Office

4<sup>th</sup>/5<sup>th</sup> floor, Bhupati Chambers,  
 13, Mathew Road,  
 Mumbai-400 004.  
 Tel.: 91-22-66563000  
 Fax: 91-22-66223050  
 Website: [www.abgindia.com](http://www.abgindia.com)  
 E-mail: [shipyard@abgindia.com](mailto:shipyard@abgindia.com)

## NOTICE

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of **ABG Shipyard Limited** will be held at the Registered Office of the Company Near Magdalla Port, Dumas Road, Surat-395 007 on **Tuesday the 27<sup>th</sup> of September, 2011** at 12.00 noon, to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March 2011 and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on the Equity Shares of the Company for the year ended 31<sup>st</sup> March 2011.
3. To appoint a Director in place of Major Arun Phatak, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Ashok Chitnis, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Nisar & Kumar, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company until conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### Special Business:

6. To consider and if thought fit, to pass with or without modifications, the following resolutions as **Ordinary Resolutions**:

**“RESOLVED THAT** pursuant to Section 269 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval be and is hereby granted to the appointment of Mr. Dhananjay Datar, as Whole time Director of the Company with effect from 29<sup>th</sup> July 2011 for a period of 5 years.”

**“RESOLVED FURTHER THAT** Mr. Dhananjay Datar, in his capacity of Whole Time Director, be paid remuneration as may be fixed by the Board, from time to time, within the limits approved by the members as per the details given in the explanatory statement”.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule XIII of the said Act, and subject to the further approvals as may be required, approval be and is hereby accorded to the revised remuneration payable, with effect from 1<sup>st</sup> April, 2011, to Major Arun Phatak, Whole-time director of the Company, as per the details provided in the Explanatory Statement”.

8. To consider and if thought fit, to pass with or without modifications, the following resolution as **Ordinary Resolution**:

**“RESOLVED THAT** Mr. Shahzaad Dalal, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of the ensuing Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

By Order of the Board of Directors

Place : Mumbai  
Date : 29<sup>th</sup> July, 2011

Ch. Rajashekhar Reddy  
Company Secretary &  
General Manager (Legal)

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.**

**Item No. 6**

The Board of Directors of the Company at its meeting held on 29<sup>th</sup> July 2011, appointed Mr. Dhananjay Datar, as a Whole-Time Director of the Company with effect from 29<sup>th</sup> July 2011 for a period of 5 years, subject to the approval of the members in the Annual General Meeting.

Mr. Dhananjay Datar is a member of the Institute of Chartered Accountants of India and is the Chief Financial Officer of the Company. He has over 22 years of experience in operations and Corporate Finance in sectors such as chemicals, textiles, pharmaceuticals, telecom, steel and shipbuilding. His last assignment was with Man Industries Limited as Vice President Finance.

Part III of Schedule XIII of the Companies Act, 1956 provides that the appointment and remuneration of Managing Directors and Whole-time Directors, in accordance with part I and part II of the schedule shall be subject to the approval by resolution of the shareholders in a general meeting.

With effect from 29<sup>th</sup> July 2011, Mr. Dhananjay Datar shall be entitled to the following remuneration.

**Salary, Perquisites, Allowances and Bonus :**

₹ Per Month		₹ Per Annum
Salary	Perquisites & Allowance	Bonus
1,95,000	1,79,325	2,92,500

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) and / or house rent allowance in lieu thereof, Special Allowance, medical reimbursement, leave travel concession for self and family including dependents, Company's contribution to Provident Fund. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, Gratuity payable and encashment of Leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income Tax Law, shall not be included for the purpose of computation of the overall ceiling of remuneration. Further, employee stock options granted / to be granted, from time to time are not to be considered as perquisite and not to be included for the purpose of computation of the overall ceiling of remuneration.

**Reimbursement of Expenses:**

Reimbursement of expenses incurred for travelling, boarding and lodging during business trips, provision of car for use on the Company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites.

The aggregate of the salary, special pay, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

Where in any financial year, the Company has no profits or if its profits are inadequate, the foregoing amount of remuneration and perquisites shall be subject to the applicable provisions of the Companies Act, 1956.

Accordingly, the Resolution at item no.6 is proposed for the approval of the members for appointment of Mr. Dhananjay Datar, as Whole-time Director as specified in Part III of the Schedule XIII of the Companies Act, 1956, and other applicable provisions, if any.

The Board recommends the approval of the appointment of Mr. Dhananjay Datar as Whole-time Director of the Company.

Mr. Dhananjay Datar, Whole-time director of the Company, is interested in the proposed Resolutions.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of appointment of Mr. Dhananjay Datar, as Whole-time Director of the Company under section 302 of the Companies Act, 1956.

**Item No.7**

At the Annual General Meeting of the Company held on 22<sup>nd</sup> September 2008, the shareholders of the Company had accorded approval for the appointment and payment of remuneration to Major Arun Phatak, Whole-time director of the Company. Since then, the Company has made considerable and remarkable progress in its business and thereby enhanced the shareholder value. The Company has identified various opportunities and ventured into new areas of operation in order to better the growth prospects. This involves talent and management skills to venture, manage and sustain profitable growth. In view of this, it is proposed to revise and increase the remuneration payable to Major Arun Phatak, Whole-time director of the Company, as recommended by the Nomination cum Remuneration Committee, however, subject to the applicable provisions of law and approval of shareholders in General Meeting.

The details of revised remuneration are as under



**Salary, Perquisites, Allowances and Bonus :**

₹ Per Month		₹ Per Annum
Salary	Perquisites & Allowance	Bonus
2,70,000	2,33,100	4,05,000

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, Special Allowance, medical reimbursement, leave travel concession for self and family including dependents. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof, in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, Gratuity payable and encashment of Leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income Tax Law, shall not be included for the purpose of computation of the overall ceiling of remuneration. Further, employee stock options granted / to be granted, from time to time are not to be considered as perquisite and not to be included for the purpose of computation of the overall ceiling of remuneration.

**Reimbursement of Expenses:**

Reimbursement of expenses incurred for travelling, boarding and lodging during business trips, provision of car for use on the Company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites.

The aggregate of the salary, special pay, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

Subject as aforesaid, Major Arun Phatak shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.

Where in any financial year, the Company has no profits or if its profits are inadequate, the foregoing amount of remuneration and perquisites shall be subject to the applicable provisions of the Companies Act, 1956.

Accordingly, the Resolution at item no.7 is proposed for the approval of the members for the revision of remuneration payable, with effect from 1<sup>st</sup> April, 2011, to Major Arun Phatak, Whole-time Director of the Company.

The Board recommends the revision of remuneration payable, with effect from 1<sup>st</sup> April, 2011, to Major Arun Phatak, Whole-time Director of the Company.

Major Arun Phatak, Whole-time director of the Company, is interested in the proposed Resolutions.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of the revision of remuneration payable, with effect from 1<sup>st</sup> April, 2011, to Major Arun Phatak, Whole-time Director of the Company, under section 302 of the Companies Act, 1956.

**Item No. 8**

Mr. Shahzaad Dalal was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 9<sup>th</sup> February 2011. According to the provisions of Section 260 of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Shahzaad Dalal holds office of Director up to the date of the ensuing Annual General Meeting of the Company. A notice has been received from a member as required by Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Shahzaad Dalal as a Director of the Company liable to retire by rotation.

Details regarding the person proposed to be appointed as Director and his brief resume has been given in the Annexure attached to the Notice.

The Board of Directors recommends his appointment for your approval.

None of the Directors, except Mr. Shahzaad Dalal is concerned or interested in the resolution.

**NOTES :**

- A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**
- Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- The details under clause 49 of the Listing Agreement with the Stock Exchange(s) in respect of the directors proposed to be re-appointed at the Annual General Meeting is annexed hereto.
- The Register of Members and Share transfer books of the Company will remain closed from 17<sup>th</sup> September, 2011 to 27<sup>th</sup> September, 2011 (both days inclusive) in connection with the final dividend being considered for approval in the Annual General Meeting.

5. The Members are requested to note that dividend will be payable, if declared, to those Members having shares in Dematerialised form whose names appear on the register of Members on 16<sup>th</sup> September, 2011 and to the Members having shares in physical form whose names appear on the register of Members on 27<sup>th</sup> September, 2011.
6. Members are requested to intimate all changes with respect to their bank details, nomination, power of attorney, change of address, change in name, etc. to their respective depository participant (DP).
7. Members are requested to bring their copy of Annual Report to the meeting.
8. Members/Proxies are requested to bring the attendance slip duly filled in.
9. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write to the Company at least one week before the meeting, so that information required is made available at the meeting.
10. As per Section 205C of the Companies Act, 1956, the amount remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the fund) set up by the Government of India and no payments shall be made by the fund, in respect of any claims. Members who have not yet encashed their dividend warrants for the financial year ended March 31, 2006 and subsequent years are requested to make their claims directly to the Registrar and Share Transfer Agent, without any delay. It may be noted that the unclaimed dividend for the financial years 2005-06 to 2009-10 are due for transfer to the IE & P fund as per table given below:

<b>Financial Year</b>	<b>Due Date for Transfer</b>
2005-06	17 <sup>th</sup> September, 2013
2006-07	26 <sup>th</sup> October, 2014
2007-08	21 <sup>st</sup> October, 2015
2008-09	29 <sup>th</sup> October, 2016
2009-10	29 <sup>th</sup> October, 2017

11. All statutory registers are open for inspection at the Registered Office of the Company on all working days, from the date hereof upto the conclusion of this meeting between 10.00 a.m. and 5.00 p.m.
12. Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations and the Company will not entertain any direct request from such shareholders for deletion of/ change in such Bank details.
13. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
14. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agent, M/s. Link Intime India Private Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078.

**15. Important Communication to Members**

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circular No. 17/2011 dated 21<sup>st</sup> April, 2011, stating that service of notice / documents including Annual Report can be sent by e-mail to its members. Accordingly, the Company proposes to send documents like Notice convening general meetings, audited financial statements, directors’ report, auditors’ report or any other document, to the members in electronic forms at the email address provided by members and/or made available to the Company by their depositories.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

**ANNEXURE**
**Details of Directors seeking appointment/re-appointment in the 26<sup>th</sup> Annual General Meeting**

<b>Name of Director</b>	<b>Major Arun Phatak</b>	<b>Shri. Ashok Chitnis</b>
Date of Birth	31/10/1939	15/02/1943
Date of Appointment / Re-appointment as Director	10/06/2008	30/09/2009
Qualification	B.Sc from National Defence Academy, Pune and MBA from the University of Halifax, Canada	He is a marine engineer. He holds a certificate from the Marine Engineering College of the Directorate of Marine Engineering Training as well as a First Class Competency Certificate (Steam and Motor) from the Ministry of Transport, Government of India.
Experience and Expertise in Specific functional area	He has vast experience of over 35 years in the Corporate Sector and is associated with ABG since the last 8 years. He is currently an Executive Director of the Company.	<p>He is a marine engineer with over thirty-eight years of experience in the maritime sector. He is a Fellow of the Institute of Marine Engineers (India) from its inception in 1980 and has served a full two year term as the President of the Institute between the years 2001 to 2003. He has worked with the Scindia Steam Navigation Company Ltd. in various capacities for 11 years from 1965 to 1976, and has held the position of Chief Engineer for three years during his tenure. Thereafter, he joined the Indian Register of Shipping (IRS) as a field surveyor in 1976. He was in charge of the IRS Mumbai field office for over four years and has served at the IRS head office in Mumbai from 1994 onwards. He was Chief Surveyor, IRS for over 9 years until his superannuation in 2003. As Chief Surveyor, he was in charge of the IRS Training Centre at Powai, Mumbai and was instrumental in establishing the Quality Management System at IRS. As Chief Surveyor, he was in charge of the Indian Register Quality Systems, a department of IRS engaged in Quality Management System Certification for ISO 9000 standards.</p> <p>He is a qualified and experienced lead auditor for QMS Audits with respect to ISO 9000 standards and has conducted a large number of audits at companies in various industrial sectors, such as the petroleum, general engineering, education, ship building, repair and management sectors. He is currently an independent and Non-Executive Director of the Company.</p>
Directorships held in other companies	Kathrein India Pvt. Ltd. Meridian Inflatables Pvt. Ltd Filtrex Systems India Pvt. Ltd. Sheorey Digital Systems Pvt. Ltd. ABG Energy Ltd.	Western India Shipyard Ltd.
Committee positions held in other companies	NIL	Western India Shipyard Ltd.
No. of shares held in ABG Shipyard Ltd.	1153	NIL

**ANNEXURE**
**Details of Directors seeking appointment/re-appointment in the 26<sup>th</sup> Annual General Meeting**

<b>Name of Director</b>	<b>Shri Dhananjay Datar</b>	<b>Shri Shahzaad Dalal</b>
Date of Birth	22/12/1962	01/12/1958
Date of Appointment / Re-appointment as Director	29/07/2011	30/09/2009
Qualification	He is a Chartered Accountant, qualified in year 1989 and Fellow Member of Institute of Chartered Accountants of India & Commerce Graduate from University of Indore.	He has a master's degree in management from the Northeast Louisiana University, USA.
Experience and Expertise in Specific functional area	He has over 25 years of rich experience in decisive leadership, strategic planning, financial management, operations and corporate finance in sectors such as chemicals, textiles, pharmaceuticals, telecom, steel and ship building. He has worked with various prestigious companies viz. Man Industries (India) Limited, Telecil Group Mauritius & South Africa, Shri Dinesh Mills Limited, Beta Nephthol Limited. His last assignment was with Man Industries (India) Limited as Vice President-Corporate Affairs and Finance	He has 20 years of experience in the financial sector. He is on the board of various IL&FS Group Companies, such as IL&FS Financial Services Limited, IL&FS Investment Managers Limited, IL&FS Asian Infrastructure Managers Limited and IL&FS Milestone Realty Advisors Private Limited. He is responsible for the overall planning and resource management for Infrastructure Leasing & Financing Services Limited (IL&FS). Prior to joining IL&FS in 1989, he was responsible for structured leasing and hire purchase products, marketing and credit evaluation with erstwhile ICICI Limited.
Directorships held in other companies	<ol style="list-style-type: none"> <li>1. PFS Shipping (India) Ltd.</li> <li>2. Onaway Industries Ltd.</li> <li>3. ABG Energy Ltd.</li> <li>4. ABG Motors Ltd.</li> <li>5. ABG Energy Himachal Pradesh Ltd.</li> <li>6. ABG Energy (Gujarat) Ltd.</li> <li>7. ABG Energy (M.P.) Ltd.</li> <li>8. First Mines and Minerals Pvt. Ltd.</li> <li>9. ABG Cement Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. IL&amp;FS Investment Managers Ltd.</li> <li>2. SARA Fund Trustee Company Pvt. Ltd.</li> <li>3. IL&amp;FS Financial Services Ltd.</li> <li>4. Shopper's Stop Ltd.</li> <li>5. Datamatics Global Services Ltd.</li> <li>6. IG3 Infra Ltd.</li> <li>7. IL &amp; FS Asian Infrastructure Managers Ltd.</li> <li>8. QVC Realty Private Ltd.</li> <li>9. Orbit Corporation Ltd.</li> <li>10. DEN Networks Ltd.</li> <li>11. Ibn18 Broadcast Ltd.</li> <li>12. IL&amp;FS Milestone Realty Advisors Pvt. Ltd.</li> <li>13. Mumbai Business School Pvt. Ltd.</li> <li>14. Ramky Enviro Engineers Ltd.</li> <li>15. Sterling Holidays Resorts(India) Ltd.</li> </ol>
Committee positions held in other companies	<p><b>ABG Cement Ltd. :</b> Audit Committee Remuneration Committee</p> <p><b>ABG Energy (Gujarat) Ltd.:</b> Audit Committee</p>	<p><b>Shoppers Stop Limited :</b> Audit Committee Remuneration/Compensation Committee</p> <p><b>Datamatics Global Services Limited:</b> Audit Committee Compensation Committee</p> <p><b>Orbit Corporation Limited:</b> Audit Committee Compensation Committee Remuneration Committee Shareholders / Investor Grievance Committee</p> <p><b>IG3 Infra Ltd.:</b> Audit Committee Appointment &amp; Remuneration Committee</p> <p><b>QVC Realty Private Limited:</b> Project Committee</p> <p><b>DEN Networks Limited:</b> Audit Committee</p> <p><b>IL&amp;FS Financial Services Limited:</b> Investment Portfolio Review Committee</p>
No. of shares held in ABG Shipyard Ltd.	NIL	485



## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors have great pleasure in presenting this Twenty Sixth Annual Report on the business and operations of your Company with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2011.

### 1. FINANCIAL PERFORMANCE

Particulars	₹ in crores)	
	2010-11	2009-10
Sales and Other Income	2081.04	1822.54
Profit before Interest, Depreciation & Tax	482.71	516.60
Less: Interest (Net)	139.47	150.61
Profit before Depreciation & Tax	343.24	365.99
Less: Depreciation	63.03	38.69
Profit before Tax	280.21	327.30
Less: Provisions for Taxation	91.41	98.38
Net Profit after Tax	188.80	228.92
Balance brought forward from previous year	383.58	323.49
Profit available for appropriations	572.38	552.41
Appropriations		
Transfer to Debenture Redemption Reserve	92.00	25.00
Transfer to General Reserve	40.00	120.00
Proposed Dividend Equity shares	20.37	20.37
Corporate Dividend Tax	3.38	3.46
Balance carried to Balance Sheet	416.63	383.58

\* Figures regrouped wherever necessary.

### 2. OPERATIONS

During the financial year under review, your Company has successfully delivered 16 vessels taking to the total up to 138 vessels delivered so far by the Company.

Your Company has posted a turnover of ₹ 2081.04 crores, an increase of about 14.18% as compared to ₹ 1822.54 Crores in the previous Financial Year. The Company recorded a net profit of ₹ 188.80 Crores.

During the year, the construction of Jetty (27 metre wide x 231 metre long), a Slip dock (40 metre wide and 450 metre long) and a Heavy duty Ship Transfer system capable of lifting and moving 27,000 MT were completed and commissioned at Dahej yard.

During the year, your Company has notched another milestone with the delivery of a 32,000 DWT, Double Hull, Bulk Carrier, first to be built in India with CSR and PSPC Compliances, to Precious Shipping Public Co. Ltd, Thailand.

During the year your Company has bagged the first of its kind order from Indian Navy for the construction of 2 (two) Cadet Training Ships and a prestigious order for the construction of 2 Jack-up rigs from Drilling & Offshore Pte Limited, Singapore. With state of the art infrastructure in place at Dahej and Surat yards, your Company is now fully geared to build and repair all kinds of ships, rigs and off shore structures/ platforms for its wide range of customers and defense sector.

### 3. DIVIDEND

Considering the profitability for the year under consideration and the future capital requirements of the Company, your Directors recommended a Dividend of ₹ 4/- per Equity Share of ₹ 10/- each (i.e. 40%) for the year ended 31<sup>st</sup> March 2011 and seek your approval for the same.

### 4. OUTLOOK

By virtue of a long coastline of about 7517 km, coupled with 190 major and non-major ports, India is considered a major maritime nation. Approximately 90% of the country's trade by volume and 70% by value is moved through maritime transport. In view of its importance, the Indian Government has recognised the need to promote the quality of the shipping and ocean resources, ports, harbours and the new technologies to be developed in this emerging scenario.

Cargo handled at Indian ports more than quadrupled from 180 million tonnes in 1993-94 to 850 million tonnes in 2009-10, while the growth in Indian tonnage has been slow compared to burgeoning merchandise trade volumes. As much as 40% of Indian ships will need to be replaced over the next 5 years owing to more than 20 years of age and mandatory IMO regulations for phasing out single hull tankers. At present domestic shipping companies rely heavily on foreign yards for acquisition or repairs.

The current capacity of all shipbuilding yards in India is approx. 5,00,000 DWT. The Indian shipbuilding industry, which had only about 0.1% share of the world shipbuilding in 2002, expanded over 10 fold to claim 1% share by 2008.

The Ministry of Shipping had envisaged, under the National Maritime Development Programme (NMDP), to set up two international size shipyards, one on the west coast and the other on the east coast. Recently, it has been decided by the Ministry that since the private sector has come up with setting up of two international size shipyards one on the east coast and another on the west coast, the Government may not pursue the matter regarding setting up of two international size shipyards and may act only as a facilitator.

The National Manufacturing Competitive Council (NMCC) has emphasised the need for a shipbuilding policy to enable Indian shipyards to compete effectively on both domestic and export markets to help build a strong shipbuilding sector in the country, given its potential for employment generation and its strategic importance. Towards this direction, NMCC has recommended that the shipbuilding industry in India needs to be granted Infrastructure status and be declared as a strategic sector. In order to achieve the coveted goal of transforming Indian ports into world class facilities suited to the requirements of future economy of India, the Government of India has formulated Maritime Agenda 2010-2020, with a target, inter alia, of achieving a global shipbuilding market share of 5% by 2020 with strong R&D facilities and design capabilities for the commercial shipbuilding.

With the Government of India's decision to open the Defence sector contracts for private participation and given the size of defence sector contracts, a new area of opportunity with great potential to grow has been created for shipbuilding Companies in private sector.

The Government had earlier announced the Subsidy Scheme, in order to give boost to the shipbuilding Companies, for both domestic and export orders. This Subsidy Scheme had expired in August 2007. The momentum created by the boom conditions and subsidy support has been lost by the discontinuation of the scheme and recession post 2007 and as a result the Indian shipyards have been languishing for major orders. In order to revive the momentum in the shipbuilding sector, the Government has been reportedly considering reviving the subsidy scheme with some changes.

## 5. SUBSIDIARIES

Your Company has two (2) subsidiaries i.e. Western India Shipyard Limited (a BSE listed Company) and ABG Shipyard Singapore Pte Limited as at the end of financial year. In view of the General exemption granted by The Ministry of Corporate Affairs, under Sec. 212 of the Companies Act, 1956, vide General Circular no. 2/2011 dated 8<sup>th</sup> February, 2011, from the requirement of attaching the Balance Sheet, Profit & Loss Account, etc. of its subsidiaries to its accounts, your Company has decided to take the benefit of the said exemption.

The consolidated financial statement is forming part of this Annual Report.

Your Company undertakes that the annual accounts of the subsidiary Companies and the related detailed information will be made available to the members on request. Further, the annual accounts of the subsidiary Companies will also be kept at the registered office of the Company and of its subsidiary Companies for inspection by any member.

## 6. SCHEME OF COMPROMISE AND ARRANGEMENT

Pursuant to the order of Hon'ble Bombay High Court at Goa passed in the matter concerning the Scheme of Compromise and Arrangement between Western India Shipyard Limited and its Secured Lenders & Shareholders with your company as a confirming party, your Company has acquired 60.26% shareholding in Western India Shipyard Limited (WISL).

WISL is a BSE listed company located at Goa port, which is on the west coast of India. It has a modern state-of-the-art floating dry dock that enables it to repair various types of vessels up to 60,000 DWT. Acquisition of Western India Shipyard Limited has added rig and ship repairing expertise to our existing business.

## 7. DIRECTORS

In accordance with Section 255 & 256 of the Companies Act, 1956 read with Article 190 of the Articles of Association of the Company, Shri. Ashok Chitnis and Major Arun Phatak are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend the appointment/ re-appointment of Shri. Ashok Chitnis and Major Arun Phatak as directors.

