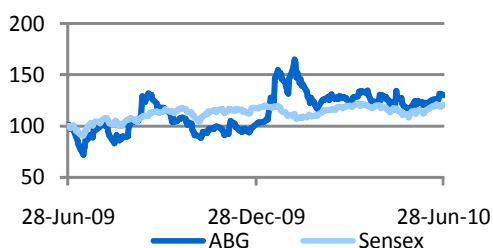


CMP Rs. 266

June 28, 2010

| | |
|-------------------------|-----------|
| BSE Code | 532682 |
| BSE ID | ABGSHIP |
| High/Low 1Y (Rs.) | 346 / 146 |
| Avg. vol (3m) | 216,273 |
| Market Cap (Rs Cr) | 1,353 |
| Net IB Debt (Rs Cr) | 1,697 |
| Enterprise value(Rs Cr) | 3,050 |

| Shareholding % | Dec-09 | Mar-10 |
|-----------------|--------|--------|
| Promoters | 57.14 | 57.14 |
| MFs/ Fis/ Banks | 18.07 | 17.30 |
| FII's | 9.34 | 12.76 |
| Public & Others | 15.45 | 12.80 |

Stock Chart (Relative to Sensex)


| Stock Perfm.(%) | 1M | 6M | 1Yr |
|-----------------|------|------|------|
| Absolute | 10.9 | 26.0 | 30.2 |
| Rel. to Sensex | 2.5 | 23.5 | 9.9 |

| Financials (Rs.Cr) | 03/08 | 03/09 | 03/10 |
|--------------------|-------|-------|-------|
| Revenue | 967 | 1,413 | 1,812 |
| y-o-y | 37.3% | 46.1% | 28.3% |
| EBITDA | 292 | 332 | 472 |
| y-o-y | 49.3% | 13.7% | 42.5% |
| PAT | 161 | 171 | 218 |
| EPS (Dil.) | 31.6 | 33.6 | 42.8 |
| y-o-y | 38.1% | 6.5% | 27.5% |
| EBITDA Margin | 30.2% | 23.5% | 26.1% |
| PAT Margin | 16.6% | 12.1% | 12.0% |
| D/E(x) | 0.68 | 1.93 | NA |
| P/E(x) | 8.4x | 7.9x | 6.2x |
| EV/EBITDA(x) | 10.4x | 9.2x | 6.4x |
| ROCE | 22.1 | 11.8 | NA |
| ROE | 21.0 | 18.6 | NA |

Financial Year ends at March 31

| Qtry Fin | 06/09 | 09/09 | 12/09 | 03/10 |
|----------|-------|-------|-------|-------|
| Revenue | 393 | 401 | 492 | 520 |
| PAT | 48 | 46 | 82 | 53 |
| EPS | 9.4 | 9.0 | 16.2 | 10.4 |

All figures in Rs. crores except for per share data

ABG Shipyard Ltd.
Company Overview

ABG Shipyard Ltd., the flagship company of ABG group is the largest private sector shipbuilder in India. It boasts of a strong unexecuted order book 5 times its FY10 sales and nil order cancellations in the worst of times. During the past decade, the Shipyard has constructed and delivered One Hundred fifteen (115) vessels including Specialized and Sophisticated vessels like Interceptor Boats, Self Loading and Discharging Bulk Cement Carriers, Floating Cranes, Split Barges, Bulk Carriers, Newsprint Carriers, Offshore Supply Vessels, Dynamic Positioning Ships, Anchor Handling Tug Supply Vessels, etc. for leading companies in India and abroad.

Key Business Highlights
Superior Order Mix

ABG's order book stands at Rs. 12,660 crore, of which the unexecuted portion is around Rs 8,700 crore and is executable by FY14. This translates to 5 times its estimated FY10 revenues, providing strong revenue visibility. Additionally, the company has ramped up its capacities at Surat and has commissioned a new capacity at Dahej, which will ensure the timely execution of vessels.

Demand for Offshore vessels to remain intact

According to the latest report submitted by Department of Energy of US crude oil price (WTI sport average) will remain above 79 USD per barrel for 2010-2011. The demand for OSVs (Offshore vessels) will be driven by sustained high level of crude oil prices for 2