Mr. Nainesh Jaisingh and Mr. Saket Agarwal have resigned as directors of the Company with effect from 29<sup>th</sup> of July 2011. The Directors record their appreciation of the valuable services rendered by Mr. Nainesh Jaisingh and Mr. Saket Agarwal. Further, Mr. Dhananjay Datar, Chief Financial Officer of the Company has been appointed as Whole-time Director with effect from 29<sup>th</sup> July 2011. Considering the vast experience and skills in finance, management, taxation and industry, your directors recommend his appointment for your approval. IL&FS Investment Managers Limited (IL&FS) which had nominated Mr. Shahzaad Dalal to the Board of Directors of the Company has divested its investment in the Company. Consequent upon this, IL&FS withdrew its nominee Director from the Board. However, considering the credentials of Mr. Shahzaad Dalal in the fields of Finance, Management and Industry, the Board of Directors had appointed Mr. Shahzaad Dalal as an Additional Director of the Company, who holds the office of Director up to the date of the ensuing Annual General Meeting of the Company. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mr. Shahzaad Dalal as a Director of the Company, liable to retire by rotation. Your Directors recommend his appointment for your approval.

None of these directors is disqualified as per the provisions of Section 274 (1) (g) of the Companies Act, 1956, to be re-appointed or appointed as directors of your Company.

The details of the Directors being recommended for appointment/ re-appointment are contained in the accompanying notice of the forthcoming Annual General Meeting.

#### 8. AUDITORS

M/s. Nisar & Kumar, Chartered Accountants, Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and have consented for their re-appointment.

Your Directors recommend their appointment as the Auditors of the Company for the current year and fix their remuneration.

#### 9. DEPOSITS

The Company has not accepted deposits by way of invitation to the public and therefore, provisions of Section 58A of the Companies Act, 1956 are not applicable to the Company.

#### 10. CORPORATE GOVERNANCE

Your Company is committed to adhering to good corporate governance practices to effectively meet its Statutory, Financial and Social obligations. We believe that good corporate governance is vital to our success in business, create long term shareholder value as also an important component of our commitment to our shareholders, customers and employees.

A detailed report on compliance of Corporate Governance and Management's Discussion and Analysis as stipulated in Clause 49 of the Listing Agreement is enclosed and forms part of this Report, as Annexure B & C respectively.

In line with the applicable provisions, the Company has obtained requisite Certificate from the Auditors of the Company, which is annexed and forms part of this Report.

#### 11. DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- iii. the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis.

#### 12. STATUTORY INFORMATION

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and Companies (Particulars of Employees) Amendment Rules, 2011, are required to be annexed to the Directors' Report. Having regard to the provisions of Section 219 (1)(b)(iv) of the said Act, the annual report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Corporate Office of the Company.

#### 13. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, as amended, is given in the Annexure -A to this Report.

#### 14. INDUSTRIAL RELATIONS

The Industrial relations at the manufacturing facilities of your Company have been cordial during the year. Your Directors wish to place on record the commitment and involvement of the employees at all levels and looks forward to their continued co-operation and support.

#### 15. APPRECIATION

The directors wish to place on record their deep sense of appreciation to the employees at all levels of the Company for their dedication and commitment throughout the year.

The directors would also like to express their appreciation for assistance and co-operation from the bankers, trustees, financial institutions, Government Authorities, business associates and Company's shareholders/members.

For and on behalf of the Board

Place : Mumbai  
Date : 29<sup>th</sup> July 2011

R.S. Nakra  
Managing Director

Major Arun Phatak  
Executive Director

## ANNEXURE - A

Information pursuant to the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

### A. Conservation of energy:

#### (a) **energy conservation measures taken:**

- Energy Saver System introduced in more than 100 Nos. Welding Machines.
- 100 Nos. Electronic Chock base 1 x 28 W tube lights fitting installed for Old worker colony in place of 100 W lamp at Surat Yard & 850 Nos. Electronic Chock base 1 x 28 W tube light fitting installed in admin Block at Dahej yard.
- 1225 Nos. Electronic Chock base 1 x 28 W tube light is being installed in Staff colony at Bharuch.
- We have installed the separate lighting transformer for office Lighting & Factory Lighting.
- Implemented maximum possible Mig Welding machine/process in place of Arc welding machine/process for Hull erection Joints which is saving maximum power.
- Speed of 80 Ton Gantry Crane controlled with implementation of 45 KW VFD which had saved power of at least 15 Kw per Hour.
- 600 KVAR capacitor panel installed improving PF from AVG 0.95 to 0.98 at Dahej Yard
- 950 cfm compressor installed with VFD drive in TTS Area at Dahej yard

#### (b) **additional investments and proposals, if any, being implemented for reduction of consumption of energy;**

##### - **At Surat Yard:**

- a. Auto cut off for welding machine.
- b. To install 1000 CFM compressor with VFD in unit 1 for building Berths.
- c. Replacement of 400 Watt HPSV / HPMV High Bay and Flood lights with LED lights
- d. To implement centralised pipe line for Oxygen Gas for Cutting Application & Compressed air line for Grinder application.
- e. To replace old rectifier based welding machine with inverter based latest technology welding machine which will average 50 % power saving in each welding machine.

##### - **At Dahej Yard:**

- a. Auto cut off for welding machine and energy saver for 600 welding machines.
- b. Separate lighting transformer energy saver for 5 workshop bays(TTS Bay)
- c. Additional installation of Capacitor Panels to improve power factor to 0.99.
- d. Replacement of Anodized aluminum reflector with SS reflector High Mast tower.

#### (c) **impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

##### - **At Surat Yard:**

- 20% power saving on welding machine
- 30% power saving on lighting for worker colony.
- 30% Energy saving of total 200 KW lighting power in office lighting & factory lighting
- 20 % power saving in 80 Ton Gantry Crane

- **At Dahej Yard:**

- 20% power saving on welding machine i.e 300 KW.
- 15% power saving on lighting for staff colony of total 150 KW.
- 5% Energy saving of total 300 KW lighting power requirement in admin Block.
- 8% Energy saving of total 264 KW power required for compressors.
- 30 % Energy saving of High Mast tower of total 60 KW.
- 15 % Energy saving of TTS workshop of total 256 KW.
- Achieved the power factor between 0.97- 0.975 in the plant.

**B. Technology absorption:**

**Research & Development (R&D)**

**a). Specific areas in which R&D carried out by the Company**

Research and Development has been carried out in the following areas:

- PMF fenders installed for multiple type vessel berthing.

**b). Benefits derived as a result of the above R&D**

- Support back up concrete wall replaced with special type PMF fender frame arrangement.

**c). Future plan of action**

- Covered Blasting & Painting booth for Fabricated Blocks for ABG-1 & ABG-2.
- Shiplift facility will be using for launching and berthing of all types of vessels and berthing at either sides of shiplift jetty.

**Expenditure on R&D**

A total of approx ₹ 5.04 Crs. was spent towards both the Capital & Recurring R&D expenditure during the Financial Year 2010-11. Total R & D expenditure was 0.245% of Total Turnover.

**Technology absorption, adaptation and innovation**

**a) Efforts, in brief made towards technology absorption, adaptation and innovation.**

- Assembling of smaller blocks to construct mega blocks before erection at building berth with new gantry cranes installed on building berths.

**b) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.**

- Reduction of duration for erection of blocks on building berths.

**In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year).**

Technology imported	NIL
Year of import	NA
Has technology been fully absorbed?	NA
If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	NA

**C. Foreign Exchange Earnings and Outgo:**

	(₹ in Cr)	
	2010-11	2009-10
Earnings	511.63	165.28
Outgo	712.85	1,347.24



## ANNEXURE B

### REPORT ON CORPORATE GOVERNANCE

{In compliance with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd (NSE)}

Corporate Governance is a set of practices and systems to ensure the affairs of the Company that are being conducted in line with transparency, fairness, and accountability of all its transactions, in a broader way and meet its shareholders/members expectations. Clause 49 of the Listing Agreement with the Stock Exchanges has set the benchmark compliance rules for all listed companies, ABG not only adheres to the prescribed compliance rules of Clause 49 but is constantly striving to adopt growing excellent practices worldwide.

ABG is committed to adhering to good corporate governance practices to effectively meet its Statutory, Financial and Social obligations. Company is committed to uphold its core values of Customer Focus, Community, Performance, Leadership, Innovation and Quality. ABG believes that good corporate governance is vital to our success in business; create long term shareholder value as also an important component of our commitment to our shareholders, customers and employees.

#### 1. CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company advocates transparency in all its business transactions and activities. Management and Employees of the Company stand committed to the core principles of transparency, honesty and integrity. Corporate Governance which forms the core of all business endeavors. ABG believes in implementing the corporate governance practice that go beyond just meeting of letter of law, ABG has not only adopted practices mandated in the clause 49 of the Listing Agreement, but also incorporated some of the non-mandatory recommendations.

#### 2. COMPOSITION OF BOARD AND PARTICULARS OF DIRECTORS

##### (i) Composition of the Board

The Board of Directors provides strategic direction and thrust to the maneuver of the Company.

As on 31<sup>st</sup> March, 2011, the total strength of the Board of Directors of the Company is eight Directors. The Board of Directors comprises eminent persons with considerable professional experience in varied fields who supervises the overall management of the Company. The Board is headed by Non-Executive Chairman, Mr. Rishi Agarwal. The day-to-day affairs of the Company are managed by Shri. R. S. Nakra, Managing Director, assisted by Major Arun Phatak, Executive Director, subject to the superintendence and control by the Board. Board comprises of 4 independent directors including Shri. Ashok R. Chitnis, Shri. Nainesh Jaisingh (nominated by Standard Chartered Private Equity Advisory (India) Private Limited), Shri. Shahzaad Dalal and Shri. Ashwani Kumar.

The size and composition of the Board therefore complies with requirements of Corporate Governance "Clause 49" of the Listing Agreement entered into with the Stock Exchanges, Articles of Association of the Company and applicable laws.

None of the Directors on the Board is a Member on more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding committee positions occupied by them in other Public Companies as at 31<sup>st</sup> March, 2011. Mr. Rishi Agarwal, Chairman of the Company is the younger brother of Mr. Saket Agarwal, a director of the Company.

The names and categories of the Directors on the Board, their attendance at Board Meeting during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies as on 31<sup>st</sup> March, 2011, are set out below.

Name	Category*	Attendance		Number of other Directorship and Committee membership / Chairmanship <sup>#</sup>		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri. Rishi Agarwal – Chairman	NI – NE	1	No	7	1	None
Shri. Saket Agarwal	NI – NE	0	No	3	1	None
Shri. Ram Swaroop Nakra - Managing Director	NI – E	4	No	1	1	None
Shri. Ashok R. Chitnis	I – NE	3	No	1	2	None
Shri. Nainesh Jaisingh	I – NE	4	No	2	3	1
Shri. Shahzaad Dalal	I – NE	4	No	12	9	1
Major Arun Phatak – Executive Director	NI – E	3	Yes	1	1	None
Shri Ashwani Kumar	I – NE	4	Yes	2	2	None

\*(NI- Non-Independent, I- Independent, NE- Non-Executive, E- Executive)

# Other Directorships does not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships / Membership of Board Committees include only Audit Committee and Shareholders / Investors Grievance Committee.

**(ii) Board Meetings held and details thereof**

Board of Directors met Four times as per the details below, during the financial year, gap between any two consecutive Board Meetings was not more than four months:

1.	29 <sup>th</sup> May, 2010
2.	14 <sup>th</sup> August, 2010
3.	15 <sup>th</sup> November, 2010
4.	9 <sup>th</sup> February, 2011

Agenda along with all information, including statutory information, relevant to the matters to be discussed is always sent, well in advance, to the Directors. Where it is not practicable to attach any document to agenda, the same is tabled before the meeting with specific reference in the agenda.

The Agenda for the Board Meetings and its Committee Meetings is drafted by the Managing Director and the Company Secretary in consultation with the Chairman of the Board or the Committee as the case may be. The Members of the Board can also suggest any Agenda item to the Chairman, which is taken as any other item after the circulated items. Detailed presentations are made at the Board Meetings by the Managing Director and Chief Financial Officer on various strategic and operational issues.

During the year, information as mentioned in Annexure 1A to clause 49 of the Listing Agreements has been placed before the Board for its consideration.

None of the Non-executive Directors have any material pecuniary relationship or transactions with the Company.

*Post meeting follow up mechanism:*

Important decisions taken at the Board/Committee Meetings are promptly communicated to the concerned departments for necessary actions.

**(iii) Profile of Directors seeking appointment / re-appointment in the 26th Annual General Meeting:**

Name of Director	Major Arun Phatak	Shri. Ashok Chitnis
Date of Birth	31/10/1939	15/02/1943
Date of Appointment / Re-appointment as Director	10/6/2008	30/09/2009
Qualification	B.Sc from National Defence Academy, Pune and MBA from the University of Halifax, Canada	He is a marine engineer. He holds a certificate from the Marine Engineering College of the Directorate of Marine Engineering Training as well as a First Class Competency Certificate (Steam and Motor) from the Ministry of Transport, Government of India.
Experience and Expertise in Specific functional area	He has vast experience of over 35 years in the corporate sector and is associated with ABG since the last 8 years. He is currently an Executive Director of the Company.	He is a marine engineer with over thirty-eight years of experience in the maritime sector. He is a Fellow of the Institute of Marine Engineers (India) from its inception in 1980 and has served a full two year term as the President of the Institute between the years 2001 to 2003. He has worked with the Scindia Steam Navigation Company Ltd. in various capacities for 11 years from 1965 to 1976, and has held the position of Chief Engineer for three years during his tenure. Thereafter, he joined the Indian Register of Shipping (IRS) as a field surveyor in 1976. He was in charge of the IRS Mumbai field office for over four years and has served at the IRS head office in Mumbai from 1994 onwards. He was Chief Surveyor, IRS for over 9 years until his superannuation in 2003. As Chief Surveyor, he was in charge of the IRS Training Centre at Powai, Mumbai and was instrumental in establishing the Quality Management System at IRS. As Chief Surveyor, he was in charge of the Indian Register Quality Systems, a department of IRS engaged in Quality Management System Certification for ISO 9000 standards. He is currently an independent and Non-Executive Director of the Company.

Name of Director	Shri Dhananjay Datar	Shri. Shahzaad Dalal
Date of Birth	22/12/1962	01/12/1958
Date of Appointment / Re-appointment as Director	29/07/2011	30/09/2009
Qualification	He is a Chartered Accountant, qualified in year 1989 and Fellow Member of Institute of Chartered Accountants of India & Commerce Graduate from University of Indore.	He has a master's degree in management from the Northeast Louisiana University, USA.
Experience and Expertise in Specific functional area	He has over 25 years of rich experience in decisive leadership, strategic planning, financial management, operations and corporate finance in sectors such as chemicals, textiles, pharmaceuticals, telecom, steel and ship building. He has worked with various prestigious companies viz. Man Industries (India) Limited, Telecil Group Mauritius & South Africa, Shri Dinesh Mills Limited, Beta Nephthol Limited. His last assignment was with Man Industries (India) Limited as Vice President- Corporate Affairs and Finance	He has 20 years of experience in the financial sector. He is on the board of various IL&FS Group Companies, such as IL&FS Financial Services Limited, IL&FS Investment Managers Limited, IL&FS Asian Infrastructure Managers Limited and IL&FS Milestone Realty Advisors Private Limited. He is responsible for the overall planning and resource management for Infrastructure Leasing & Financing Services Limited (IL&FS). Prior to joining IL&FS in 1989, he was responsible for structured leasing and hire purchase products, marketing and credit evaluation with erstwhile ICICI Limited.

The Board has constituted committees of Directors to take informed decisions in the best interest of the Company.

### 3. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956

#### (i) Terms of reference of the Audit Committee are broadly as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Statutory auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information and Limited Review Reports.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
  - Matters required to be included in Directors' Responsibility Statement in terms of Section 217(2AA) of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates, based on exercise of judgment by management;
  - Qualifications in draft audit report;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - the going concern assumption;
  - Compliance with accounting standards;
  - Compliance with stock exchanges and legal requirement concerning financial statements;
  - Disclosure of related party transactions, if any, as per accounting standard 18.
- Reviewing the company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up-thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults, if any, in payments to the debenture holders, shareholders, (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

**(ii) Composition, Name of Members, Details of the Meetings and Attendance**

As of 31<sup>st</sup> March, 2011, the Audit Committee comprises of three Independent Directors and One Non- independent Executive Director viz. Shri. Nainesh Jaisingh - Chairman, Shri. Ashok Chitnis - Member, Shri. Ashwani Kumar - Member and Major Arun Phatak - Member.

The Audit Committee invites such of the executives as it consider appropriate (particularly the heads of the Operations) representatives of the Statutory Auditors and Internal Auditors to be present at its meetings. The Audit Committee meetings are usually held at the Corporate Office of the Company. The Company Secretary acts as Secretary of the Audit Committee.

Four Audit Committee Meetings were held during the financial year ended 31<sup>st</sup> March, 2011, as per details below.

1.	29 <sup>th</sup> May, 2010
2.	14 <sup>th</sup> August, 2010
3.	15 <sup>th</sup> November, 2010
4.	9 <sup>th</sup> February, 2011

The necessary quorum was present at all the meetings.

The composition of the Audit Committee as of 31<sup>st</sup> March, 2011, and number of meetings attended by the members of the Audit Committee during the financial year 2010-11 are given below:

Name of the Members	Status	No. of Meeting Attended
Shri. Nainesh Jaisingh - Chairman	I – NE	4
Shri. Ashok R. Chitnis	I – NE	3
Major Arun Phatak	NI - E	3
Shri. Ashwani Kumar	I – NE	4

(NI - Non-Independent, I - Independent, NE - Non-Executive, E - Executive)

**4. NOMINATION-CUM-REMUNERATION COMMITTEE**
**(i) Composition, name of members, meetings and attendance**

The Company has a Nomination-cum-Remuneration Committee, which comprise as follows:

Name	Status
Shri. Shahzaad Dalal - Chairman	I - NE
Shri. Ashok R. Chitnis	I - NE
Shri. R. S. Nakra	NI - NE

The remuneration committee did not meet during the last financial year.

**(ii) Terms of Reference :**

The Remuneration Committee has been constituted to recommend/ the overall remuneration structure of the Executive Directors, based on their performance and defined assessment criteria. The remuneration, if any, of Non-Executive Directors is decided by the Board of Directors.

**(iii) Remuneration Policy**

The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the members.

The Company pays Sitting Fee per meeting to its Independent Directors for attending meetings of the Board and other Committee Meetings.

**(iv) Details of Remuneration for the year 2010-11**

Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Stock Option
Shri. Rishi Agarwal	-	-	-	-
Shri. Saket Agarwal	-	-	-	-
Shri. Ram Swaroop Nakra	-	₹ 93,25,200/-	-	-
Shri. Nainesh Jaisingh	₹ 30,000/-	-	-	-
Shri. Shahzaad Dalal	₹ 15,000/-	-	-	-
Shri. Ashok Chitnis	₹ 30,000/-	-	-	-
Major Arun Phatak	-	₹ 53,22,375/-	-	-
Shri. Ashwani Kumar	₹ 45,000/-	-	-	-

**(v) Details of Shares of the Company held by the Directors as on 31<sup>st</sup> March, 2011, are as below:**

Name of the Director	No. of Shares	Percentage of Shareholding
Shri. Rishi Agarwal	140625	0.28
Shri. Saket Agarwal	140625	0.28
Shri. Shahzaad Dalal	485	0.00
Major Arun Phatak	1153	0.00

**5. COMPENSATION COMMITTEE**

In order to attract and retain the best available talent and to reward its high performing employees, the Company decided to introduce an Employees Stock Option Scheme and constituted, on 23<sup>rd</sup> January 2007, a Compensation Committee with two Independent directors and one Non-independent Director as members. The Company Secretary acts as Secretary of the Committee.

Name of the Member	Status
Shri. Shahzaad Dalal - Chairman	I – NE
Shri. Nainesh Jaisingh	I – NE
Shri. Rishi Agarwal	NI – NE

**6. SHARE TRANSFER AND INVESTORS GRIEVANCE & FINANCE COMMITTEE**
**(i) Composition and Attendance**

The Composition of the Share Transfer and Investors Grievance & Finance Committee and the details of meetings attended by its members are given below:

Name of the Member	Status	No. of Meetings Attended
Shri. Shahzaad Dalal - Chairman	I – NE	1
Shri. Rishi Agarwal	NI – NE	0
Shri. R. S. Nakra	NI – E	1

(NI -Non-Independent, I- Independent, NE- Non-Executive, E- Executive)

Share Transfer and Investors Grievance & Finance Committee met as on 29<sup>th</sup> May 2010, during the last financial year in which the Committee has Authorized Compliance Officer of the Company to look after the Investor Grievances and Share transfer requests. As requested by Mr. Saket Agarwal, he has been removed from the Committee.

**(ii) Terms of reference**

The terms of reference of the Share Transfer and investors Grievance & Finance Committee cover the matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Share Transfer and Investors Grievance & Finance Committee looks into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of shares or refund order / dividend / notices / annual reports, etc., and also issue of duplicate certificates and review all other matters connected with securities.

The Committee oversees the performance of the Registrar and Share Transfer Agent. The Committee is also authorized to take decisions in financial and banking matters.

As on 31<sup>st</sup> March 2011, no instruments of share transfer were pending.

**(iii) Name, designation and address of the Compliance officer**

Shri. Ch. Rajashekhar Reddy  
 Company Secretary & General Manager (Legal)  
 ABG Shipyard Limited  
 4th Floor, Bhupati Chambers  
 13, Mathew Road, Mumbai-400 004  
 Tel: 022-66563000 Fax:022-66223050  
 e-mail: rsreddy@abgindia.com

**(iv) Details of Investors' complaints**

Investors' complaints received directly or through SEBI and Stock Exchanges during 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011 and the status of said complaints as on 31<sup>st</sup> March, 2011 are given below:

Received from	Received and Resolved during the FY 2010-11	Pending as at 31 <sup>st</sup> March 2011
Investors	29	Nil
Through SEBI	Nil	Nil
Through Stock Exchanges	08	Nil
<b>Total</b>	<b>37</b>	<b>0</b>



**7. GENERAL BODY MEETINGS**

**(i) Location and time of last three Annual General Meetings (AGM)**

The last three Annual General Meetings of the Company were held at the Registered Office of the Company at Near Magdalla Port, Dumas Road, Surat-395 007, as per details below:

Details	Date & Time	Venue	Special Resolutions Passed
23 <sup>rd</sup> AGM 2007-08	22.09.2008 12.00 noon	Registered Office of the company at Near Magdalla Port, Dumas Road, Surat-395 007	1. Appointment of Shri. R.S. Nakra as Managing Director of the Company. 2. Appointment of Major Arun Phatak as Executive Director of the Company. 3. Issue of 100,00,000 equity shares to Qualified Institutional Buyers 4. Modification of Article 241 in the Articles of Association.
24 <sup>th</sup> AGM 2008-09	30.09.2009 12.00 noon		Nil
25 <sup>th</sup> AGM 2009-10	30.09.2010 12.00 noon		Nil

**(ii) Extra-ordinary General Meetings (EGM) held during last three years**

The Extra-ordinary General Meetings of the Company during last three years were held at the Registered Office of the Company at Near Magdalla Port, Dumas Road, Surat-395 007, as detailed below:

Year	Date & Time	Special Resolutions Passed
2008-09	Nil	Nil
2009-10	07.07.2009 12.00 noon	1. Issue of Securities (not exceeding 2,00,00,000 Shares) by way of a Qualified Institutional Placement under chapter XIII – A of SEBI Guidelines and pursuant to Section 81 (1A) of the Companies Act, 1956.
2010-11	Nil	Nil

**(iii) Postal ballot held during last year**

During the Financial year 2010-11, the Company has passed resolution under section 372A of the Companies Act, 1956 in accordance with provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot ) Rules , 2001, the Company has dispatched the postal ballot notice dated 6<sup>th</sup> July, 2010, along with postal ballot form, the text of resolutions to be passed through postal ballot for making investment, loan or giving guarantee or provide security under Section 372A of the Companies Act, 1956 and The notice of postal ballot was also made available on the website of the Company [www.abgindia.com](http://www.abgindia.com). The last date of receiving back Postal ballots from shareholders was 14<sup>th</sup> August, 2010.

Mr. Nilesh Trivadi, Practicing Company Secretary was appointed as Scrutinizer for that purpose, and according to his report total 96.33% votes were casted in favor of the proposed resolution.

The result was declared as on 16<sup>th</sup> August, 2010 which was informed to Registrar of the Companies, both Stock Exchanges viz. NSE and BSE and was made available on the website of the Company.

**8. DISCLOSURES AND OTHER INFORMATION:**

- (i) Materially Significant Related Party Transactions** - There are no transactions of material significant nature that have been entered into by the Company with the Promoters, Directors, their relatives and the Management and in any company in which they are interested, that may have potential conflict with the interest of the company.
- (ii) Compliance** - The Company has complied with the requirements of the Listing Agreements with the Stock Exchanges as well as the Regulations and Guidelines prescribed by the Securities and Exchange Board of India. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.
- (iii) Code of Conduct** - The Board of Directors of the Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company. The code of conduct is available on the website of the Company i.e. [www.abgindia.com](http://www.abgindia.com).

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 7 of Annexure I D to clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about

unethical behavior. No person has been denied access to the Audit Committee.

The declaration signed by Managing Director to this effect is as below:

To,  
The Shareholders of ABG Shipyard Ltd.,

Sub: Compliance with Code of Conduct.

I hereby declare that all the Board Members and Senior Management personnel have affirmed compliance with the code of conduct as adopted by the Board of Directors.

**For ABG Shipyard Limited**

Place: Mumbai  
Date: 25<sup>th</sup> July, 2011

**R. S. Nakra**  
Managing Director

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

The Company has implemented the following Non-mandatory requirements recommended under Clause 49 of the Listing Agreements with the Stock Exchanges.

- a) Constitution of Remuneration Committee.
- b) The Company's statements are free from any qualifications by the Auditors of the Company.
- c) The Company has laid down a whistle blower policy.

(iv) **Prohibition of Insider Trading** - The Company has framed its Insider Trading Regulation wherein rules for the preservation of price sensitive information, pre-clearance of trade, Monitoring and implementation are framed. This code is applicable to all Directors and to such employees of the company who are incidental to have access to unpublished price sensitive information (UPSI) relating to the company. Transaction for dealing in the prescribed time requires prior approval from the Company.

**9. SECRETARIAL AUDIT**

As a measure of good corporate governance practice, the Board of Director of the company appointed Mrs. Kala Agarwal, practicing Company Secretary, to carry out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

The Secretarial audit confirms that the company has complied with all the applicable provisions of the Companies Act, 1956, Depository Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the regulations of the SEBI as applicable to the Company and also confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**10. MEANS OF COMMUNICATION**

The quarterly, half yearly, yearly financial Results of the company and Notices of Board Meetings and General Meetings are published normally in Economic Times (English & Gujarati), Gujarat Mitra. The quarterly results, half yearly results, Annual results and Shareholding Pattern are also displayed on the Company's website at [www.abgindia.com](http://www.abgindia.com). Press releases made by the Company from time to time are also displayed on the Company's website.

The quarterly results, half yearly results, Annual results and Shareholding Pattern are forwarded to Stock Exchanges from time to time, where the Company's shares are listed.

In addition to the above, the Company also regularly provides information to the stock exchanges as per the requirements of the Listing Agreement and updates the same on the Company's website periodically to include information on new developments and business opportunities of the Company.

The shareholders who wish to receive intimation, whenever new information is uploaded on [www.abgindia.com](http://www.abgindia.com) are requested to send their e-mail ID to [seclegal@abgindia.com](mailto:seclegal@abgindia.com).

**11. GENERAL SHAREHOLDERS INFORMATION**

(i) **Annual General Meeting:**

<b>Day, Date and time</b>	Tuesday the 27 <sup>th</sup> , September, 2011 at 12.00 noon
<b>Venue</b>	At the Registered Office of the Company at: Near Magdalla Port, Dumas Road, Surat-395 007, Gujarat.

(ii) **Financial Calendar** : Financial year 1<sup>st</sup> April to 31<sup>st</sup> March

I <sup>st</sup> Quarter Results	On or before 14 <sup>th</sup> of August
II <sup>nd</sup> Quarter Results	On or before 14 <sup>th</sup> of November
III <sup>rd</sup> Quarter Results	On or before 14 <sup>th</sup> of February
V <sup>th</sup> Quarter Results	On or before 30 <sup>th</sup> of May

(iii) **Book Closure** : 17<sup>th</sup> September, 2011 to 27<sup>th</sup> September, 2011 (both days inclusive)

(iv) **Dividend Payment Date** : On or before 2<sup>nd</sup> October, 2011

(v) **Listing at Stock Exchanges** :

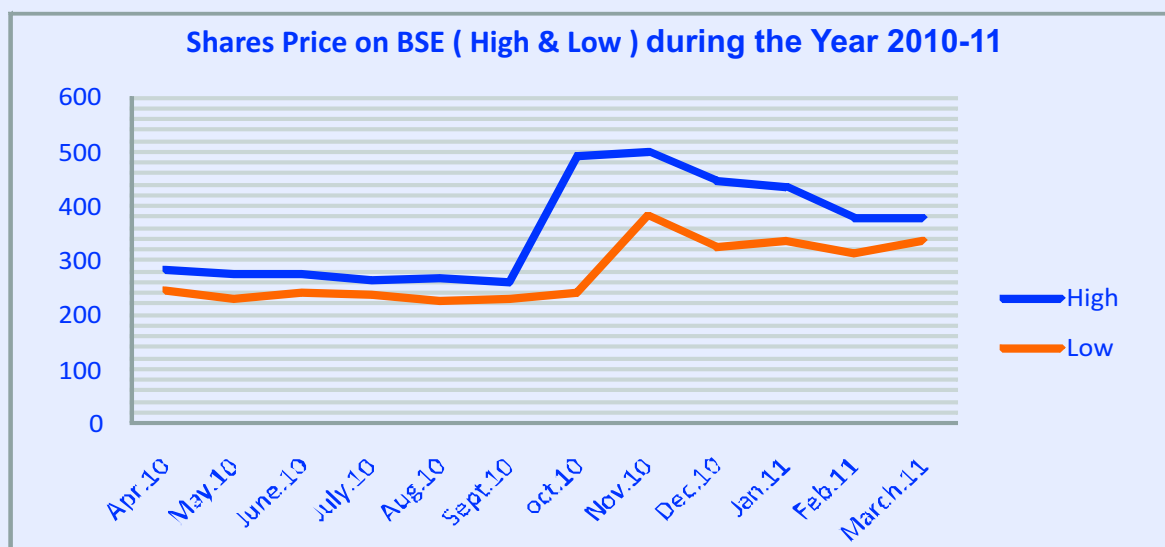
Name & Address of Stock Exchange	Stock Code	Code on Screen
<b>The Bombay Stock Exchange Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 Phone : + 91 22 22721233	532682	ABGSHIP
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Phone : + 91 22 26598236	ABGSHIP	ABGSHIP Series EQ

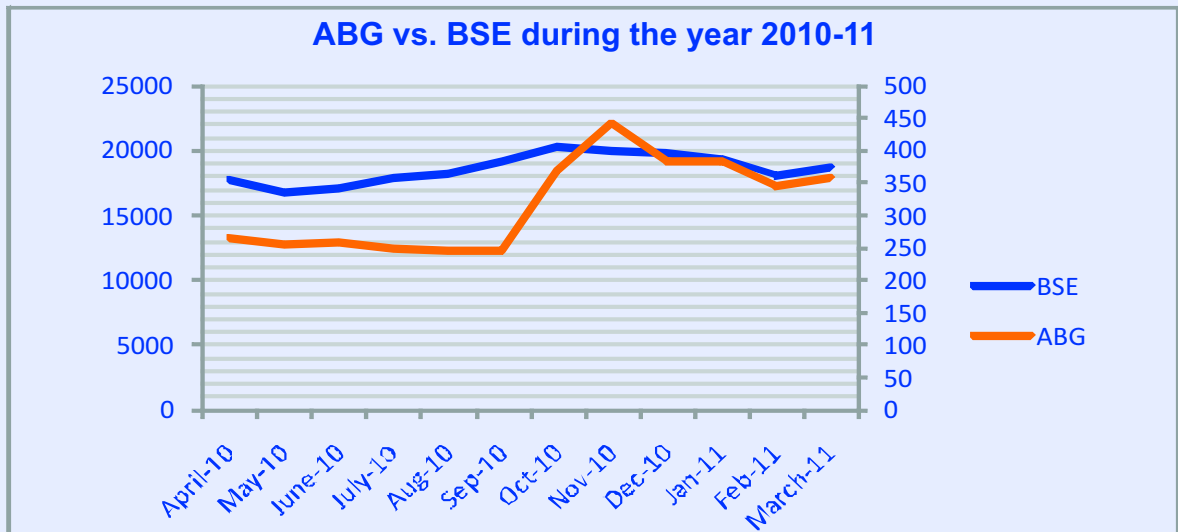
The Company has paid annual listing fees to the above Stock Exchanges for the financial year 2011-12.

(vi) **Market Price Data**

**A. Bombay Stock Exchange (BSE)**

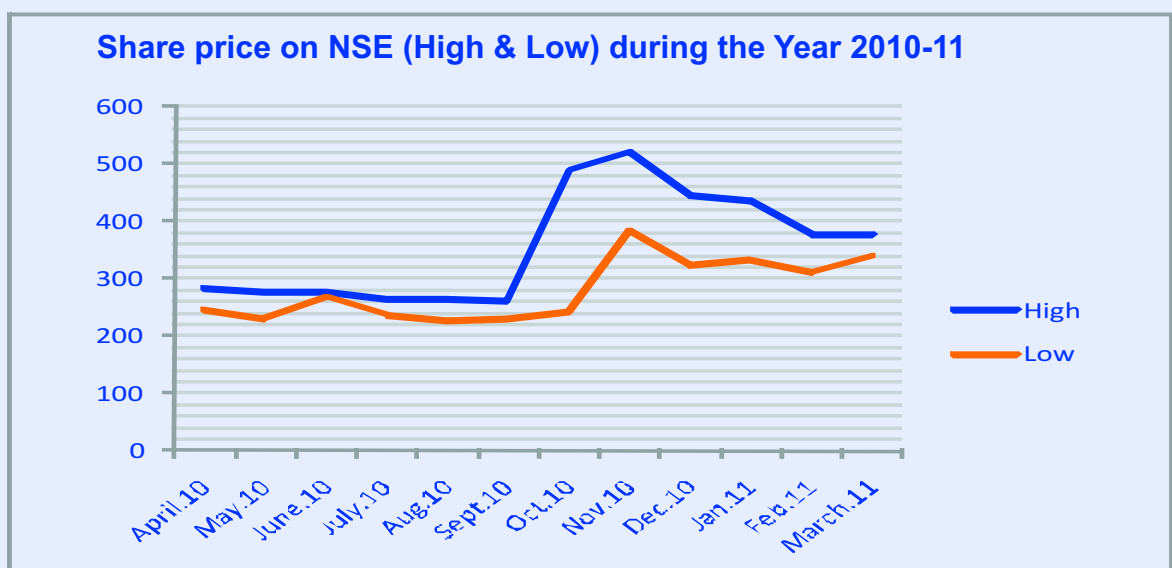
Month	High (₹)	Low (₹)	Total Traded Quantity	Total Turnover (₹ in lacs)	Sensex (Avg. Index)
April - 10	282.75	246.20	6818292	18152.97	17689.23
May - 10	276.80	231.00	4387771	11385.33	16841.57
June - 10	276.40	241.45	2621992	6813.32	17280.84
July - 10	264.60	236.05	1149619	2955.70	17855.27
August - 10	265.40	226.20	1825104	4590.92	18179.57
Sept. - 10	259.90	230.70	1497222	3662.31	19319.72
Oct. - 10	490.50	241.60	17153955	67946.63	20270.31
Nov. - 10	498.25	382.00	9973482	45356.14	20149.25
Dec. - 10	446.00	323.70	14403021	56555.32	19903.78
Jan. - 11	434.40	334.30	3778771	14506.55	19342.68
Feb. - 11	378.00	311.35	3130612	10959.21	18065.98
March - 11	375.90	337.40	1627553	5851.66	18433.03

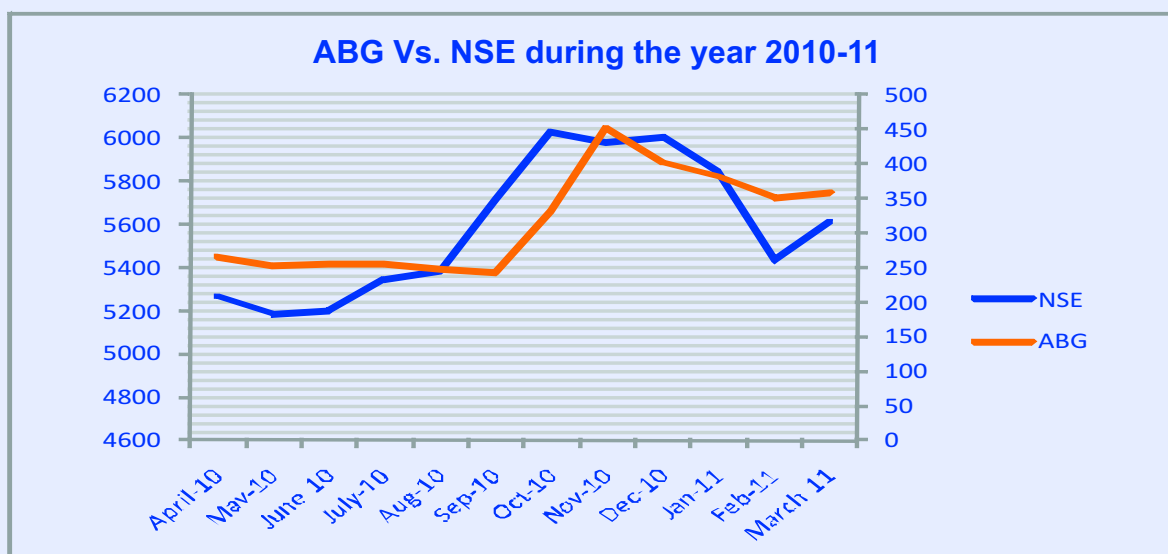




**B. National Stock Exchange (NSE)**

Month	High (₹)	Low (₹)	Total Traded Quantity	Total Turnover (₹ in lacs)	Nifty (Avg. Index)
April - 10	282.45	245.60	14888376	39559.75	5263.60
May - 10	275.50	231.00	8785148	22673.22	5182.35
June - 10	276.80	266.00	6450423	16773.74	5199.38
July - 10	264.90	235.20	3100300	7922.12	5339.83
August - 10	265.50	226.10	6212529	15584.57	5385.98
Sept. - 10	259.65	230.00	4563818	11148.34	5716.50
Oct. - 10	490.50	240.70	56787032	221722.14	6024.00
Nov. - 10	520.90	381.50	42878635	195467.89	5977.50
Dec. - 10	445.70	323.75	34115737	135910.98	6002.75
Jan. - 11	434.90	334.20	12216831	46832.30	5841.68
Feb. - 11	375.25	311.30	12573434	43907.35	5435.28
March - 11	376.00	337.55	7908675	28437.13	5607.88





**(vii) Registrar and Share Transfer Agent**

Shareholders correspondence should be addressed to the Registrar and Share Transfer Agents of the Company at the following Address:

**Link Intime India Private Ltd.**  
 (formerly Intime Spectrum Registry Limited)  
 C-13, Pannalal Silk Mills Compound  
 L.B.S. Marg, Bhandup West  
 Mumbai-400 078.  
 Tele: 91-22- 25946970  
 Fax : 91-22-25946969  
 e-mail: rnt.helpdesk@linkintime.co.in

**(viii) Share Transfer System**

99.99% of the Equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories without involvement of the company. As regards transfer of shares in physical form the transfer document can be lodged with the Registrar & Share Transfer Agent at address mentioned in above point no. (vii)

Transfer of Shares in physical form is normally processed by the Registrar and Share Transfer Agent and approved by Share Transfer and Investors Grievance & Finance Committee of the Board which meets at regular intervals.

**(ix) Dematerialization of Shares**

As of 31<sup>st</sup> March 2011, 50920738 equity shares representing 99.99% of the paid up equity capital of the company are in dematerialized form with the following depositories:

Description	ISIN No.	Depositories
Fully Paid	INE 067H01016	National Securities Depository Ltd (NSDL) Trade World, A Wing, 4th floor, Kamala Mills Compound, Lower Parel, Mumbai 400013
Fully Paid	INE 067H01016	Central Depository Services (India) Ltd. (CDSL) Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Fort, Mumbai 400 023.

During the year 2010-11 the Company has not received any application for rematerialization/dematerialization by concerned shareholders.

The Company has paid annual custodian charges for both NSDL and CDSL for the financial year 2011-12.



**(x) Distribution of shareholding as on 31<sup>st</sup> March 2011**

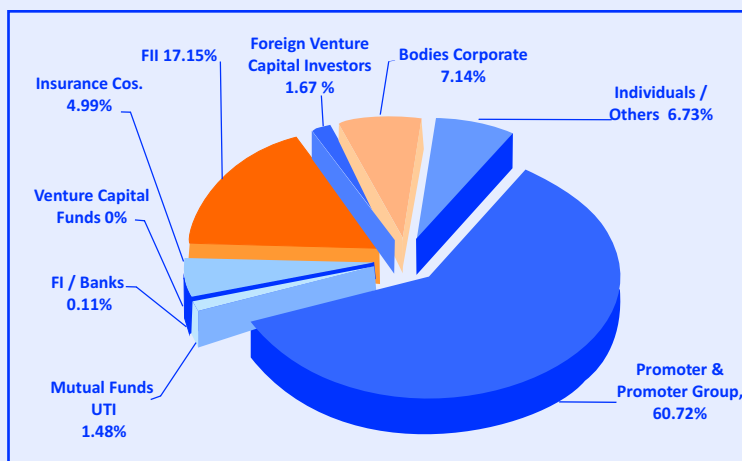
Range -Shareholding of Nominal value (₹)	No. of Shareholders	% of Shareholders	Number of Shares	%Shares
1 - 5000	28190	96.7864	1651441	3.2431
5001 - 10000	450	1.5450	354529	0.6962
10001 - 20000	193	0.6626	282836	0.5554
20001 - 30000	75	0.2575	194868	0.3827
30001 - 40000	38	0.1305	137657	0.2703
40001 - 50000	27	0.0927	125654	0.2468
50001 - 100000	54	0.1854	395869	0.7774
100001 & above	99	0.3399	47778947	93.8281
<b>Total</b>	<b>29126</b>	<b>100.00</b>	<b>50921801</b>	<b>100.00</b>

**(xi) Shareholding pattern as on 31<sup>st</sup> March 2011**

Category of Shareholder		Number of shares	Percentage of shareholding
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>		
<b>1</b>	<b>Indian</b>		
(a)	Individuals/ Hindu Undivided Family	375000	0.74
(b)	Bodies Corporate	30545594	59.99
	<b>Total Shareholding of Promoter and Promoter Group</b>	<b>30920594</b>	<b>60.72</b>
<b>(B)</b>	<b>Public shareholding</b>		
<b>B1</b>	<b>Institutions</b>		
(a)	Mutual Funds/ UTI	751680	1.48
(b)	Financial Institutions/ Banks	57691	0.11
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	2541517	4.99
(f)	Foreign Institutional Investors	8732101	17.15
(g)	Foreign Venture Capital Investors	849267	1.67
	<b>Sub-Total (B)(1)</b>	<b>12932256</b>	<b>25.40</b>
<b>B2</b>	<b>Non-institutions</b>		
(a)	Bodies Corporate	3637570	7.14
(b)	Individuals		
i	Individual shareholders holding nominal share capital up to ₹ 1 lakh	2512173	4.93
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	617959	1.21
(c)	Any Other (specify)		
(c-i)	Clearing Member	159854	0.31
(c-ii)	Trusts	4100	0.01
(c-iii)	NRI	137295	0.27
	<b>Sub-Total (B)(2)</b>	<b>7068951</b>	<b>13.88</b>
<b>(B)</b>	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>20001207</b>	<b>39.28</b>
	<b>TOTAL (A)+(B)</b>	<b>50921801</b>	<b>100.00</b>

**(xii) Shareholders with more than one percent holding as on 31<sup>st</sup> March 2011**

Name of Shareholders		No. of shares	% of shareholding
1	ABG International Private Limited	30545594	59.99
2	Standard Chartered Private Equity (Mauritius)Limited	2754950	5.41
3	ICICI Prudential Life Insurance Company Ltd	2541517	4.99
4	Religare Finvest Ltd	1674562	3.29
5	The India Fund, Inc	1000401	1.96
6	Franklin Templeton Investment Funds	883177	1.73
7	Merlion India Fund Iii Limited	849267	1.67
8	Reliance Capital Trustee Co. Ltd-A/C Reliance Small Cap Fund	571500	1.12
	<b>TOTAL</b>	<b>40820968</b>	<b>80.16</b>



(xiii) Details of unclaimed shares as on financial year ended 31<sup>st</sup> March, 2011 issued pursuant to Initial Public Offer (IPO) are as follows (Pursuant to clause 5A of the Listing Agreement) -

Sr. No.	Particulars	Cases	No. of Shares
(A)	Aggregate Number of Shareholders and the outstanding Shares in the suspense account lying at the beginning of the year i.e. 1.4.2010	15	525
(B)	Number of Shareholders who approached for transfer of Shares from suspense account during 1.4.2010 to 31.3.2011	0	0
(C)	Number of Shareholders to whom Shares were transferred from suspense account during 1.4.2010 to 31.3.2011	0	0
(D)	Aggregate Number of Shareholders and the outstanding Shares in the suspense account at the end of the year i.e. 31.3.2011	15	525

The Voting Rights on the above mentioned shares in column (D) shall remain frozen till the rightful owner claims the shares.

**(xiv) Unclaimed / Unpaid Dividend**

Pursuant to section 205A and 205C of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, the amount remaining unclaimed/unpaid for a period of seven years from the date of transfer of dividend to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IE&PF) established by the Central Government. No claim shall lie against the Company or IE&PF, in respect of dividend amounts that have been transferred to IE&PF. Members who have not yet encashed their dividend warrant(s) for the financial year 2005-06 to 2009-10, are requested to make their claim without any delay to the Company's Registrar and Transfer Agents, Link Intime India Private Limited.

The following table gives information relating to outstanding dividend accounts and the dates by which they need to be transferred:

Period of the Dividend	Percentage of Dividend	Last date for making claim
2005-2006	12	17 <sup>th</sup> September, 2013
2006-2007	15	26 <sup>th</sup> October, 2014
2007-2008	20	21 <sup>th</sup> October, 2015
2008-2009	20	29 <sup>th</sup> October, 2016
2009-2010	40	29 <sup>th</sup> October, 2017

**(xv) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments**

The Company has no outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

**(xvi) Shipyards' Location**

Shipyard	Shipyard
Near Magdalla Port Dumas Road Surat-395 007, Gujarat	Village Jageshwar Near Dahej, Tal. Vagra, Dist. Bharuch, Gujarat

**(xvii) Address for Correspondence**

4th / 5th Floor, Bhupati Chamber,  
13, Mathew Road,  
Mumbai-400 004.  
Tele: 91-22- 66563000 Fax: 91-22-66223050  
E-mail: seclegal@abgindia.com

**For and on behalf of the Board**

Place: Mumbai  
Date: 29<sup>th</sup> July, 2011

**R.S. Nakra**  
Managing Director

**MANAGING DIRECTOR (M.D.) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION ISSUED IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT.**

To the Board of Directors,  
ABG Shipyard Limited.

**Sub: Managing Director (M.D.) and Chief Financial Officer (CFO) Certification**

We have reviewed the financial statements, read with the cash flow statement of ABG Shipyard Limited for the year ended 31<sup>st</sup> March, 2011 and that to the best of our knowledge and belief, we state that;

1. (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading,  
(b) these statements present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and the Audit Committee;
  - (a) significant changes in the internal control over financial reporting during the year.
  - (b) significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

**R. S. Nakra**  
Managing Director

**Dhananjay Datar**  
Chief Financial Officer

Date: 25<sup>th</sup> July, 2011

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members,  
**ABG Shipyard Limited.**

We have examined the compliance of Corporate Governance by ABG Shipyard Limited for the year ended on 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **Nisar & Kumar**  
Chartered Accountants  
F. R. No. 107117W

Place: Mumbai  
Date : 30<sup>th</sup> May, 2011

**M. N. Ahmed**  
(Partner)  
M. No. 18380

## ANNEXURE - C MANAGEMENT DISCUSSION & ANALYSIS

### 1. INDUSTRY OVERVIEW.

Much like the shipping industry, the shipbuilding industry is very cyclical. With that said, while the current downturn presents a challenge for the industry, it does not compare to previous downturns such as occurred in the late 1970s and 1980s. While these are still not the best of times for shipbuilders, the industry is optimistic about the future of the shipbuilding industry.

Indian Shipyards are in for a revival as the offshore segment, which is our core strength, is seeing significant growth led by key demand triggers. The demand seems to be coming more from defense sector. Globally, after turbulence in 2009, shipyards have scripted an exciting recovery in 2010 when new orders are touching ~60mnGT and fundamentals have improved significantly.

The global financial meltdown has dealt a severe blow to the global shipbuilding industry, and many China shipbuilders' clients had to postpone deliveries due to stringent cash flows or shrinking demand. A total of 70 million deadweight tonnage (DWT) of ships were scheduled for delivery in 2010, but only 56.76 million DWT were actually delivered by Chinese shipbuilders by the end of November, 72.8 percent of the total orders. China has surpassed the Republic of Korea to become the world's largest shipbuilder by volume of contracts.

In Dry bulk segment, the demand for two commodities- coal and iron ore will drive the dry bulk industry in the near future. Demand for dry bulk is showing a positive trend despite the economy slowdown. There was a decline in demand in the container segment from 2008, which has started growing from the first quarter of 2010.

### 2. OPPORTUNITIES AND THREATS

With the mandatory IMO regulations for phasing out single hull tankers and to replace more than 20 years old vessels, a window of opportunity which was not available earlier, has been created for the Global shipbuilding industry. About 40% of the India-owned fleet is more than 20 years old and Indian owners need to spend about US\$ 4 billion to replace the old vessels. The Indian shipbuilding industry had always been dogged by low capacity, poor productivity and lack of modernization. With the increased focus on the port and infrastructure development coupled with the Government's vision to achieve self sufficiency in the sector, the Indian shipyards are set to bag notable orders from both foreign and Indian Shipping Companies.

The Indian shipbuilding industry is on a high growth trajectory and is expected to grow at a compounded growth of 30%. Though India has not yet become a significant player in the global shipbuilding business, it has gained a strong foothold in the niche offshore segment. India's share in the world market has gone from an insignificant low of 0.1% in the beginning of 10th Plan to 1.3% in 2006. Hence from an inward looking industry dependent on government orders, the Indian shipbuilding industry is emerging as internationally competitive export led industry.

Nevertheless, the industry is still in its nascent stage and dependent on government support for subsidy. The industry is expected to become self sufficient in about 10 years time. The previous subsidy scheme had expired on 14<sup>th</sup> August 2007 and the industry has made a representation for the extension of the same which is under the consideration of the Government. Further, separate proposals have been forwarded to the Government of India to consider granting infrastructure status to shipbuilding industry and also to declare the shipbuilding a strategic sector and the same are under the consideration of the Government.

### 3. RISKS AND CONCERNS

Subsidy accounts for nearly 16% of ABG's shipbuilding revenues and 13% of the total revenue. While the industry players are confident about receiving the subsidy, the wait may be longer. Furthermore, there are talks about the subsidy being cut down to 20 per cent.

Domestic competitors include state-owned shipyards like, Cochin Shipyard and private sector players like, Bharti Shipyard are strong competitors. The company also has to compete against Chinese and South Korean companies. The competition can affect pricing and impact margins.

The slowdown in the global economies resulted in fewer new shipbuilding orders along with the threat of cancellation of existing orders. Lack of ship design and limited investment in R&D are also major concerns and the Indian players need to work hard to meet the international players in ship automation and technology.

### 4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control system supported by an Enterprise Resource Planning (ERP) platform i.e. SAP for its main business processes. The Audit Committee and the management have reviewed the adequacy of the internal control systems and suitable steps have been taken to improve the same.

**5. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

During the financial year under review, your Company has successfully delivered 16 vessels taking to the total up to 138 vessels delivered so far by the Company.

Your Company has posted a turnover of ₹ 2081.04 crores, an increase of about 14.18% as compared to ₹ 1822.54 Crores in the previous Financial Year. The Company recorded a net profit of ₹ 188.80 Crores.

**6. HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATIONS.**

In a buoyant talent market, the Company continues to attract and retain talent of the highest quality.

The industrial relations during the year were cordial and harmonious in the Company.

**7. CAUTIONARY STATEMENT.**

Statements in the Management Discussion and Analysis describing the Company's expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include input availability and prices, government policies and regulations, economic developments within the country and other factors such as natural calamities and industrial relations.



**Auditor's Report to the members of ABG SHIPYARD LIMITED**

1. We have audited the attached Balance Sheet of ABG SHIPYARD LIMITED, as at 31<sup>st</sup> March, 2011, the Profit and 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.
2. 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 over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003(as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Attention is drawn to Note no. 24 of Schedule 19 whereby the Company has applied the principles of Accounting Standard 30 issued by The Institute of Chartered Accountants of India.
5. 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 purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance sheet and Profit and Loss Account and Cash Flow Statement 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 comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. Attention is drawn to point no. 4 above whereby the Company has not adopted AS 30 fully but applied the principles of hedging as per AS 30 where there are firm commitments payable and receivable;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub- section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
  - iii) In the case of the Cash flow Statement, of the Cash flows of the Company for the year ended on that date.

For **Nisar & Kumar**  
Chartered Accountants  
F. R. No. 107117W

Place: Mumbai  
Date : 30<sup>th</sup> May, 2011

**M. N. Ahmed**  
(Partner)  
M. No. 18380

## Annexure to Auditor's Report

(Referred in paragraph 3 of our report of even date to the members of ABG Shipyard Limited on the financial statements for the year ended 31<sup>st</sup> March, 2011.)

As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("The Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, on the matters specified in paragraphs 4 and 5 of the said Order, we further report that:

- i.) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified in a phased manner by the management during the year as per the program of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies were noticed between book records and physical verification;
- (c) During the year, the Company has not disposed off any substantial part of fixed assets, which would affect the going concern 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) On the basis of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii.) (a) The Company had granted unsecured loan to its wholly owned subsidiary which is also a party covered in the Register maintained under Section 301, of the Companies Act, 1956. The maximum amount involved during the year was 368 crores and the year end balance was Rs. 0.002 crores.
- (b) According to the information and explanations given to us, there is no stipulation of period of payment or rate of interest. In our opinion the terms of loan given are not, prima facie, prejudicial to the interest of the company.
- (c) As loan outstanding at the year end is negligible amount, and there is no contemplation of repayment period of principal amount or interest, clause 4 (iii) (c) and (d) of the Order is not commented on.
- (d) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301, of the Companies Act, 1956. Accordingly, clauses 4 (iii) (f) and (g) of the Order are not applicable to the Company.
- 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 purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.
- v.) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301, of the Companies Act, 1956 have been so entered.
- (b) The price at which such contract or arrangement is entered is reasonable compared to prevailing market price.
- vi.) The Company has not accepted any deposit from the public during the year.
- vii.) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii.) As informed to us, the maintenance of cost records have not been prescribed by the Central Government under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956.
- ix.) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it. No statutory dues are outstanding for period of more than six months as on 31<sup>st</sup> March, 2011 except for ₹ 6,775 of Profession Tax. However, the same has been, subsequently paid.

- (b) According to information and explanation given to us, the following dues of Service tax have not been deposited by the company on account of disputes:

Name of the Statute	Nature of Dues	Financial Year	Amount ₹ in crores	Forum where dispute is pending.
Service Tax	Matter under dispute	2004-05 to 2008-09	2.58	Appellate Tribunal

- x.) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi.) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders.
- xii.) Based on our examination of documents and records, 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.) The Company is not a chitfund/ nidhi/ mutual benefit fund/ society, to which the provisions of special statute relating to chitfund are applicable. Accordingly, paragraph 4 (xiii) of the Order is not applicable to the Company.
- xiv.) The Company is not engaged in dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv.) According to the information and explanations given to us, the Company has given guarantee of ₹ 1,800.23 crores for credit facilities taken by body corporates from banks and financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.
- xvi.) In our opinion and according to the information and explanations given to us, on the overall basis, term loans have been applied for the purposes for which they were obtained.
- xvii.) According to the information and explanations given to us and based on our examination of the books of account of the Company, short term funds to the extent of approximately ₹ 156.74 crores have been used for long term purposes.
- xviii.) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of paragraph 4(xviii) of the Order are not applicable to the Company.
- xix.) According to the information and explanations given to us and on the basis of records made available, we report that adequate security has been created in respect of debentures issued during the year.
- xx.) The Company has not raised any money by public issues during the year. Accordingly, paragraph 4(xx) of the Order is not applicable.
- xxi.) Based upon the information and explanations given by the management and audit procedures performed, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Nisar & Kumar**  
Chartered Accountants  
F. R. No. 107117W

Place: Mumbai  
Date : 30<sup>th</sup> May, 2011

**M. N. Ahmed**  
(Partner)  
M. No. 18380

**BALANCE SHEET AS AT 31ST MARCH 2011**

	SCH	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>I. SOURCES OF FUNDS</b>			
1. Share Holders' Funds			
a. Share Capital	1	50.92	50.92
b. Reserves & Surplus	2	1,234.69	1,071.08
		<u>1,285.61</u>	<u>1,122.00</u>
2. Loan Funds			
a. Secured Loans	3	1,774.97	2,237.44
b. Unsecured Loans	4	616.11	660.00
		<u>2,391.08</u>	<u>2,897.44</u>
3. Deferred Tax Liability (net)		403.30	315.83
		<u>4,079.99</u>	<u>4,335.27</u>
<b>II. APPLICATION OF FUNDS</b>			
1. Fixed Assets	5		
a. Gross Block		1,115.52	737.74
Less : Accumulated Depreciation		<u>200.14</u>	<u>137.96</u>
Net Block		915.38	599.78
b. Capital Work in Progress		1,351.77	1,375.44
		<u>2,267.15</u>	<u>1,975.22</u>
2. Investments	6	233.85	240.76
3. Current Assets Loans & Advances			
a. Inventories	7	2,444.25	1,066.07
b. Sundry Debtors	8	123.85	70.40
c. Cash & Bank Balances	9	663.79	27.86
d. Loans & Advances	10	1,799.09	1,998.14
		<u>5,030.98</u>	<u>3,162.47</u>
4. Current Liabilities & Provisions	11		
a. Current Liabilities		3,388.75	974.71
b. Provisions		63.24	68.47
		<u>3,451.99</u>	<u>1,043.18</u>
Net Current Assets		<u>1,578.99</u>	<u>2,119.29</u>
		<u>4,079.99</u>	<u>4,335.27</u>
Significant Accounting Policies & Notes to Accounts	19		

As per our report of even date  
**For NISAR & KUMAR**  
 Chartered Accountants  
 F. R. No. 107117W

**M. N. Ahmed**  
 Partner  
 M. No 18380

Mumbai  
 Dated :30th May 2011

**For and on behalf of the Board**

**R.S.Nakra**  
 Managing Director

**Major Arun Phatak**  
 Executive Director

**Dhananjay Datar**  
 Chief Financial Officer

**Ch. Rajashekhar Reddy**  
 Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

SCH	Year ended 31.03.2011 ₹ in Crores	Year ended 31.03.2010 ₹ in Crores
<b>INCOME</b>		
Revenue from Operations	12	2,077.09
Other Income	13	3.95
		<u>2,081.04</u>
		<u>1,822.54</u>
<b>EXPENDITURE</b>		
Consumption of Raw Materials & Components		876.97
Manufacturing Expenses	14	198.57
Personnel Expenses	15	64.59
General Administration and Selling Expenses	16	162.85
Interest (net)	17	139.47
(Increase)/Decrease in Work In Progress	18	274.35
(Profit) /Loss on sale of Investments		21.00
		<u>1,737.80</u>
		<u>1,456.55</u>
Profit before Depreciation		343.24
Depreciation & Amortisation		
Total Depreciation & Amortisation for the year		64.47
Less : Withdrawn from revaluation reserve		1.44
		<u>63.03</u>
		<u>38.69</u>
<b>Profit before Tax</b>		<b>280.21</b>
Less: Provision for Taxation		
Current Tax		58.41
Deferred Tax		87.47
Income tax adjustments of earlier years		1.03
MAT Credit Entitlement		(55.50)
		<u>91.41</u>
		<u>98.38</u>
<b>Profit after Tax</b>		<b>188.80</b>
Balance brought forward from earlier years		383.58
		<u>323.49</u>
Amount Available for Appropriation		572.38
Less: Transferred to Debenture Redemption Reserve		92.00
Less: Transferred to General Reserves		40.00
Less : Proposed Dividend		20.37
Less : Tax on Dividend		3.38
<b>Balance carried to Balance Sheet</b>		<b>416.63</b>
		<u>383.58</u>
Earning per share in Rupees of face value of ₹ 10/- each (Basic and Diluted Refer Note No. 18 of Notes to Accounts)		37.08
		44.96
Significant Accounting Policies & Notes to Accounts	19	

As per our report of even date

**For NISAR & KUMAR**

Chartered Accountants

F. R. No. 107117W

**M. N. Ahmed**

Partner

M. No 18380

Mumbai

Dated :30th May 2011

**For and on behalf of the Board**

**R.S.Nakra**

Managing Director

**Major Arun Phatak**

Executive Director

**Dhananjay Datar**

Chief Financial Officer

**Ch. Rajashekhar Reddy**

Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Year ended 31.03.2011 ₹ in Crores	Year ended 31.03.2010 ₹ in Crores
<b>A. Cash Flow From Operating Activities :</b>		
<i>Net Profit (Loss) before extraordinary items &amp; taxation</i>	280.21	327.30
<i>Adjustments for :</i>		
Depreciation	63.03	38.69
Interest (net)	139.47	150.61
Dividend Income	(0.50)	(0.66)
Effect of exchange rate change	34.75	(2.86)
Loss / (Profit) on Sale of Assets (net)	0.15	2.90
Loss / (Profit) on Sale of Investments	21.00	(29.25)
<b>Operating Profit before working capital changes</b>	<b>538.11</b>	<b>486.73</b>
<i>Adjustments for :</i>		
Inventories	(1,032.86)	(1,268.08)
Trade Receivables	(51.00)	(34.17)
Trade Advances	66.29	(283.26)
Trade Payables	144.18	(191.43)
Stage Payments from Customers (net)	1,893.87	1,405.91
<i>Cash generated from Operations</i>	<i>1,558.59</i>	<i>115.70</i>
Direct Taxes Paid	(64.55)	(32.86)
<b>Cash Generated From Operating activities</b>	<b>1,494.04</b>	<b>82.84</b>
<b>B. Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets including Capital Work in Progress	(356.74)	(520.61)
Sale of Fixed assets	0.73	1.65
Investment in Subsidiary	(35.51)	(0.03)
Purchase of Investments	(4.61)	(403.00)
Sale of Investments	217.70	204.21
Dividend received on Investments	0.50	0.66
<b>Cash Used In Investing Activities</b>	<b>(177.93)</b>	<b>(717.12)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Dividends paid	(20.34)	(10.13)
Tax on distributed profits	(3.46)	(1.73)
Proceeds from Long Term Borrowings	200.00	664.14
Proceeds from Short Term Borrowings	544.67	856.86
Repayments of Long Term Borrowings	(599.31)	(135.04)
Repayments of Short Term Borrowings	(649.00)	(237.77)
Repayment of loans/ deposits given (net)	(3.39)	(373.44)
Interest paid (net)	(140.15)	(146.66)
<b>Cash (Used in) / from Financing Activities</b>	<b>(670.98)</b>	<b>616.23</b>
<b>Net (decrease) / Increase in cash and cash equivalents (A + B + C)</b>	<b>645.13</b>	<b>(18.05)</b>
Opening Balance of Cash & Cash Equivalents	27.86	47.84
Closing Balance of Cash & Cash Equivalents	672.99	29.79
Effect of Exchange rate changes	(9.20)	(1.93)
Closing Balance of Cash & Cash Equivalents as restated	663.79	27.86

**Notes :**

1. Cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 issued by The Institute of Chartered Accountants of India.

2. Figures for previous year where ever necessary have been regrouped to conform to those of current year.

As per our report of even date

**For NISAR & KUMAR**

Chartered Accountants

F. R. No. 107117W

**M. N. Ahmed**

Partner

M. No 18380

Mumbai

Dated : 30<sup>th</sup> May 2011

**For and on behalf of the Board**

**R.S.Nakra**

Managing Director

**Dhananjay Datar**

Chief Financial Officer

**Major Arun Phatak**

Executive Director

**Ch. Rajashekhar Reddy**

Company Secretary



**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
10,00,00,000 (P.Y. 10,00,00,000) Equity Shares of ₹ 10/- each	<u>100.00</u>	<u>100.00</u>
<b>Issued Subscribed and Paid up</b>		
5,09,21,801 (P.Y. 5,09,21,801) Equity Shares of ₹ .10/- each fully paid up.	50.92	50.92
Out of the above :		
a) 24700000 (P.Y. 24700000) Equity Shares of ₹ 10/- each were issued as fully paid Bonus Shares out of Share Premium and General Reserve.		
b) 6000000 (P.Y. 6000000) Equity Shares of ₹ 10/- each were issued as fully paid Bonus Shares out of Revaluation Reserve in 1994-95.		
c) 30545594 (P.Y.28721598) Equity Shares of ₹ 10/- each are held by the holding company ABG International Pvt. Ltd.	<u>50.92</u>	<u>50.92</u>
<b>SCHEDULE - 2 : RESERVES AND SURPLUS</b>		
(i) Share Premium Account	235.00	235.00
(ii) Warrant Forfeiture Account	31.87	31.87
(iii) General Reserves		
As per last Balance Sheet	349.32	229.32
Add: Transfer from Profit & Loss a/c	<u>40.00</u>	<u>120.00</u>
	389.32	349.32
(iv) Revaluation Reserve		
As per last Balance Sheet	46.31	47.83
Less : Withdrawn for Depreciation for the year	<u>1.44</u>	<u>1.52</u>
	44.87	46.31
(v) Balance in Profit and Loss Account	416.63	383.58
(vi) Debenture Redemption Reserve		
As per last Balance Sheet	25.00	-
Add: Transfer from Profit & Loss a/c	<u>92.00</u>	<u>25.00</u>
	117.00	25.00
	<u>1,234.69</u>	<u>1,071.08</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>SCHEDULE - 3 : SECURED LOANS</b>		
a. Non Convertible Redeemable Debentures (NCD)	300.00	100.00
b. <u>Term Loans - from Banks</u>		
(i) In Foreign Currency	119.56	144.03
(ii) In Rupees	621.64	1,109.83
(iii) Interest Accrued & Due	3.16	2.28
c. <u>Working Capital Loans</u>		
(i) Export Packing Credit	521.02	330.88
(ii) Cash Credit	178.87	308.19
(iii) Short Term Loans from Banks	30.00	150.00
(iv) Interest Accrued & Due	-	1.75
d. <u>Other Loans</u>		
(i) Term Loans from financial institution	-	90.00
(ii) Vehicle Loans [Net of unmatured HP charges ₹ 0.08 crores (P.Y ₹ 0.04 crores)]	0.72	0.48
	<u>1,774.97</u>	<u>2,237.44</u>
1. The above loans are secured by :		
a. Non Convertible Debentures by First pari passu charge on the company's immovable & movable fixed assets of Dahej plant .	300.00	100.00
b. Term Loan with interest by first pari passu charge on the company's immovable & movable fixed assets of Dahej plant .	658.36	884.14
c. Term loan by assets immovable and movable excluding fixed assets of Dahej plant.	86.00	172.00
d. Term Loan by pledge of certain Investments held by the company	-	90.00
e. Term Loan of Andhra Bank by immovable property of third party.	-	200.00
f. Export Packing Credit and Cash Credit by assets both immovable and movable excluding movable and Immovable fixed assets of Dahej plant .	699.89	640.82
g. Other short term loans from banks by charge on current assets of the company.	30.00	150.00
h. Vehicle Loans by hypothecation of the individual assets financed.	0.72	0.48
2. Debenture Details		
a. 12.30% 1000 NCD's of ₹ 100000 each have been allotted on 16.12.2008 to a public financial institution redeemable in three equal instalments as under :		
	Date of redemption	₹ in crores
	15.12.2011	33.33
	15.12.2012	33.33
	15.12.2013	33.34
b. 11.40% 2000 NCD's of ₹ 100000 each have been allotted on 10.05.2010 to a bank.		
	09.05.2013	200.00
3. Of the due amount repayable within one year are as follows :		
Term loans from banks	258.56	
NCD's of ₹ 100000 each allotted on 16.12.2008	33.33	
Short term loans	30.00	
Packing credit / cash credit	699.89	
Vehicle Loans	0.42	
<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
Short Term Loans From Banks	615.00	645.00
From Others	-	15.00
Interest Accrued & Due	1.11	-
	<u>616.11</u>	<u>660.00</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**
**SCHEDULE-5 : FIXED ASSETS**

₹ in Crores

PARTICULARS	GROSS BLOCK At cost / Valuation			DEPRECIATION / AMORTISATION					NET BLOCK	
	AS AT 01.04.2010	ADDITIONS DURING THE YEAR	DELETIONS/ ADJUSTMENTS DURING THE YEAR	AS AT 31.03.2011	AS AT 01.04.2010	ADDITIONS DURING THE YEAR	DELETIONS/ ADJUSTMENTS DURING THE YEAR	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
<b>TANGIBLE ASSETS</b>										
<b>LAND</b>										
FREE HOLD LAND	71.85	9.53	0.12	81.26	-	-	-	-	81.26	71.85
LEASE HOLD LAND	6.49	-	-	6.49	0.21	0.07	-	0.28	6.21	6.28
FACTORY BUILDING	313.16	195.89	0.05	509.00	41.76	29.56	-	71.32	437.68	271.40
BUILDING	77.23	4.22	0.11	81.34	5.71	3.58	0.02	9.27	72.07	71.52
PLANT AND MACHINERY	243.24	166.55	1.72	408.07	76.57	27.10	1.21	102.46	305.61	166.67
FURNITURE & FIXTURES	3.30	0.26	-	3.56	1.56	0.33	-	1.89	1.67	1.74
VEHICLES	12.79	2.28	1.40	13.67	6.10	2.10	1.06	7.14	6.53	6.69
COMPUTERS	4.36	0.36	-	4.72	3.10	0.58	-	3.68	1.04	1.26
<b>INTANGIBLE ASSETS</b>										
SOFTWARE	5.32	2.09	-	7.41	2.95	1.15	-	4.10	3.31	2.37
<b>TOTAL</b>	<b>737.74</b>	<b>381.18</b>	<b>3.40</b>	<b>1,115.52</b>	<b>137.96</b>	<b>64.47</b>	<b>2.29</b>	<b>200.14</b>	<b>915.38</b>	<b>599.78</b>
Previous Year	598.68	146.55	7.49	737.74	86.98	53.93	2.95	137.96	599.78	
CWIP (Including Capital Advances)	1,375.44	389.93	413.60	1,351.77					1,351.77	1,375.44

Notes:-

- Certain part of the land is yet to be registered in the name of the Company.
- Gross Block includes assets acquired on hire purchase - Vehicles ₹ 2.26 crores (P. Y ₹ 1.52 crores)
- Depreciation & Amortisation for the year ₹ in Crores
 

Total Depreciation & Amortisation for the year	64.47
Less: Withdrawn from revaluation reserve during the year.	1.44
Depreciation for the year debited to Profit & Loss account.	63.03

- Out of total deletion to CWIP, Ships amounting to ₹ 72.58 crores is transferred from CWIP to Inventory due to availability of customer against the same.

**SCHEDULE - 6 : INVESTMENTS**
**Long Term Non Trade - At cost**
**Quoted**
**In subsidiary :**

177242875 (P.Y. Nil) Equity Shares in Western India Shipyard Ltd. of ₹ 2/- each fully paid up.

**35.45**

-

**In others**

Nil (P.Y. 4423719) Equity Shares in Great Offshore Ltd. of ₹ 10/- each fully paid up

-

233.90

**In Units of Mutual Fund**

Nil (P Y 906503) Units of Principal Monthly Income Fund of ₹ 10/- each per unit.

-

1.00

[Aggregate market value of quoted investments ₹ 179.90 Crores (P.Y ₹ 181.98 crores)]

**Unquoted**
**In subsidiaries :**

Nil ( P.Y.10000 ) Equity Shares in Eleventh Land Developers Pvt Ltd of ₹ 10/- each fully paid up.

-

0.01

10000 ( P.Y. 10000 ) Equity Shares in ABG Shipyard Singapore Pte. Ltd. of SGD 1/- each fully paid up.

**0.03**

0.03

4297100 (P.Y. Nil) Preference Shares in ABG Shipyard Singapore Pte. Ltd. of USD 1/- each fully paid up.

**191.63**

-

**In Others**

271002 (P.Y Nil ) Equity Shares in ABG Business Ventures Pte. Ltd., Singapore of SGD 1/- each fully paid up.

**0.92**

-

**In Partnership Firm**

Capital in partnership firm Vipul Shipyard

**5.82**

5.82

**233.85**
**240.76**

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>SCHEDULE - 7 : INVENTORIES</b>		
<b>(As taken valued &amp; certified by management)</b>		
Raw Material and Components	931.94	778.30
Work in Progress		
On Percentage completion basis	5,233.49	
(Contract costs & recognised profit)		
Less: Progress Money from Customers	3,721.18	287.77
[Refer Note 17 of Notes to Accounts]	<u>1,512.31</u>	<u>1,066.07</u>
	<u>2,444.25</u>	<u>1,066.07</u>
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>		
<b>(Unsecured Considered good)</b>		
Due for more than six months	72.49	33.91
Others	51.36	36.49
	<u>123.85</u>	<u>70.40</u>
<b>SCHEDULE - 9 : CASH AND BANK BALANCES</b>		
<b>Cash in hand</b>	0.11	0.08
<b>Balance with Scheduled Banks:</b>		
i) In Current Accounts	45.60	20.19
ii) In Fixed Deposits	618.02	7.53
<b>Balance with Other Banks:</b>		
i) In Current Accounts with ABN Amro Bank, Singapore	0.06	0.06
[Maximum Balance during the year ₹ 0.06 crores (P. Y. ₹ 0.07 crores)]		
	<u>663.79</u>	<u>27.86</u>
<b>SCHEDULE - 10 : LOANS AND ADVANCES</b>		
<b>(Unsecured Considered good)</b>		
i) Current Account in Partnership Firm	28.48	22.35
ii) Due from Subsidiary	31.60	377.65
iii) Advances recoverable in cash or kind or for value to be received	1,407.15	1,351.81
iv) Deposits with Government Authorities/ Departments	9.07	8.58
v) Other Deposits	192.24	162.70
vi) MAT Credit Entitlement	130.55	75.05
	<u>1,799.09</u>	<u>1,998.14</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>SCHEDULE -11 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities:</b>		
(i) Sundry Creditors for goods & expenses : (Out of above due to SME's- Nil (P. Y ₹ 0.54 crores) [Refer Note 7 of Notes to Accounts]	252.06	71.19
(ii) Sundry Creditors - Acceptances	881.71	895.77
(iii) Advance from customers	2,239.62	0.20
(iv) Other Liabilities	10.23	5.41
(v) Interest Accrued but not due	4.92	1.95
(vi) Investor Education & Protection Fund to be credited when due [Refer Note 4 of Notes to Accounts]	0.21	0.19
	<u>3,388.75</u>	<u>974.71</u>
<b>Provisions For :</b>		
(i) Income Tax (Net of taxes paid)	29.87	36.33
(ii) Proposed Dividend	20.37	20.37
(iii) Tax on Proposed Dividend	3.38	3.46
(iv) Leave Encashment/Gratuity	7.54	6.91
(v) Contingencies [Refer Note 2(b) of Notes to Accounts]	2.08	1.40
	<u>63.24</u>	<u>68.47</u>
	<u>3,451.99</u>	<u>1,043.18</u>
	Year ended 31.03.2011 ₹ in Crores	Year ended 31.03.2010 ₹ in Crores

**SCHEDULE - 12 : REVENUE FROM OPERATIONS**

Ship Building	1,991.80	1,624.98
Subsidy	85.10	182.32
Ship Repair	0.19	0.37
	<u>2,077.09</u>	<u>1,807.67</u>

**SCHEDULE - 13 : OTHER INCOME**

Insurance Claims	1.00	5.19
Tax & Duty Refund	2.10	1.38
Profit/(Loss) from Partnership Firm (*Amount less then 0.01 crore)	0.00*	(0.24)
Dividend Received	0.50	0.66
Miscellaneous Receipts	0.10	5.75
Sundry balances written back	0.25	2.13
	<u>3.95</u>	<u>14.87</u>

**SCHEDULE - 14 : MANUFACTURING EXPENSES**

Consumption of stores	46.48	35.46
Contractors Charges	112.90	80.72
Power and Water	10.73	7.53
Repairs & Maintenance		
- Plant & Machinery	11.01	14.31
- Buildings	0.44	0.07
Other Manufacturing Expenses	6.92	5.07
Inspection and Survey Expenses	10.09	6.24
	<u>198.57</u>	<u>149.40</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	Year ended 31.03.2011 ₹ in Crores	Year ended 31.03.2010 ₹ in Crores
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**SCHEDULE - 15 : PERSONNEL EXPENSES**

Salaries Wages and other benefits	46.77	36.25
Contribution to Provident Fund	3.10	2.64
Staff Welfare Expenses	13.53	8.05
Remuneration to Directors	1.19	1.16
	<u>64.59</u>	<u>48.10</u>

**SCHEDULE - 16 : GENERAL, ADMINISTRATION & SELLING EXPENSES**

Office Expenses	3.81	5.45
Rent Rates & Taxes	4.12	5.64
Insurance	21.44	9.40
Printing & Stationery	0.38	0.34
Postage Telephone & Telex	1.51	1.92
Travelling & Conveyance	11.91	8.69
Professional Charges	8.65	16.18
Payment to Auditors	0.51	0.50
Donations & Charities	1.25	3.02
Prior Years Expenses	0.14	0.02
Hire Purchase Charges	0.07	0.05
Repair & Maintenance - Others	1.67	1.42
Guarantee Commission	31.31	29.65
Selling & Distribution	39.70	34.37
Other Finance charges	34.93	0.88
Loss on Sale of Assets (net)	0.15	2.90
Other Expenses	1.30	0.96
	<u>162.85</u>	<u>121.39</u>

**SCHEDULE - 17 : INTEREST ( NET )**

Interest on Fixed Loans	134.21	155.97
Interest - Others	27.87	62.72
	<u>162.08</u>	<u>218.69</u>
Less : Interest Received / Recovered	22.61	68.08
[TDS ₹ 2.25, crore (P.Y ₹ 4.81 crore)]	<u>139.47</u>	<u>150.61</u>

**SCHEDULE - 18 : (INCREASE) / DECREASE IN WORK IN PROGRESS**

(Included in work in progress on percentage completion basis)		
Opening Work In Progress	530.63	384.85
Closing Work In Progress	256.28	530.63
	<u>274.35</u>	<u>(145.78)</u>



**SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.****I. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting**

The financial statements are prepared under the Historical Cost Conventions on the basis of Going Concern and as per applicable Indian Accounting Standards notified u/s 211 (3C) of The Companies Act, 1956.

**2. Use of estimates**

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference if any between the actual results and estimates is recognised in which the results are known / materialized.

**3. Revenue**

Revenue is recognized in accounts in accordance with Accounting Standard-7 'Accounting for Construction Contracts' issued by Institute of Chartered Accountants of India. The method of recognition is on percentage completion basis. Revenue is recognized under Percentage Completion Method on the basis of proportion that contract costs incurred for work performed up to the reporting date bears to the estimated total contract costs.

Revenue from ship repair is recognized on the basis of job completion.

**4. Fixed Assets****Tangible Assets:**

Fixed Assets are recorded at Cost. Cost is purchase cost and in the case of Freehold Land, includes development cost incurred, together with all incidental costs of acquisition, borrowing costs and other related internal costs and is netted of for Cenvat and Value Added Tax.

Profit/Loss on disposal of fixed assets is recognised in the Profit and Loss Account.

**Intangible Assets:**

Intangible assets are recognized and accounted at cost in accordance with Accounting Standard-26 'Intangible Assets' issued by Institute of Chartered Accountants of India.

**5. Capital Work In Progress**

All expenditure, including advances given relating to development of land, buildings, dry docks and plant & machinery etc. are accumulated and shown as capital work-in-progress till the completion of such activities.

**6. Borrowing costs**

Borrowing Costs attributable to the acquisition and construction of the Qualifying Assets, which takes substantial period of time to get ready for its intended use, are capitalized as part of the cost of respective assets up to the date when such asset is ready for its intended use. Other Borrowing costs are charged to the Profit and Loss account.

**7. Depreciation and Amortisation**

- a) Freehold land is not depreciated. Leasehold land is amortised equally over the period of lease.
- b) Dry Docks (included in Plant & Machinery) and Dry Docks Civil Works (included in Factory Building) and Jetty are depreciated on Straight Line Method in accordance with Accounting Standard - 6 'Depreciation Accounting' of the Institute of Chartered Accountants of India at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- c) Other assets are depreciated on Written Down Value Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- d) Depreciation on additions / deletions to Fixed Assets made during the year is provided on pro-rata basis from or up to date of such additions / deletions as the case may be.
- e) Depreciation on amounts added on revaluation is recouped from Revaluation Reserve
- f) Intangible assets are stated at cost less accumulated amortisation.
- g) Software is amortised over a period of five years.

**8. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. The company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the profit and loss account. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## 9. Employees' Benefits

Provident Fund: Provident Fund contributions are made as per a defined contribution scheme and the contribution of company is charged to Profit and Loss account of the year when become due. The company has no other obligation other than to contribute and deposit the contribution to respective authorities.

Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

Long term employee benefits are recognized as an expense in the Profit & Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of long term benefits are charged to the Profit and Loss account.

## 10. Valuation of Inventory

Inventories of spares, consumables, components are valued at lower of cost and net realizable value. Cost represents purchase cost and other incidental costs, if any. Cost of inventories is computed on Weighted Average/ FIFO basis.

## 11. Work in Progress and Cost Allocation

Each construction contract is considered as a cost center and all costs directly identifiable to the Contract are charged on actual basis. Indirect miscellaneous costs are also allocated to the various contracts using appropriate overhead recovery method. Contract work-in-progress is valued at cost, including therein profit or loss arrived at in accordance of Accounting Standard -7 'Accounting for Construction Contracts'

## 12. Foreign Currency Transactions

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities are translated at the year end using closing rate if remain unsettled at the year end. Non monetary foreign currency items are carried at cost.

The resulting gain or loss on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account.

The Company has w.e.f. 07<sup>th</sup> December,2006 chosen to apply notification issued by Companies (Accounting Standard) Amendment Rules 2009 GSR 225 (E) dated 31.03.2009 as regards monetary long term assets and liabilities. Consequently, the resulting gain or loss on account of exchange difference on settlement or on translation is so far as they relate to depreciable assets is added or deducted from the cost of the asset.

## 13. Derivative Accounting

During the year ended 31<sup>st</sup> March, 2008, The Institute of Chartered Accountants of India has issued an announcement on 'Accounting for Derivatives' inter alia requiring provision for losses on all derivative contracts outstanding at the balance sheet date by marking them to market keeping in view the principle of prudence, other than for forward contracts to which Accounting Standard (AS) 11- 'The Effect of Change in Foreign Exchange Rates' is applicable. The Company has entered into Forward Contracts to hedge a firm commitment or a highly probable forecast transaction to which AS-11 is not applicable and hence, the Company has applied aforesaid announcement. Premium paid on forward contracts is recognized in the year of entering of contract.

## 14. Government Subsidy

Government subsidy related to shipbuilding contracts are recognized on compliance with the relevant conditions and is recognized in the Profit and Loss account and presented under 'Revenue from Operations'.

## 15. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments / receipts are recognized as an expense / income in the Profit and Loss Account on a straight-line basis over the lease term.

## 16. Provisions for Current and Deferred Tax

Provision for Current Tax is made on the basis of taxable income under the provision of the Income Tax Act, 1961.

Deferred Tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

In accordance with the guidance note issued by Institute of Chartered Accountants of India, the Company recognises MAT Credit as an asset only to the extent, the probability exists that the Company will become liable to pay normal Income Tax during the specified period as per provision of the Income Tax Act, 1961.

## 17. Provisions, Contingent Liabilities and Contingent Assets

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material, are disclosed by way of Notes to Accounts. Contingent Assets are not recognized/ disclosed.

**18. Investments**

Long Term investments are stated at cost. Cost includes incidental expenses of acquisition. Decline in value of investment other than of temporary nature is recognised in Profit & Loss account.

**II. NOTES TO THE ACCOUNTS**

1. Contracts remaining to be executed on capital account and not provided for, are estimated at ₹ 177.70 crores (P.Y ₹ 239.37 crores).

2. (a) Contingent liability not provided for : ₹ in crores

Particulars	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
In respect of Performance/ Delivery Guarantees given by banks to the buyers	58.17	77.79
Corporate guarantees to banks in respect of facilities granted to Group companies	1066.95	993.81
Other bank guarantees	32.30	11.18
Claims against the company not acknowledged as debts	0.79	0.34
Claims in respect of indirect taxes.	2.58	-

- (b). Contingencies provided for in accordance with AS 29 issued by the Institute of Chartered Accountants of India: ₹ 0.85 crores (P. Y. ₹ 0.50 crores) ₹ in crores.

Carrying amount as on 01.04.2010.	1.40
Provision during the year.	0.85
Amounts incurred and charged against the provision.	(0.17)
Unused amount reversed during the year.	-
Closing Balance	2.08

The contingencies provided are in respect of estimated warranties on sold hulls.

3. In the opinion of the management, Current Assets, Loans and Advances have value in realisation in the ordinary course of business at least equal to the amount at which they are stated.

4. Following amount, when due shall be deposited to the 'Investors' Education and Protection Fund': ₹ in crores

Particulars	2010-11	2009-10
Share Application Money	0.11	0.11
Unpaid Dividends	0.10	0.08

5. On the basis of the report of Chartered Engineers and Government approved Valuers, the Company had revalued the Freehold Land, Factory Building, Other Building and Dry Docks on 30<sup>th</sup> June, 1994 and again on 30<sup>th</sup> June 2002 and consequently an amount of ₹10.90 crores and ₹ 59.99 crores respectively being the differences between the amount of fair market value of the same and depreciated value as per books as on those dates, have been added to the value of Fixed Assets and corresponding credit shown as Revaluation Reserve.

Consequent to the revaluation there is an additional depreciation of ₹ 1.44 crores (Previous year ₹ 1.52 crores), which has been withdrawn from Revaluation Reserves and credited to Profit and Loss account.

6. The company has chosen to avail the option under AS-11 notification issued by Companies (Accounting Standard) Amendment Rules 2009 GSR 225 (E) dated 31.03.2009 issued by Ministry of Corporate Affairs.

The company has exercised the option with respect to long term monetary liabilities viz Foreign currency term loan availed by it. The company has no other long term monetary Assets / Liabilities.

Due to the exercise of aforesaid option, the impact on Profit & Loss Account for the year is (loss) ₹ 2.56 crores (P.Y. loss ₹17.65 crores) which has been credited/capitalized to CWIP.

7. Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED"):

The Company has no amounts due to suppliers under MSMED as at 31<sup>st</sup> March, 2011 (P. Y. ₹ 0.54 crores).

Particulars	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Principal amount due to suppliers under MSMED	-	0.54
Interest accrued and due to suppliers under MSMED on the above amount unpaid.	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under the MSMED	-	-
Interest due and payable to suppliers under MSMED towards payment already made.	-	-

Note : The information relates to such vendors identified as micro, small and medium enterprises as per information available with the Company.

8. Exchange fluctuation included in the Profit and Loss account - loss ₹ 100.54 crores and gain of ₹. 90.05 crores (P.Y. loss ₹ 10.60 & gain 2.25 crores) out of which loss (net) ₹ 6.31 crores is related to material included in consumption. (P.Y. loss (net) ₹ 10.60 crores). Forward cover loss included in Profit and Loss account ₹ 2.88 crores. (P.Y gain ₹ 23.77 crores).
9. The company has availed exemption vide Notification No S.O 301 (E) dated 08<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs exempting Export Oriented companies whose export is more than 20% of the total turnover from disclosure of paragraphs 3(i)(a) and 3(ii)(a) of Part-II of Schedule VI of the Companies Act 1956.
10. Information in respect of Capacities and Production:

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
i) Licensed capacity	Not Applicable	Not Applicable
ii) Installed capacity	Not Ascertainable	Not Ascertainable
iii) Production		
- Ships & Barges (Nos.)	16	13

11. i) Value of goods imported on C.I.F. basis :

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a) Capital Goods	17.57	232.46
b) Raw Materials Steel	44.41	374.01
c) Components & Others	588.26	647.89

- ii) Consumption of Steel and Components during the year:

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011		31 <sup>st</sup> March 2010	
	₹ in crores	%	₹ in crores	%
Raw Materials (Steel) :				
a) Imported	97.60	11.13	0.88	0.07
b) Indigenous	22.12	2.52	141.33	11.71
Components & Spare Parts :				
a) Imported	618.12	70.49	686.40	56.87
b) Indigenous	139.13	15.86	378.28	31.35

- iii) Earnings/ expenditure in foreign exchange (on accrual basis):

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Earnings:		
Export Sales on FOB basis	511.63	165.28
Expenditure:		
Legal & Professional Fee	4.91	4.72
Advertisement and Business Promotion	34.54	33.22
Interest & Other Charges	22.88	54.05
Travelling and Other Matters	0.28	0.89

- iv) Remittance of dividend in foreign currency:

The company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non resident shareholders. The particular of dividend declared and paid to non resident shareholders during the year are as under

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Non resident Shareholders (Nos.)	665	682
Equity shares held (Nos.)	6089258	9569505
Dividend paid relating to previous year (₹ in crores)	2.44	1.91

**12. Managerial Remuneration :**

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Salary	0.81	0.79
Benefits and Allowances	0.63	0.62
Contribution to Provident and other funds	0.05	0.05
Sitting Fees	0.01	0.01
TOTAL	1.50	1.47

**Notes:**

- The employee wise breakup of liability on account of retirement schemes based on actuarial valuation is not ascertainable. The amounts relatable to the Directors' therefore, disclosed in the year of payment.
- Sitting fee to non executive director ₹ 0.01 crores (P.Y ₹ 0.01 crores) included in office expenses.

**13. Auditors' Remuneration**

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Audit Fee	0.30	0.30
Tax Audit Fee	0.05	0.05
Certification and other Professional Services	0.11	0.10
Service Tax	0.05	0.05

**14. Disclosure in respect of Operating Leases (Assets taken on lease):**

- The company has taken commercial / residential premises under cancellable operating leases. The lease agreements are usually renewable by mutual consent on mutually agreeable terms.
  - The expenses in respect of operating leases are accounted in General, Administration & Selling Expenses under Schedule-16.
15. The disclosures required under Revised Accounting Standard 15 'Employee Benefits' notified in the Companies (Accounting Standards) Rules 2006, are given below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Employer's Contribution to Provident Fund	2.47	2.07
Employer's Contribution to Pension Scheme	0.62	0.57

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by SBI Life Insurance is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in same manner as gratuity.

₹ in crores

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
Defined Benefit obligation at the beginning of the year	4.08	3.23	3.75	2.96
Current Service Cost	0.64	0.64	0.68	0.18
Interest Cost	0.33	0.26	0.30	0.19
Actuarial (gain) / loss	(0.34)	0.08	0.18	0.56
Benefits paid	(0.49)	(0.13)	(1.11)	(0.14)
Defined Benefit obligation at the year end	4.22	4.08	3.80	3.75

<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>				
Fair value of plan assets at beginning of the year	0.92	0.89		
Expected return on plan assets	0.07	0.07		
Actuarial gain/(loss)	(0.02)	0.08	-	-
Employer contribution	-	-	-	-
Benefits Paid	(0.49)	(0.13)		
Fair value of plan assets at the year end	0.48	0.91	-	
<b>c. Reconciliation of fair value of assets and obligations</b>				
Fair value of plan assets as at Year End	0.48	0.91	-	
Present value of obligation as at Year end	4.22	4.08	3.80	3.75
Amount recognised in Balance Sheet	3.74	3.17	3.80	3.75
<b>d. Expenses recognised during the year</b>				
Current Service Cost	0.64	0.64	0.68	0.18
Interest Cost	0.33	0.26	0.30	0.19
Expected return on plan assets	(0.07)	(0.07)	-	-
Actuarial (gain) / loss	(0.32)	*(0.00)	0.18	0.56
Net Cost	0.58	0.83	1.16	0.93
<b>e. Investment Details</b>	% invested			
	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010		
SBI Group Gratuity (Cash Accumulation) Policy	100	100	-	-
<b>f. Actuarial Assumptions</b>	1994-96 (Ultimate)		1994-96 (Ultimate)	
Mortality Table (L.I.C)				
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%	5.00%	6.00%
Rate of escalation in salary (per annum)	5.00%	6.00%	5.00%	6.00%

\* Amount less than 0.01 crore.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary and relied upon by auditors.

**16. The Deferred tax liability comprises the following:**

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>a. Deferred Tax Liabilities</b>		
On account of timing difference of depreciation	24.82	5.96
On account of profit on Projects under construction	413.86	325.65
<b>b. Deferred Tax Assets</b>		
On account of gratuity liability	1.24	1.08
On account of Leave encashment liability	1.27	1.27
On account of expenses allowable on delivery of ships	21.50	13.43
On account of Losses allowed in future	11.37	-
<b>c. Deferred Tax Liabilities (Net)</b>	<b>403.30</b>	<b>315.83</b>

**17. Disclosure in accordance with 'AS -7 Accounting for Construction Contracts' issued by the Institute of chartered Accountants of India:**

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a. Contract revenue recognized as revenue for the year	1884.80	1574.22
b. Contract cost incurred and recognized profits	4977.21	3823.64
c. Advances received from above customers	3721.18	2653.21
d. Gross amount due from customers for contract work	1256.03	1419.01
e. Gross amount due to customers for contract work	2239.19	248.58

The Gross amount due from customers reflects the net amount for all contracts in progress for which cost incurred plus recognised profit (less recognised losses) exceeds progress billing.



The Gross amount due to customers reflects the net amount for all contracts in progress where progress billing exceeds cost incurred plus recognised profits (less recognised losses).

During the year, advances from customers to the extent of work done amounting to ₹ 3721.18 crores is adjusted against Work in Progress in Schedule 7. Advances received in excess of work done and advances pending commencement of work are disclosed in Current Liabilities under Advances from Customers in Schedule 11.

**18. Calculation of Earning Per Share (EPS):**

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Net Profit as per Profit and Loss Account (₹ in crores)	188.80	228.92
Weighted Average number of Equity shares of ₹ 10/- each fully paid up.	50921801	50921801
Earning Per Equity Share of ₹10/- each fully paid up. (Basic and Diluted) (Rupees)	37.08	44.96

**19. Investment - Partnership Firm**

Details of Partners, capital and shares in the firm are as under:

₹ in crores

Details of Investment in partnership firm Vipul Shipyard , Surat	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Capital Account	5.82	5.82
Current Account	28.48	22.35
Total Capital of Vipul Shipyard	5.84	5.84
Partners details	Share in the profits/ losses	Share in the profits/ losses
ABG Shipyard Ltd.	1.00%	1.00%
ABG International Pvt. Ltd and Second Land Developers Pvt. Ltd	98.00%	98.00%
Dinesh Parshuram Amin	0.25%	0.25%
Parshuram Maganbhai Amin	0.25%	0.25%
Kusumben Vishnubhai Amin	0.50%	0.50%

**20. Details of Capital work in progress:**

₹ in crores

Particulars	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>A Ship and Rig Yard</b>		
Land , Building and Site development	289.87	236.52
Plant & Machinery :		
Main Plant & Machinery	463.00	473.92
Cranes	45.08	41.46
Jetty	53.32	21.26
Others	127.52	2.22
Advances to vendors & Goods in Transit	299.36	305.49
Sub Total	1,278.15	1080.87
Preoperative expenses ( Pending Allocation ) :		
Rent	4.64	3.89
Travelling & Conveyance	8.95	8.87
Finance Charges (Refer note no.6)	336.48	218.96
Personnel Expenses	17.37	18.34
Communication Expenses	0.48	0.48
Professional & Technical Fees	10.79	11.08
Depreciation	30.48	30.48
Other Site Expenses	5.45	9.76
Sub Total	414.64	301.86
Total	1692.79	1382.73
<b>B. Ships</b>	72.58	72.58
Total	1765.37	1455.31
Less: Capitalised/Adjusted during the year	413.60	79.87
Grand Total	1351.77	1375.44

During the year, ₹ 341.02 crores ( P. Y. 79.87 crores) pertaining to completed assets ready to be put to use has been capitalized along with proportionate expenditure. The capitalization of proportionate expenditure is based on technical evaluation of the project by an independent valuer.

Out of total deletion to CWIP, Ships amounting to ₹ 72.58 crores is transferred from CWIP to inventory due to availability of customer against the same.

21. The company primarily operates in one business segment only i.e. manufacturing which is the only reportable segment. There is no other segment which satisfies the threshold limit as per Accounting Standard -17, issued by Institute of Chartered Accountants of India.

Secondary segment (Geographical Segments):

₹ in crores.

Segments	Domestic		Overseas		Total	
	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Revenue [as per AS 7 (revised)]	578.81	534.53	1,498.28	1273.14	2077.09	1,807.67

## 22. Information on Foreign Currency Exposure:

- (a) Outstanding forward exchange contracts/ options entered by the company for the purpose of hedging its foreign currency exposures are as under:

₹ in crores

Currency	Cross Currency	Buy	
		31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
EURO	USD	1.32	2.83
JPY	USD	3.82	3.82
NOK	USD	-	0.16

No instruments are acquired for speculation purpose.

- (b) Foreign Currency exposure that is not hedged by derivative instruments is as under:

₹ in crores

Currency	Buy	
	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
AUD	*0.00	0.07
EURO	0.36	0.35
USD	19.85	8.82
NOK	8.93	10.33
SEK	0.48	1.51
JPY	2.64	5.19
CAD	-	*0.00
AED	*0.00	*0.00
SGD	0.17	0.23

\* Amount less than 0.01 crore

## 23. Related Parties Disclosure as per Accounting Standard (AS) 18:

### A. LIST OF RELATED PARTIES:

<b>Holding Company</b>	ABG International Private Limited
<b>Subsidiary / Controlling Stake</b>	Western India Shipyard Limited (w.e.f. 14th October, 2010) ABG Shipyard Singapore Pte. Limited Vipul Shipyard (Partnership Firm)
<b>Fellow Subsidiary Companies</b>	ABG Cement Limited PFS Shipping (India) Limited ABG Foods Private Limited ABG Acqafarm Private Limited ABG Engineering & Construction Limited Tirupati Landmark Private Limited (formerly B. F. Engineering Pvt. Ltd.) ABG Energy Limited Eleventh Land Developers Private Limited ABG Resources Private Limited (formerly Second Land Developers Pvt Ltd) Abhishek Mercantile Private Limited Niyati Mercantile Private Limited

<b>Companies over which Directors / relatives are able to exercise Significant Influence</b>	ABG Infralogistics Limited ABG Power Private Limited ABG Cranes Private Limited Varada Marine Pte. Limited (Along with its SPV's) (formerly PFS Shipping (Singapore) Pte. Limited) ABG Motors Limited ABG Business Ventures Pte. Limited, Singapore Banal Investment & Trading Private Limited Jarrow Finance & Trading Private Limited Onaway Industries Limited Agbros Leasing & Finance Private Limited
<b>Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence.</b>	Shri. Rishi Agarwal
<b>Key Management Personnel</b>	Shri. Ram Swaroop Nakra Major Arun Phatak

**B. TRANSACTIONS WITH RELATED PARTIES:**

₹ in crores

Particulars	Holding Company	Subsidiary / Controlling Stake	Fellow Subsidiaries	Co. over which Directors / relatives are able to exercise significant influence	Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence	Key Management Personnel	Total
31 <sup>st</sup> March 2011							
<b>Income:</b>							
PFS Shipping (India) Ltd. 71.32 (133.81)	-	-	71.32	139.32		-	210.64
Varada Marine Pte. Ltd 139.32 (0.00)	-	-	(133.81)	(0.00)		-	(133.81)
<b>Expenses :</b>							
Banal Investments & Trading Pvt. Ltd. 0.80 (0.00)	-	0.07	0.08	1.25	0.62	1.49	3.51
Shri Rishi Agarwal 0.62 (0.00)	-	(0.00)	(0.08)	(0.32)	(0.00)	(1.43)	(1.83)
Shri. R. S. Nakra 0.96 (0.93)							
Major Arun Phatak 0.53 (0.50)							
<b>Share of Profit /(Loss) in Partnership</b>							
Vipul Shipyard -Profit *0.00 (loss 0.24)	-	*0.00	-	-	-	-	*0.00
	-	(0.24)	-	-	-	-	(0.24)
<b>Investments</b>							
ABG Shipyard Singapore Pte Ltd. 191.63 (0.03)	-	191.63	-	4.61	-	-	196.24
	-	(0.03)	-	(0.00)	-	-	(0.03)
<b>Sale of Shares</b>							
Eleventh Land Developers Pvt. Ltd. 91.92 (0.00)	0.01	-	91.92	-	-	-	91.93
	(0.01)	-	(0.00)	-	-	-	(0.01)
<b>Purchase of assets</b>							
ABG Cement Ltd.	-	-	0.14	-	-	-	0.14
	-	-	(0.00)	-	-	-	(0.00)
<b>Sale of assets</b>							
PFS Shipping (India) Ltd.	-	-	0.25	-	-	-	0.25
	-	-	(0.00)	-	-	-	(0.00)
<b>Finance</b>							
<b>Advances Given / Repaid</b>							
ABG Engineering & Construction Ltd. 122.05 (0.00)	12.43	22.39	193.06	0.02	-	-	227.90
ABG Resources Pvt. Ltd. 49.73 (0.00)	(0.46)	(373.55)	(419.28)	*(0.00)	-	-	(793.29)
<b>Advances Taken / Refunded</b>							
ABG Shipyard Singapore Pte. Ltd. 176.44 (0.00)	1.89	211.99	43.18	0.02	-	-	257.08
Western India Shipyard Ltd. 35.50 (0.00)	(3.58)	(0.27)	(108.88)	(0.00)	-	-	(112.73)
ABG Resources Pvt. Ltd. 40.11 (0.00)							
<b>Stage Payment Received</b>							
Varada Marine Pte. Ltd. 339.09 (173.92)	-	-	229.22	339.09	-	-	568.31
PFS Shipping (India ) Ltd. 229.22 (171.07)	-	-	(171.07)	(173.92)	-	-	(344.99)
<b>Guarantees Taken</b>							
ABG International Pvt. Ltd.	0.00	-	-	-	-	-	0.00
	(118.61)	-	-	-	-	-	(118.61)
<b>Guarantees Given</b>							
ABG Business Ventures Pte. Ltd.	-	-	-	445.95	-	-	445.95
	-	-	-	(0.00)	-	-	(0.00)

₹ in crores

Particulars	Holding Company	Subsidiary / Controlling Stake	Fellow Subsidiaries	Co. over which Directors / relatives are able to exercise significant influence	Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence	Key Management Personnel	Total
31 <sup>st</sup> March 2011							
<b>Outstanding Balances as on 31st March 2011</b>							
Loans and Advances Receivables	6.44 (0.00)	61.90 (390.35)	145.43 (9.81)	0.35 (0.44)	- -	- -	214.12 (400.60)
Loans and Advances Payables	0.00 (4.10)	- -	0.00 (35.00)	- -	- -	- -	0.00 (39.10)
Accommodation Deposits	- -	- -	75.00 (5.00)	5.00 (5.00)	- -	- -	80.00 (10.00)
Payables	- -	- -	212.08 (55.00)	761.14 (572.73)	- -	- -	973.22 (627.73)
Receivables	- -	- -	34.03 (17.71)	35.54 (50.74)	- -	- -	69.57 (68.45)
Guarantees Outstanding	- -	55.00 (0.00)	130.00 (130.00)	1,248.66 (820.44)	- -	- -	1,433.66 (950.44)

\*Amount less than 0.01 crore

**Notes :**

- Related Parties have been identified by the management and relied upon by the auditors.
- Previous Years figures are shown in brackets.
- Names of the Related Parties have been given in cases where the amount of transaction exceeds 10% of the total related party transactions of the same type.
- The Company has firm commitments in foreign exchange as regards both its payables and receivables. The company has applied the principle of Hedge Accounting contained in Accounting Standard 30 for its net firm commitment in receivable and payables in foreign exchange. In view of the same, Mark to Market difference as on 31<sup>st</sup> March 2011 of ₹ 6.21 crore (P. Y 20.08 crore) on payables does not have any material impact on the financial statement, as the receivables are higher than the payables.
- Details of investments purchased and /or sold during the year:

Name of the Investment Non Trade	Face Value	No. of Shares	₹		No. of Shares	₹		
			in crores			in crores		
			Purchased		Sold			
Equity Shares in Great Offshore Ltd.	₹10/-	-	-	-	4423719	212.74		
Units of Principal Monthly Income Fund	₹10/-	-	-	-	906503	0.98		
Equity Share in Eleventh Land Developers Pvt. Ltd.	₹10/-	-	-	-	10000	0.01		
Equity Share in Western India Shipyard Ltd.	₹ 2/-	177550000	35.51		307125	0.25		
Equity Shares in ABG Business Ventures Pte.Ltd.	SGD 1/-	1355002	4.61		1084000	3.72		
Preference Shares in ABG Shipyard Singapore Pte. Ltd.	USD 1/-	4297100	191.63		-	-		

Note : 22465200 Equity share of the subsidiary - Western India shipyard Ltd. have been pledged with banks in respect of facilities availed by such subsidiary company from the banks .

- The figures for the previous year have been arranged/rearranged/regrouped wherever considered necessary.

**For NISAR & KUMAR**

 Chartered Accountants  
 F. R. No. 107117W

**M. N. Ahmed**

Partner

M. No 18380

Mumbai

 Dated :30<sup>th</sup> May 2011

**For and on behalf of the Board**
**R.S.Nakra**

Managing Director

**Major Arun Phatak**

Executive Director

**Dhananjay Datar**

Chief Financial Officer

**Ch. Rajashekhar Reddy**

Company Secretary

**Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.**
**Balance Sheet abstract and the Company's General Business Profile.**

<b>I. Registration No.</b>	7730
State Code	04
Balance Sheet date	31 <sup>st</sup> March, 2011
CIN	L61200GJ1985PLC007730
	<b>₹ (in crores)</b>
<b>II. Capital raised during the year</b>	
Public issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
<b>III. Position of Mobilisation and Deployment of Funds</b>	
Total Liabilities	4,079.99
Total Assets	4,079.99
<b>Source of Funds</b>	
Paid up Capital	50.92
Reserves & Surplus	1,234.69
Secured Loans	1,774.97
Unsecured Loans	616.11
<b>Application of Funds</b>	
Net Fixed Assets	2,267.15
Investments	233.85
Net Current Assets	1,578.99
Miscellaneous Expenditure	-
Deferred Tax Liability (Net)	(403.30)
<b>IV. Performance of the Company</b>	
Turnover	2,081.04
Total Expenditure	1,800.83
Profit (Loss) before Tax	280.21
Profit (Loss) after Tax	188.80
Earning per share (₹)	37.08
<b>V. Generic Names of principal products, services of the Company</b>	
<b>Item Code No.</b>	<b>Product Description</b>
1. 89040000	Tugs and Pusher Crafts
2. 89019001	Bulk Carriers
3. 89059009	Floating Cranes
4. 84283100	Jack-up Drilling Rigs

**For and on behalf of the Board**

**R.S.Nakra**  
Managing Director

**Major Arun Phatak**  
Executive Director

**Dhananjay Datar**  
Chief Financial Officer

**Ch. Rajashekhar Reddy**  
Company Secretary

Mumbai  
Dated :30<sup>th</sup> May 2011

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary company**

S.N.	Particulars / Name of subsidiary	Western India Shipyard Ltd.	ABG Shipyard Singapore Pte. Ltd.
1	The financial year of the subsidiary ended on	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2011
2	Date from which it became subsidiary company	14 <sup>th</sup> October, 2010	08 <sup>th</sup> February, 2010
3	Number of shares in the subsidiary company held by ABG Shipyard Ltd. as on 31 <sup>st</sup> March 2010	177242875	10000
	Equity Shares	of the face value of ₹ 2/- each fully paid up	of the face value of Singapore Dollar 1/-each fully paid up
	Preference Shares	-	4297100 of USD 1 each fully paid up.
4	Extent of holding by ABG Shipyard Ltd.	60.15%	100%
5	The net aggregate amount of subsidiary company's profit /(loss) so far as it concerns to member of holding company		
5.1	Not dealt with the holding company 's accounts :	₹ in crores	₹ in crores
5.1.1.	For the financial year ended 31 <sup>st</sup> March 2011	4.36	0.30
5.1.2.	For the previous years since they became subsidiary	NA	(0.00)*
	<small>* Amount less than 0.01 crore</small>		
5.2	Dealt with the holding company 's accounts :		
5.2.1	For the financial year ended 31 <sup>st</sup> March 2011	NIL	NIL
5.2.2.	For the previous years since they became subsidiary	NA	NIL
6	Change in interest of ABG Shipyard Ltd. in the subsidiary between the end of financial year of subsidiary company and end of ABG Shipyard Ltd.	NA	NA
7	Material change between the end of financial year of subsidiary and end of ABG Shipyard Ltd. in respect of the following :		
	Fixed Assets	NIL	NIL
	Investments	NIL	NIL
	Money lent by the subsidiary company	NIL	NIL
	Money borrowed by the subsidiary company (other than current liabilities)	NIL	NIL

**Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary company.**

₹ in crores

Name of the Subsidiary	Western India Shipyard Ltd.	ABG Shipyard Singapore Pte. Ltd.
a. Capital	58.93	19.20
b. Reserves	(48.04)	175.44
c. Total Assets	172.17	194.64
d. Total Liabilities	172.17	194.64
e. Details of Investments		
5000 Shares in Janata Sahakari Bank Ltd. of ₹ 100/- each.	0.05	
434532.6111 (P.Y. 808500) Units in Emerging Markets Diversified Fund of Standard Chartered Trust (Cayman) Limited of Face Value USD 100 per unit.		193.78
f. Turnover	59.33	3.06
g. Profit before Taxation	7.25	3.05
h. Provision for Taxation	Nil	Nil
i. Profit after Taxation	7.25	3.05
j. Proposed Dividend	Nil	Nil

## Auditor's Report to the Board of Directors of ABG Shipyard Limited on the Consolidated Financial Statements of ABG Shipyard Limited.

1. We have audited the attached Consolidated Balance Sheet of ABG Shipyard Limited and its Subsidiaries (together the Group) as at 31<sup>st</sup> March, 2011, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated 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.
2. 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 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.
3. We did not audit the financial statements of Western India Shipyard Limited, subsidiary of ABG Shipyard Limited, whose financial statements reflect total assets of ₹ 172.17 crores as at 31<sup>st</sup> March, 2011, total revenue of ₹ 59.33 crores for the period ended as on that date, and net cash outflow amounting to ₹ 0.64 crores for the period ended as on that date, as considered in the consolidated financial statements. These financial statements have been audited by another auditor whose report has been furnished to us and our opinion is so far as it relates to the amounts included in respect of Western India Shipyard Limited are based solely on the report of another auditor.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with requirements of Accounting Standard (AS) 21 - "Consolidated Financial Statements", as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries 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:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2011;
  - b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Nisar & Kumar**  
Chartered Accountants  
F. R. No. 107117W

Place: Mumbai  
Date : 30<sup>th</sup> May, 2011

**M. N. Ahmed**  
(Partner)  
M. No. 18380

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011**

	SCH	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>I. SOURCES OF FUNDS</b>			
1. Share Holders' Funds			
a. Share Capital	1	50.92	50.92
b. Reserves & Surplus	2	1,239.80	1,060.34
		<u>1,290.72</u>	<u>1,111.26</u>
2. Minority Interest		4.34	-
3. Loan Funds			
a. Secured Loans	3	1,926.26	2,237.44
b. Unsecured Loans	4	616.11	660.00
		<u>2,542.37</u>	<u>2,897.44</u>
4. Deferred Tax Liability (net)		403.30	315.83
		<u>4,240.73</u>	<u>4,324.53</u>
<b>II. APPLICATION OF FUNDS</b>			
1. Fixed Assets			
a. Gross Block	5	1,365.44	737.74
Less : Accumulated Depreciation		<u>342.18</u>	<u>137.96</u>
Net Block		1,023.26	599.78
b. Capital Work in Progress		<u>1,357.49</u>	<u>1,375.44</u>
		<u>2,380.75</u>	<u>1,975.22</u>
2. Investments	6	200.57	609.31
3. Current Assets Loans & Advances			
a. Inventories	7	2,489.51	1,066.07
b. Sundry Debtors	8	163.60	72.04
c. Cash & Bank Balances	9	664.94	28.38
d. Loans & Advances	10	1,818.37	1,620.74
		<u>5,136.42</u>	<u>2,787.23</u>
4. Current Liabilities & Provisions			
a. Current Liabilities	11	3,411.85	978.76
b. Provisions		65.16	68.47
		<u>3,477.01</u>	<u>1,047.23</u>
Net Current Assets		<u>1,659.41</u>	<u>1,740.00</u>
		<u>4,240.73</u>	<u>4,324.53</u>
Significant Accounting Policies & Notes to Consolidated Accounts	19		

As per our report of even date  
**For NISAR & KUMAR**  
 Chartered Accountants  
 F. R. No. 107117W

**M. N. Ahmed**  
 Partner  
 M. No 18380

Mumbai  
 Dated :30<sup>th</sup> May 2011

**For and on behalf of the Board**

**R.S.Nakra**  
 Managing Director

**Major Arun Phatak**  
 Executive Director

**Dhananjay Datar**  
 Chief Financial Officer

**Ch. Rajashekhar Reddy**  
 Company Secretary



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	SCH	Year ended 31.03.2011 ₹ in Crores	Year ended 31.03.2010 ₹ in Crores
<b>INCOME</b>			
Revenue from Operations	12	2,136.90	1,812.44
Other Income	13	5.44	14.87
		<u>2,142.34</u>	<u>1,827.31</u>
<b>EXPENDITURE</b>			
Consumption of Raw Materials & Components		884.66	1,162.08
Manufacturing Expenses	14	213.74	149.40
Personnel Expenses	15	72.89	48.10
General Administration and Selling Expenses	16	173.16	126.17
Interest (net)	17	145.78	161.40
(Increase)/Decrease in Work In Progress	18	274.35	(145.78)
(Profit) /Loss on sale of Investments		21.00	(29.25)
		<u>1,785.58</u>	<u>1,472.12</u>
Profit before Depreciation		356.76	355.19
Depreciation & Amortisation			
Total Depreciation & Amortisation for the year		69.91	40.21
Less : Withdrawn from revaluation reserve		1.44	1.52
		<u>68.47</u>	<u>38.69</u>
<b>Profit before Tax</b>		<b>288.29</b>	<b>316.50</b>
Less: Provision for Taxation			
Current Tax		58.61	55.62
Deferred Tax		87.47	93.83
Income tax adjustments of earlier years		1.03	(3.02)
MAT Credit Entitlement		(55.70)	(48.05)
		<u>91.41</u>	<u>98.38</u>
<b>Profit after Tax</b>		<b>196.88</b>	<b>218.12</b>
Less : Minority Share		2.89	-
<b>Profit after Tax and Minority Share</b>		<b>193.99</b>	<b>218.12</b>
Balance brought forward from earlier years		372.84	323.55
Add: Loss of previous year of discontinued subsidiary		10.72	
Amount Available for Appropriation		<u>577.55</u>	<u>541.67</u>
Less: Transferred to Debenture Redemption Reserve		92.00	25.00
Less: Transferred to General Reserves		40.00	120.00
Less: Proposed Dividend		20.37	20.37
Less: Tax on Dividend		3.38	3.46
<b>Balance carried to Balance Sheet</b>		<b><u>421.80</u></b>	<b><u>372.84</u></b>
Earning per share (Basic) in Rupees of face value of ₹10 /- each (Refer Note No. 13 of Notes to Consolidated Accounts)		38.10	42.84
Significant Accounting Policies & Notes to Consolidated Accounts	19		

As per our report of even date

**For NISAR & KUMAR**

Chartered Accountants

F. R. No. 107117W

**M. N. Ahmed**

Partner

M. No 18380

Mumbai

 Dated :30<sup>th</sup> May 2011

**For and on behalf of the Board**
**R.S.Nakra**

Managing Director

**Major Arun Phatak**

Executive Director

**Dhananjay Datar**

Chief Financial Officer

**Ch. Rajashekhar Reddy**

Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

	Year ended 31.03.2011 ₹ in Crores	Year ended 31.03.2010 ₹ in Crores
<b>A. Cash Flow From Operating Activities :</b>		
<i>Net Profit (Loss) before extraordinary items &amp; taxation</i>	288.29	316.50
<i>Adjustments for :</i>		
Depreciation	68.47	38.69
Interest (net)	145.78	160.73
Dividend Income	(0.50)	(0.66)
Effect of exchange rate change	34.75	(2.86)
Loss/(Profit) on Sale of Assets (net)	0.21	2.90
Loss/(Profit) on Sale of Investments	17.94	(32.71)
W/off of Miscellaneous Expenses		
<b>Operating Profit before working capital changes</b>	<b>554.94</b>	<b>482.59</b>
<i>Adjustments for :</i>		
Inventories	(1,055.79)	(1,268.08)
Trade Receivables	(54.14)	(34.17)
Trade Advances	66.19	77.69
Trade Payables	151.78	(189.18)
Stage Payments from Customers (net)	1,893.87	1,405.91
<i>Cash generated from Operations</i>	<i>1,556.85</i>	<i>474.76</i>
Direct Taxes Paid	(65.30)	(32.86)
<b>Cash Generated From Operating activities</b>	<b>1,491.55</b>	<b>441.90</b>
<b>B. Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets including Capital Work in Progress	(363.06)	(520.61)
Sale of Fixed assets	0.79	1.65
Consideration paid on acquisition of subsidiary	(33.26)	-
Purchase of Investments	(6.85)	(771.58)
Sale/Redemption of Investments	391.06	224.34
Dividend received on Investments	0.50	0.66
<b>Cash Used In Investing Activities</b>	<b>(10.82)</b>	<b>(1,065.54)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Dividends paid	(20.34)	(10.13)
Tax on distributed profits	(3.46)	(1.73)
Proceeds from Long Term Borrowings	200.00	664.14
Proceeds from Short Term Borrowings	544.67	856.86
Repayments of Long Term Borrowings	(599.31)	(135.04)
Repayments of Short Term Borrowings	(649.00)	(237.77)
Repayment of loans/ deposits given (net)	(163.70)	(373.44)
Interest paid (net)	(146.46)	(156.78)
<b>Cash Used in/from Financing Activities</b>	<b>(837.60)</b>	<b>606.11</b>
<b>D. Effect of Exchange difference on translation of Foreign Currency</b>	<b>0.94</b>	<b>0.00*</b>
<small>* Amount less than 0.01 crore</small>		
<b>Net (decrease) / Increase in cash and cash equivalents (A + B + C + D)</b>	<b>644.07</b>	<b>(17.53)</b>
Opening Balance of Cash & Cash Equivalents	28.38	50.56
Adjustment due to new / ceased subsidiaries (net)	1.69	(2.72)
Closing Balance of Cash & Cash Equivalents	674.14	30.31
Effect of Exchange rate changes	(9.20)	(1.93)
Closing Balance of Cash & Cash Equivalents as restated	664.94	28.38

**Notes :**

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard-3 issued by the Institute of Chartered Accountants of India.
- Figures for previous year where ever necessary have been regrouped to conform to those of current year.

As per our report of even date

**For NISAR & KUMAR**  
 Chartered Accountants  
 F. R. No. 107117W

**M. N. Ahmed**  
 Partner  
 M. No 18380

 Mumbai  
 Dated :30<sup>th</sup> May 2011

**For and on behalf of the Board**
**R.S.Nakra**  
 Managing Director

**Major Arun Phatak**  
 Executive Director

**Dhananjay Datar**  
 Chief Financial Officer

**Ch. Rajashekhar Reddy**  
 Company Secretary

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b><u>SCHEDULE - 1 : SHARE CAPITAL</u></b>		
<b><u>Authorised Capital</u></b>		
100000000 (P.Y. 100000000) Equity Shares of ₹10/- each	<u>100.00</u>	<u>100.00</u>
<b><u>Issued Subscribed and Paid up</u></b>		
50921801 (P.Y. 50921801) Equity Shares of ₹10/- each fully paid up.	50.92	50.92
Out of the above :		
a) 24700000 (P.Y. 24700000) Equity Shares of ₹10/- each were issued as fully paid Bonus Shares out of Share Premium and General Reserve.		
b) 6000000 (P.Y. 6000000) Equity Shares of ₹10/- each were issued as fully paid Bonus Shares out of Revaluation Reserve in 1994-95.		
c) 30545594 (P.Y.28721598) Equity Shares of ₹10/- each are held by the holding company ABG International Pvt. Ltd.		
	<u>50.92</u>	<u>50.92</u>
<b><u>SCHEDULE - 2 : RESERVES AND SURPLUS</u></b>		
(i) Share Premium Account	235.00	235.00
(ii) Warrant Forfeiture Account	31.87	31.87
(iii) General Reserves		
As per last Balance Sheet	349.32	229.32
Add: Transfer from Profit & Loss a/c	40.00	120.00
	<u>389.32</u>	<u>349.32</u>
(iv) Revaluation Reserve		
As per last Balance Sheet	46.31	47.83
Less: Withdrawn for Depreciation for the year	1.44	1.52
	<u>44.87</u>	<u>46.31</u>
(v) Balance in Profit and Loss Account	421.80	372.84
(vi) Debenture Redemption Reserve		
As per last Balance Sheet	25.00	-
Add: Transfer from Profit & Loss a/c	92.00	25.00
	<u>117.00</u>	<u>25.00</u>
(vii) Foreign Currency Translation Reserve	(0.06)	0.00*
* Amount less than 0.01 crore		
	<u>1,239.80</u>	<u>1,060.34</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>SCHEDULE - 3 : SECURED LOANS</b>		
a. Non Convertible Redeemable Debentures (NCD)	300.00	100.00
b. <u>Term Loans - from Banks</u>		
In Foreign Currency	119.56	144.03
In Rupees	730.64	1,109.83
Interest Accrued & Due	3.19	2.28
c. <u>Working Capital Loans</u>		
(i) Export Packing Credit	521.02	330.88
(ii) Cash Credit	178.87	308.19
(iii) Short Term Loans from Banks	30.00	150.00
(iv) Interest Accrued & Due	-	1.75
d. <u>Other Loans</u>		
(i) Term Loans from financial institution	0.10	90.00
(ii) Vehicle Loans [Net of unmaturred HP charges ₹ 0.08lacs (P.Y ₹ 0.04 crores)]	0.72	0.48
e. <u>Convertible Zero Coupon Loan</u>		
(i) ICICI Bank Ltd.	42.08	-
(ii) Others	0.08	-
	<u>1,926.26</u>	<u>2,237.44</u>
1. The above loans are secured by :		
a. Non Convertible Debentures by First pari passu charge on the the company's immovable & movable fixed assets of Dahej plant .	300.00	100.00
b. Term Loan with interest by first pari passu charge on the company's immovable & movable fixed assets of Dahej plant .	658.36	884.14
c. Term loan by assets immovable and movable excluding fixed assets of Dahej plant.	86.00	172.00
d. Term Loan from IFCI Ltd by a Corporate Guarantee Facility and Deed of Hypothecation of pari passu charge on moveable assets of the subsidiary (WISL)	55.00	-
e. Other Term Loans & Convertible Zero Coupon Loan byfirst parri passu legal mortgage/charge on fixed assets of the subsidiary (WISL), hypothecation of moveable assets.'	96.29	-
f. Term Loan by pledge of certain Investments held by the company	-	90.00
g. Term Loan of Andhra Bank by immovable property of third party.	-	200.00
h. Export Packing Credit and Cash Credit by assets both immovable and movable excluding movable and Immovable fixed assets of Dahej plant .	699.89	640.82
i. Other short term loans from banks by charge on current assets of the company.	30.00	150.00
j. Vehicle Loans by hypothecation of the individual assets financed.	0.72	0.48
2. Debenture Details		
	Date of redemption	₹ in crores
a. 12.30% 1000 NCD's of ₹ 100000 each have been allotted on 16.12.2008 to a public financial institution redeemable in three equal instalments as under :	15.12.2011	33.33
	15.12.2012	33.33
	15.12.2013	33.34
b. 11.40% 2000 NCD's of ₹ 100000 each have been allotted on 10.05.2010 to a bank.	09.05.2013	200.00
<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
Short Term Loans From Banks	615.00	645.00
From Others	-	15.00
Interest Accrued & Due	1.11	-
	<u>616.11</u>	<u>660.00</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**
**SCHEDULE - 5 : FIXED ASSETS**

₹ in Crores

PARTICULARS	GROSS BLOCK At cost / Valuation					DEPRECIATION/AMORTISATION					NET BLOCK	
	AS AT 01.04.2010	ACQUISITION OF SUBSIDIARY	ADDITIONS DURING THE YEAR	DELETIONS/ ADJUSTMENTS DURING THE YEAR	AS AT 31.03.2011	AS AT 01.04.2010	ACQUISITION OF SUBSIDIARY	ADDITIONS DURING THE YEAR	DELETIONS/ ADJUSTMENTS DURING THE YEAR	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
<b>TANGIBLE ASSETS</b>												
<b>LAND</b>												
FREE HOLD LAND	71.85	0.36	9.53	0.12	81.62	-	-	-	-	-	81.62	71.85
LEASE HOLD LAND	6.49	-	-	-	6.49	0.21	-	0.07	-	0.28	6.21	6.28
FACTORY BUILDING	313.16	18.79	195.89	0.05	527.79	41.76	9.12	29.87	-	80.75	447.04	271.40
<b>BUILDING</b>	77.23	1.15	4.22	0.11	82.49	5.71	0.33	3.59	0.02	9.61	72.88	71.52
PLANT & MACHINERY	243.24	192.87	166.98	1.84	601.25	76.57	124.54	32.13	1.21	232.03	369.22	166.67
FURNITURE & FIXTURES	3.30	1.12	0.28	-	4.70	1.56	1.05	0.38	-	2.99	1.71	1.74
VEHICLES	12.79	0.65	2.39	1.40	14.43	6.10	0.43	2.13	1.06	7.60	6.83	6.69
COMPUTERS	4.36	1.26	0.38	-	6.00	3.10	1.13	0.59	-	4.82	1.18	1.26
<b>INTANGIBLE ASSETS</b>												
SOFTWARE	5.32	-	2.09	-	7.41	2.95	-	1.15	-	4.10	3.31	2.37
GOODWILL ON CONSOLIDATION	-	-	33.26	-	33.26	-	-	-	-	-	33.26	-
<b>TOTAL</b>	737.74	216.20	415.02	3.52	1,365.44	137.96	136.60	69.91	2.29	342.18	1,023.26	599.78
Previous Year	605.26	-	146.55	14.07	737.74	87.70	-	53.93	3.67	137.96	599.78	-
CWIP (Including Capital Advances)	1,375.44	5.72	389.93	413.60	1,357.49	-	-	-	-	-	1,357.49	1,375.44

Notes:-

- Certain part of the land is yet to be registered in the name of the Company.
- Gross Block includes assets acquired on hire purchase - Vehicles ₹ 2.26 crores (P. Y. ₹ 1.52 crores)
- Depreciation & Amortisation for the year ₹ in crores  
 Total Depreciation & Amortisation for the year 69.91  
 Less: Withdrawn from revaluation reserve during the year. 1.44  
 Depreciation for the year debited to Profit & Loss account. 68.47
- Out of total deletion to CWIP, Ships amounting to Rs. 72.58 crores is transferred from CWIP to Inventory due to availability of customer against the same.

<b>As at</b>	<b>As at</b>
<b>31.03.2011</b>	<b>31.03.2010</b>
<b>₹ in Crores</b>	<b>₹ in Crores</b>

**SCHEDULE - 6 : INVESTMENTS**
**Long Term Non Trade - At cost**
**Quoted**
**In Shares**

 Nil (P.Y. 4425460) Equity Shares in Great Offshore Ltd. of ₹ 10/- each fully paid up - 233.98
**In Units of Mutual Fund**

 Nil (P.Y. 906503) Units of Principal Monthly Income Fund of ₹ 10/- each per unit. - 1.00

 434532.6111 (P. Y 808500) Units in the Emerging Markets Diversified Fund of 193.78 368.51  
 Standard Chartered Trust (Cayman) Limited at a subscription price of USD 100/-per unit.

**Unquoted**
**In Others**

 271002 (P.Y. Nil ) Equity Shares in ABG Business Ventures Pte. Ltd. of SGD 1/- each 0.92 -  
 fully paid up.

 5000 (P.Y.NIL) shares in Janata Sahakari Bank Ltd. of ₹ 100/- each fully paid up. 0.05 -
**In Partnership Firm**

 Capital in partnership firm Vipul Shipyard 5.82 5.82
200.57 609.31

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>SCHEDULE - 7 : INVENTORIES</b>		
<b>(As taken valued &amp; certified by management)</b>		
Raw Material and Components	936.38	778.30
Work in Progress		
On Percentage completion basis	5,274.31	
(Contract costs & recognised profit)		
Less: Progress Money from Customers	3,721.18	287.77
[Refer Note 12 of Notes to Consolidated Accounts]	<u>2,489.51</u>	<u>1,066.07</u>
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>		
<b>(Unsecured Considered good)</b>		
Due for more than six months	92.86	35.55
Others	70.74	36.49
	<u>163.60</u>	<u>72.04</u>
<b>SCHEDULE - 9 : CASH AND BANK BALANCES</b>		
Cash in hand	0.12	0.08
<b>Balance with Scheduled Banks:</b>		
i) In Current Accounts	45.73	20.19
ii) In Fixed Deposits	618.94	7.53
<b>Balance with Other Banks:</b>		
i) In Current Accounts with ABN Amro Bank, Singapore [ Maximum Balance during the year ₹ 0.06 crore ( P. Y. ₹ 0.07 crore ) ]	0.06	0.06
ii) In Current Account with Standard Chartered Bank, London [ Maximum Balance during the year ₹ 0.49 crore ( P. Y. ₹ 368.48 crore ) ]	0.03	0.49
iii) In Current Account with United Overseas Bank, Singapore [ Maximum Balance during the year ₹ 45.50 crore ( P. Y. ₹ 0.03 crore ) ]	0.06	0.03
	<u>664.94</u>	<u>28.38</u>
<b>SCHEDULE - 10 : LOANS AND ADVANCES</b>		
<b>(Unsecured Considered good)</b>		
i) Current Account in Partnership Firm	28.49	22.35
ii) Advances recoverable in cash or kind or for value to be received		
(a) Advances (Unsecured and Considered Good)	1,457.35	1,352.06
(b) Advances (Considered Doubtful)	5.76	
Less : Provision for Doubtful Advances	<u>5.76</u>	-
iii) Deposits with Government Authorities/ Departments	9.07	8.58
iv) Other Deposits	192.72	162.70
v) MAT Credit Entitlement	130.75	75.05
	<u>1,818.37</u>	<u>1,620.74</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

	As at 31.03.2011 ₹ in Crores	As at 31.03.2010 ₹ in Crores
<b>SCHEDULE - 11 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities:</b>		
(i) Sundry Creditors for goods & expenses : (Out of above due to SME's- Nil (P. Y ₹ 0.54 crore)	255.27	74.23
(ii) Sundry Creditors - Acceptances	881.71	895.77
(iii) Advance from customers	2,253.95	0.20
(iv) Other Liabilities	15.79	6.42
(v) Interest Accrued but not due	4.92	1.95
(vi) Investor Education & Protection Fund to be credited when due	0.21	0.19
	<u>3,411.85</u>	<u>978.76</u>
<b>Provisions For :</b>		
(i) Income Tax & Sales Tax (Net of taxes paid)	28.04	36.33
(ii) Proposed Dividend	20.37	20.37
(iii) Tax on Proposed Dividend	3.38	3.46
(iv) Leave Encashment /Gratuity	10.96	6.91
(v) Contingencies [Refer Note 3(b) of Notes to Consolidated Accounts]	2.08	1.40
(vi) Wealth Tax	0.00 *	-
*Amount less than 0.01 crore		
(vii) Bonus	0.33	-
	<u>65.16</u>	<u>68.47</u>
	<u>3,477.01</u>	<u>1,047.23</u>
	Year ended 31.03.2011 ₹ in Crores	Year ended 31.03.2010 ₹ in Crores

**SCHEDULE - 12 : REVENUE FROM OPERATIONS**

Ship Building	1,991.80	1,624.98
Subsidy	85.10	182.32
Ship Repair	56.94	0.37
Profit on Investments [Refer Note 1 of Notes to Consolidated Accounts]	3.06	3.46
Dividend	-	0.14
Interest	-	1.17
	<u>2,136.90</u>	<u>1,812.44</u>

**SCHEDULE - 13 : OTHER INCOME**

Insurance Claims	1.69	5.19
Tax & Duty Refund	2.10	1.38
Profit/(Loss) from Partnership Firm	0.00*	(0.24)
* Amount less than 0.01 crore		
Dividend Received	0.50	0.66
Miscellaneous Receipts	0.90	5.75
Sundry balances written back	0.25	2.13
	<u>5.44</u>	<u>14.87</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

	Year ended 31.03.2011 ₹ in Crores	Year ended 31.03.2010 ₹ in Crores
<b><u>SCHEDULE - 14 : MANUFACTURING EXPENSES</u></b>		
Consumption of stores	46.48	35.46
Contractors Charges	112.90	80.72
Power and Water	11.69	7.53
Repairs & Maintenance		
- Plant & Machinery	11.93	14.31
- Buildings	0.71	0.07
Other Manufacturing Expenses	19.94	5.07
Inspection and Survey Expenses	10.09	6.24
	<u>213.74</u>	<u>149.40</u>
<b><u>SCHEDULE - 15 : PERSONNEL EXPENSES</u></b>		
Salaries Wages and other benefits	54.46	36.25
Contribution to Provident Fund	3.54	2.64
Staff Welfare Expenses	13.70	8.05
Remuneration to Directors	1.19	1.16
	<u>72.89</u>	<u>48.10</u>
<b><u>SCHEDULE - 16 : GENERAL, ADMINISTRATION &amp; SELLING EXPENSES</u></b>		
Office Expenses	4.67	5.45
Rent Rates & Taxes	5.88	5.64
Insurance	21.59	9.40
Printing & Stationery	0.48	0.34
Postage Telephone & Telex	1.64	1.92
Travelling & Conveyance	13.68	8.69
Professional Charges	8.87	17.30
Payment to Auditors	0.59	0.50
Donations & Charities	1.25	3.02
Prior Years Expenses	0.14	0.02
Hire Purchase Charges	0.07	0.05
Repair & Maintenance - Others	2.87	1.42
Guarantee Commission	31.31	29.65
Selling & Distribution	39.84	34.37
Other Finance charges	34.97	4.54
Loss on Sale of Assets (net)	0.21	2.90
Other Expenses	5.10	0.96
	<u>173.16</u>	<u>126.17</u>
<b><u>SCHEDULE - 17 : INTEREST ( NET )</u></b>		
Interest on Fixed Loans	140.54	155.97
Interest - Others	27.90	63.39
	<u>168.44</u>	<u>219.36</u>
Less : Interest Received / Recovered [TDS ₹ 2.25, crore (P.Y ₹ 4.81 crore)]	<u>22.66</u>	<u>57.96</u>
	<u>145.78</u>	<u>161.40</u>
<b><u>SCHEDULE - 18 : (INCREASE) / DECREASE IN WORK IN PROGRESS</u></b>		
(Included in work in progress on percentage completion basis)		
Opening Work In Progress	530.63	384.85
Closing Work In Progress	256.28	530.63
	<u>274.35</u>	<u>(145.78)</u>



**SCHEDULE-19: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED ACCOUNTS**
**I. SIGNIFICANT ACCOUNTING POLICIES**
**1. Basis of Consolidation**

The consolidated financial statements of ABG Shipyard Ltd. ("The Company"), its subsidiaries Western India Shipyard Limited (WISL) and ABG Shipyard Singapore Pte. Ltd. together referred to as "The Group" have been prepared on the following basis:

1. The consolidated financial statements are prepared under the Historical Cost Conventions on the basis of Going Concern and as per applicable Indian Accounting Standards notified u/s 211 (3C) of The Companies Act, 1956.
2. In accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements', the statements of ABG Shipyard Limited, Western India Shipyard Limited and ABG Shipyard Singapore Pte. Ltd. have been combined line by line by adding items of Balance Sheet and Profit and Loss Account. The effect of Intra Group transactions, balances and unrealised profits have been eliminated.
3. Enterprise(s) where control is temporary are not considered for consolidation as per AS 21.
4. The difference between the cost of investment in the subsidiary over the net asset value at the time of acquisition of shares has been recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
5. Minority Interest in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders/partners at the dates on which investments are made by the Company in the subsidiaries and further movements in their share in the equity, subsequent to dates of investments.
6. Details of Subsidiaries

Name of the Subsidiary	Country of Incorporation	Date since Subsidiary	Type of Entity	Percentage of Ownership Interest
1. ABG Shipyard Singapore Pte. Ltd.	Singapore	08.02.2010	Company	100%
2. Western India Shipyard Limited	India	14.10.2010	Company	60.15%

**2. Other Significant Accounting Policies**
**1. Use of estimates**

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference if any between the actual results and estimates is recognised in the year in which the results are known / materialized.

**2. Revenue**

Revenue from ship building is recognised in accounts in accordance with Accounting Standard-7 'Accounting for Construction Contracts' issued by Institute of Chartered Accountants of India. The method of recognition is on percentage completion basis. Revenue is recognized under Percentage Completion Method on the basis of proportion that contract costs incurred for work performed up to the reporting date bears to the estimated total contract costs.

Revenue from ship repair is recognized on the basis of job completion on proportionate completion method.

Dividend from investments is accounted when the right to receive dividend is established. Interest income is accounted on accrual basis.

**3. Fixed Assets**
**Tangible Assets:**

Fixed Assets are recorded at Cost. Cost is purchase cost and in the case of Freehold Land, includes development cost incurred, together with all incidental costs of acquisition, borrowing costs and other related internal costs and is netted of for Cenvat and Value Added Tax.

Profit/Loss on disposal of fixed assets is recognised in the Profit and Loss Account.

**Intangible Assets:**

Intangible assets are recognised and accounted at cost in accordance with Accounting Standard-26 'Intangible Assets' issued by Institute of Chartered Accountants of India.

**4. Capital Work In Progress**

All expenditure, including advances given relating to development of land, buildings, dry docks and plant & machinery etc. are accumulated and shown as capital work-in-progress till the completion of such activities.

**5. Borrowing costs**

Borrowing Costs attributable to the acquisition and construction of the Qualifying Assets, which take substantial

period of time to get ready for their intended use, are capitalized as part of the cost of respective assets up to the date when such assets are ready for their intended use. Other Borrowing costs are charged to the Profit and Loss account.

#### 6. Depreciation and Amortisation

- a) Freehold land is not depreciated. Leasehold land is amortised equally over the period of lease.
- b) Dry Docks (included in Plant & Machinery) and Dry Docks Civil Works (included in Factory Building) and Jetty are depreciated on Straight Line Method in accordance with Accounting Standard - 6 'Depreciation Accounting' of the Institute of Chartered Accountants of India at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- c) Other assets are depreciated on Written Down Value Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- d) Depreciation on additions / deletions to Fixed Assets made during the year is provided on pro-rata basis from or up to date of such additions / deletions as the case may be.
- e) Depreciation on amounts added on revaluation is recouped from Revaluation Reserve
- f) Intangible assets are stated at cost less accumulated amortisation.
- g) Software is amortised over a period of five years.
- h) In the case of WISL, Depreciation on fixed assets is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. However in case of "Ship Building Platform", depreciation has been calculated @ 8.33% based on remaining period of lease with Mormugao Port Trust. Depreciation on additions in Floating Dry Dock on account of foreign exchange fluctuations and any major additions is amortised over the remaining useful life of the asset

#### 7. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. The Group assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the profit and loss account. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### 8. Employees' Benefits

Provident Fund: Provident Fund contributions are made as per a defined contribution scheme and the contribution of the Group is charged to Profit and Loss account of the year when become due. The Group has no other obligation other than to contribute and deposit the contribution to respective authorities.

Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

Long term employee benefits are recognised as an expense in the Profit & Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of long term benefits are charged to the Profit and Loss account.

#### 9. Valuation of Inventory

Inventories of spares, consumables, components are valued at lower of cost and net realizable value. Cost represents purchase cost and other incidental costs, if any. Cost of inventories is computed on Weighted Average/ FIFO basis.

#### 10. Work in Progress and Cost Allocation

Each construction contract is considered as a cost center and all costs directly identifiable to the Contract are charged on actual basis. Indirect miscellaneous costs are also allocated to the various contracts using appropriate overhead recovery method. Contract work-in-progress is valued at cost, including therein profit or loss arrived at in accordance of Accounting Standard -7 'Accounting for Construction Contracts'

#### 11. Foreign Currency Transactions

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities are translated at the year end using closing rate if remain unsettled at the year end. Non monetary foreign currency items are carried at cost.

The resulting gain or loss on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account.

The Company has w.e.f. 07<sup>th</sup> December,2006 chosen to apply notification issued by Companies (Accounting Standard) Amendment Rules 2009 GSR 225 (E) dated 31.03.2009 as regards monetary long term assets and liabilities. Consequently, the resulting gain or loss on account of exchange difference on settlement or on translation is so far as they relate to depreciable assets is added or deducted from the cost of the asset.

**12. Derivative Accounting**

During the year ended 31<sup>st</sup> March, 2008, The Institute of Chartered Accountants of India has issued an announcement on 'Accounting for Derivatives' inter alia requiring provision for losses on all derivative contracts outstanding at the balance sheet date by marking them to market keeping in view the principle of prudence, other than for forward contracts to which Accounting Standard (AS) 11- 'The Effect of Change in Foreign Exchange Rates' is applicable. The Company has entered into Forward Contracts to hedge a firm commitment or a highly probable forecast transaction to which AS-11 is not applicable and hence, the Company has applied aforesaid announcement. Premium paid on forward contracts is recognized in the year of entering of contract.

**13. Government Subsidy**

Government subsidy related to shipbuilding contracts are recognized on compliance with the relevant conditions and is recognized in the Profit and Loss account and presented under 'Revenue from Operations'.

**14. Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments / receipts are recognized as an expense / income in the Profit and Loss Account on a straight-line basis over the lease term.

**15. Provisions for Current and Deferred Tax**

Provision for Current Tax is made on the basis of taxable income under the provision of the Income Tax Act, 1961.

Deferred Tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

In accordance with the guidance note issued by Institute of Chartered Accountants of India, the Company recognises MAT Credit as an asset only to the extent ,the probability exists that the Company will become liable to pay normal Income Tax during the specified period as per provision of the Income Tax Act, 1961.

**16. Provisions, Contingent Liabilities and Contingent Assets**

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material, are disclosed by way of Notes to Accounts. Contingent Assets are not recognized/ disclosed.

**17. Investments**

Long Term investments are stated at cost. Cost includes incidental expenses of acquisition. Decline in value of investment other than of temporary nature is recognised in Profit & Loss account.

**18. Miscellaneous Expenditure**

Miscellaneous expenses of WISL are written off over a period of 10 years.

**II. NOTES TO THE CONSOLIDATED ACCOUNTS**

1. Revenue from operations includes income from investment operation and ship repair income of subsidiary companies.
2. Depreciation method and rates are different between parent and subsidiary. No alignment of depreciation rates between parent and subsidiary have been done in these financial statements.
3. (a) Contingent liability not provided for :

Particulars	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
In respect of Performance/ Delivery Guarantees given by banks to the buyers	58.17	77.79
Corporate guarantees to banks in respect of facilities granted to Group companies	1066.95	993.81
Other bank guarantees	36.72	11.18
Claims against the group not acknowledged as debts	70.08	0.34
Claims in respect of indirect taxes.	23.24	-

- (b) Contingencies provided for in accordance with AS-29 issued by the Institute of Chartered Accountants of India: ₹ 0.85 crores (P. Y. 0.50 crores) ₹ in crores

Carrying amount as on 01.04.2010.	1.40
Provision during the year.	0.85
Amounts incurred and charged against the provision.	(0.17)
Unused amount reversed during the year.	-
Closing Balance	2.08

The contingencies provided are in respect of estimated warranties on sold hulls.

4. In the opinion of the management, Current Assets, Loans and Advances have value in realisation in the ordinary course of business at least equal to the amount at which they are stated.
5. On the basis of the report of Chartered Engineers and Government approved Valuers, the Company had revalued the Freehold Land, Factory Building, Other Building and Dry Docks on 30<sup>th</sup> June, 1994 and again on 30<sup>th</sup> June 2002 and consequently an amount of ₹ 10.90 crores and ₹ 59.99 crores respectively being the differences between the amount of fair market value of the same and depreciated value as per books as on those dates, have been added to the value of Fixed Assets and corresponding credit shown as Revaluation Reserve.

Consequent to the revaluation there is an additional depreciation of ₹ 1.44 crores (Previous year ₹ 1.52 crores), which has been withdrawn from Revaluation Reserves and credited to Profit and Loss account.

6. Loans and advances of subsidiary, WISL include a sum of ₹ 5.76 crores (P. Y. ₹ 5.76 crores) due from certain companies under escrow agreements against which the original share certificates of WISL representing 8469710 equity shares of the face value of ₹ 2/- aggregating to ₹ 1.69 crores had been deposited as security by such companies for repayment of advances. The market value of these shares as 31.03.2011 is ₹ 8.60 crores based on the closing price of ₹ 10.15 per equity share of the face value of ₹ 2/- each fully paid up listed on the Bombay Stock Exchange Limited.
7. The deposits of subsidiary, WISL amounting to ₹ 0.91 crores (₹ 1.24 crores) are kept in lien with the Banks towards margin money etc. for Bank Guarantees and Overdrafts.
8. The company has chosen to avail the option under AS-11 notification issued by Companies (Accounting Standard) Amendment Rules 2009 GSR 225 (E) dated 31.03.2009 issued by Ministry of Corporate Affairs.

The company has exercised the option with respect to long term monetary liabilities viz Foreign currency term loan availed by it. The company has no other long term monetary Assets / Liabilities.

Due to the exercise of aforesaid option, the impact on Profit & Loss Account for the year is (loss) ₹ 2.56 crores (P.Y. loss ₹ 17.65 crores) which has been credited/capitalized to CWIP.

9. Disclosure in respect of Operating Leases (Assets taken on lease):

- (a) ABG Shipyard Ltd. has taken commercial / residential premises under cancellable operating leases. The lease agreements are usually renewable by mutual consent on mutually agreeable terms.

WISL has taken land and water on license from Mormugao Port Trust (MPT), Goa. The future minimum payment is as under:

	₹ in crores
	<b>31<sup>st</sup> March 2011</b>
Not later than one year	4.16
Later than 1 year but less than 5 years	19.14
More than 5 years	5.99

- (b) The expenses in respect of operating leases are accounted in General, Administration & Selling Expenses under Schedule -16

10. The disclosures required under Revised Accounting Standard (AS) 15 - 'Employee Benefits' notified in the Companies (Accounting Standards) Rules 2006, are given below:

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

	₹ in crores	
Particulars	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Employer's Contribution to Provident Fund	3.11	2.07
Employer's Contribution to Pension Scheme	0.62	0.57

#### Defined Benefit Plan

The employees' gratuity fund scheme is a defined benefit plan managed by SBI Life Insurance for the company. The subsidiary, WISL makes annual contribution to the Employees' Group Gratuity-cum-Life Assurance Scheme of Metlife Insurance Co. Ltd. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized by the company in same manner as gratuity.

₹ in crores

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
Defined Benefit obligation at the beginning of the year	5.97	3.23	3.75	2.96
Current Service Cost	0.86	0.64	0.68	0.18
Interest Cost	0.48	0.26	0.30	0.19
Actuarial (gain) / loss	0.01	0.08	0.18	0.56
Benefits paid	(0.61)	(0.13)	(1.11)	(0.14)
Defined Benefit obligation at the year end	6.80	4.08	3.80	3.75
<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>				
Fair value of plan assets at beginning of the year	1.10	0.89	-	-
Expected return on plan assets	0.11	0.07	-	-
Actuarial gain/(loss)	(0.04)	0.08	-	-
Employer contribution	0.10	-	-	-
Benefits Paid	(0.61)	(0.13)	-	-
Fair value of plan assets at the year end	0.66	0.91	-	-
<b>c. Reconciliation of fair value of assets and obligations</b>				
Fair value of plan assets as at Year End	0.66	0.91	-	-
Present value of obligation as at Year End	6.80	4.08	3.80	3.75
Amount recognised in Balance Sheet	6.14	3.17	3.80	3.75
<b>d. Expenses recognised during the year</b>				
Current Service Cost	0.86	0.64	0.68	0.18
Interest Cost	0.48	0.26	0.30	0.19
Expected return on plan assets	(0.11)	(0.07)	-	-
Actuarial (gain) / loss	0.14	*(0.00)	0.18	0.56
Net Cost	1.37	0.83	1.16	0.93
<b>e. Investment Details</b>	% invested			
	As at 31st March 2011	As at 31st March 2010		
SBI Group Gratuity (Cash Accumulation) Policy	100	100		
<b>f. Actuarial Assumptions</b>				
Mortality Table (L.I.C)				
<b>ABG Shipyard Ltd</b>	1994-96 (Ultimate)		1994-96 (Ultimate)	
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%	5.00%	6.00%
Rate of escalation in salary (per annum)	5.00%	6.00%	5.00%	6.00%
<b>Western India Shipyard Ltd</b>				
Discount rate (per annum)	8.10%	-	-	-
Expected rate of return on plan assets (per annum)	7.00%	-	-	-
Rate of escalation in salary (per annum)	7.00%	-	-	-

\*Amount less than 0.01 crore

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary and relied upon by auditors.

The above figures for the current year do not include figures of Leave encashment obligation of the subsidiary, WISL as they have not been disclosed in the notes to audited accounts of the subsidiary.

11. The Deferred tax liability comprises the following:

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
<b>a. Deferred Tax Liabilities</b>		
On account of timing difference of depreciation	24.82	5.96
On account of profit on Projects under construction	413.86	325.65
<b>b. Deferred Tax Assets</b>		
On account of gratuity liability	1.24	1.08
On account of Leave encashment liability	1.27	1.27
On account of expenses allowable on delivery of ships	21.50	13.43
On account of Losses allowed in future	11.37	-
<b>c. Deferred Tax Liabilities (Net)</b>	<b>403.30</b>	<b>315.83</b>

12. Disclosure in accordance with 'AS -7 Accounting for Construction Contracts' issued by the Institute of chartered Accountants of India:

₹ in crores

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
a. Contract revenue recognized as revenue for the year	1884.80	1574.22
b. Contract cost incurred and recognized profits	4977.21	3823.64
c. Advances received from above customers	3721.18	2653.21
d. Gross amount due from customers for contract work	1256.03	1419.01
e. Gross amount due to customers for contract work	2239.19	248.58

The Gross amount due from customers reflects the net amount for all contracts in progress for which cost incurred plus recognised profit (less recognised losses) exceeds progress billing.

The Gross amount due to customers reflects the net amount for all contracts in progress where progress billing exceeds cost incurred plus recognised profits (less recognised losses).

During the year, advances from customers to the extent of work done amounting to ₹ 3721.18 crores is adjusted against Work in Progress in Schedule 7. Advances received in excess of work done and advances pending commencement of work are disclosed in Current Liabilities under Advances from Customers in Schedule 11.

13. Calculation of Earning Per Share (EPS) :

PARTICULARS	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Net Profit as per Profit and Loss Account (₹ in crores)	193.99	218.12
Weighted Average number of Equity shares of ₹ 10/- each fully paid up.	<b>50921801</b>	<b>50921801</b>
Earning Per Equity Share (Basic) of ₹ 10/- each fully paid up.	<b>₹ 38.10</b>	<b>₹ 42.84</b>

14. The Group primarily operates in one business segment only i.e. manufacturing which is the only reportable segment. The subsidiary, WISL is carrying out ship repairing activities. However, revenue does not satisfy the threshold limit as far as Group is concerned, as per Accounting Standard -17, issued by Institute of Chartered Accountants of India, hence separate disclosure of business segment by activity is not given.

Secondary segment (Geographical Segments):

₹ in crores

Segments	Domestic		Overseas		Total	
	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Revenue [As per AS 7 (revised)]	635.56	539.30	1499.28	1273.14	2134.84	1812.44
Others	-	-	2.06	-	2.06	-
<b>Total</b>	<b>635.56</b>	<b>539.30</b>	<b>1501.34</b>	<b>1273.14</b>	<b>2136.90</b>	<b>1812.44</b>

15. The Company has firm commitments in foreign exchange as regards both its payables and receivables. The company has applied the principle of Hedge Accounting contained in Accounting Standard 30 for its net firm commitment in receivable and payables in foreign exchange. In view of the same, Mark to Market difference as on 31<sup>st</sup> March 2011 of ₹ 6.21 crores (P. Y. ₹ 20.08 crores) on payables does not have any material impact on the financial statement, as the receivables are higher than the payables.

**16. Related Parties Disclosure as per Accounting Standard (AS) 18:**
**A. LIST OF RELATED PARTIES:**

<b>Holding Company</b>	ABG International Private Limited
<b>Subsidiary / Controlling Stake</b>	Vipul Shipyard (Partnership Firm)
<b>Fellow Subsidiary Companies</b>	ABG Cement Limited PFS Shipping (India) Limited ABG Foods Private Limited ABG Acqafarm Private Limited ABG Engineering & Construction Limited Tirupati Landmark Private Limited (formerly B. F. Engineering Pvt. Ltd.) ABG Energy Limited Eleventh Land Developers Private Limited ABG Resources Private Limited (formerly Second Land Developers Pvt Ltd) Abhishek Mercantile Private Limited Niyati Mercantile Private Limited
<b>Companies over which Directors / relatives are able to exercise Significant Influence</b>	ABG Infralogistics Limited ABG Power Private Limited ABG Cranes Private Limited Varada Marine Pte. Limited (Along with its SPV's) (formerly PFS Shipping (Singapore) Pte. Limited) ABG Motors Limited ABG Business Ventures Pte. Limited, Singapore Banal Investment & Trading Private Limited Jarrow Finance & Trading Private Limited Onaway Industries Limited Agbros Leasing & Finance Private Limited
<b>Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence.</b>	Shri. Rishi Agarwal
<b>Key Management Personnel</b>	Shri. Ram Swaroop Nakra Major Arun Phatak Cdr. Subhash Kumar Mutreja

**B. TRANSACTIONS WITH RELATED PARTIES:**

₹ in crores

Particulars	Holding Company	Subsidiary / Controlling Stake	Fellow Subsidiaries	Co. over which Directors / relatives are able to exercise significant influence	Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence	Key Management Personnel	Total
31 <sup>st</sup> March 2011							
<b>Income:</b>							
PFS Shipping (India) Ltd. 71.32 (133.81)	-	-	71.32	139.32	-	-	210.64
Varada Marine Pte. Ltd 139.32 (0.00)	-	-	(133.81)	(0.00)	-	-	(133.81)
<b>Expenses :</b>							
Banal Investments & Trading Pvt. Ltd. 0.80(P.Y.0.00)	-	-	0.08	1.25	0.62	1.89	3.84
Shri. R. S. Nakra 0.96 (0.93)	-	-	(0.08)	(0.32)	(0.00)	(1.43)	(1.83)
Major Arun Phatak 0.53 (0.50)	-	-	-	-	-	-	-
Cdr. Subhash Kumar Mutreja 0.40 (0.00)	-	-	-	-	-	-	-
<b>Share of Profit / ( Loss) in Partnership</b>							
Vipul Shipyard - Profit 0.00 (loss 0.24)	-	* 0.00 (0.24)	-	-	-	-	0.00 (0.24)
<b>Investments</b>							
ABG Business Ventures Pte. Ltd.	-	-	-	4.61 (0.00)	-	-	4.61 (0.00)
<b>Sale of Shares</b>							
Eleventh Land Developers Pvt. Ltd. 91.92 (0.00)	0.01 (0.01)	-	91.92 (0.00)	-	-	-	91.93 (0.01)



₹ in crores

Particulars	Holding Company	Subsidiary / Controlling Stake	Fellow Subsidiaries	Co. over which Directors / relatives are able to exercise significant influence	Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence	Key Management Personnel	Total
31 <sup>st</sup> March 2011							
<b>Purchase of assets</b>	-	-	0.14	-	-	-	0.14
ABG Cement Ltd	-	-	(0.00)	-	-	-	(0.00)
<b>Sale of assets</b>	-	-	0.25	-	-	-	0.25
PFS Shipping (India) Ltd.	-	-	(0.00)	-	-	-	(0.00)
<b>Finance</b>							
<b>Advances Given / Repaid</b>							
ABG Engineering & Construction Ltd. 122.05 (0.00)	12.43	6.19	193.06	0.02	-	-	211.70
ABG Resources Pvt. Ltd. 49.73 (0.00)	(0.46)	(5.55)	(419.28)	(0.00)	-	-	(425.29)
<b>Advances Taken / Refunded</b>	1.89	0.05	43.18	0.02	-	-	45.14
ABG Resources Pvt. Ltd. 40.10 (0.00)	(3.58)	(0.27)	(108.88)	(0.00)	-	-	(112.73)
<b>Stage Payment Received</b>							
Varada Marine Pte. Ltd. 339.09 (173.92)	-	-	229.22	339.09	-	-	568.31
PFS Shipping (India ) Ltd. 229.22 (171.07)	-	-	(171.07)	(173.92)	-	-	(344.99)
<b>Guarantees Taken</b>	0.00	-	-	-	-	-	0.00
ABG International Pvt. Ltd.	(118.61)	-	-	-	-	-	(118.61)
<b>Guarantees Given</b>							
ABG Business Ventures Pte. Ltd.	-	-	-	445.95	-	-	445.95
	-	-	-	(0.00)	-	-	(0.00)
<b>Outstanding Balances as on 31st March 2011</b>							
Loans and Advances Receivables	6.44	28.49	145.43	0.35	-	-	180.71
	(0.00)	(22.35)	(9.81)	(0.44)	-	-	(32.60)
Loans and Advances Payables	0.00	-	0.00	-	-	-	0.00
	(4.10)	-	(35.00)	-	-	-	(39.10)
Accommodation Deposits	-	-	75.00	5.00	-	-	80.00
	-	-	(5.00)	(5.00)	-	-	(10.00)
Payables	-	-	212.08	761.14	-	-	973.22
	-	-	(55.00)	(572.73)	-	-	(627.73)
Receivables	-	-	34.03	35.54	-	-	69.57
	-	-	(17.71)	(50.74)	-	-	(68.45)
Guarantees Outstanding	-	55.00 <sup>4</sup>	130.00	1,248.66	-	-	1,433.66
	-	-	(130.00)	(820.44)	-	-	(950.44)

\* Amount less than 0.01 crores

Notes:

1. Related Parties have been identified by the management and relied upon by the auditors.
2. Previous Years figures are shown in brackets.
3. Names of the Related Parties have been given in cases where the amount of transaction exceeds 10% of the total related party transactions of the same type.
4. Guarantee represents guarantee given on behalf of subsidiary, WISL to third party.

17. The figures for the previous year have been arranged/rearranged/regrouped wherever considered necessary.

As per our report of even date

**For NISAR & KUMAR**

Chartered Accountants

F. R. No. 107117W

**M. N. Ahmed**

Partner

M. No 18380

Mumbai

 Dated :30<sup>th</sup> May 2011

**For and on behalf of the Board**
**R.S.Nakra**

Managing Director

**Major Arun Phatak**

Executive Director

**Dhananjay Datar**

Chief Financial Officer

**Ch. Rajashekhar Reddy**

Company Secretary



**ABG SHIPYARD LIMITED**

Regd. Office: Near Magdalla Port, Dumas Road, Surat-395007  
 Corporate Office: 4th/5th Floor, Bhupati Chambers, 13, Mathew Road, Mumbai - 400004

**PROXY FORM**

I/We \_\_\_\_\_  
 S/o/W/o/D/o \_\_\_\_\_  
 of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/members of the above named Company hereby appoint Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my behalf at the Annual General meeting of the Company to be held on Tuesday 27<sup>th</sup> September, 2011 at the Registered Office of the Company at Near Magdalla Port, Dumas Road, Surat-395007 at 12.00 noon and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature \_\_\_\_\_

L.F. No./Client ID No. \_\_\_\_\_

DP ID No.: \_\_\_\_\_

No. of Share(s) held \_\_\_\_\_



Notes:

1. A Member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need to be a member of the Company.
3. The proxy form duly completed should be deposited at the Registered Office of the Company at Near Magdalla Port, Dumas Road, Surat-395007 or Corporate Office of the Company at 4th/5th Floor, Bhupati Chambers, 13, Mathew Road, Mumbai-400004 at least 48 hours before the meeting.
4. In order to save time, members are requested to come to venue with the duly filled-in attendance slip.

**ABG SHIPYARD LIMITED**

Regd. Office: Near Magdalla Port, Dumas Road, Surat-395007  
 Corporate Office: 4th/5th Floor, Bhupati Chambers, 13, Mathew Road, Mumbai - 400004

**ATTENDANCE SLIP**

I hereby record my presence at the Annual General Meeting to be held on 27<sup>th</sup> September, 2011 at the Registered Office of the Company at Near Magdalla Port, Dumas Road, Surat-395007 at 12.00 noon.

L.F. No./Client ID No. \_\_\_\_\_


DP ID No.: \_\_\_\_\_

Full name of the Shareholder \_\_\_\_\_  
 (In Block Letters)

Father's/Husband's Name \_\_\_\_\_

No. of Equity shares held \_\_\_\_\_

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



## **ABG Shipyard Limited**

Registered Office: Near Magdalla Port, Dumas Road, Surat-395007, Gujarat

Tel: +91 261 272 5191 • Fax: + 91 261 304 8243 • Email: [shipyard@abgindia.com](mailto:shipyard@abgindia.com) • Web: [www.abgindia.com](http://www.abgindia.com)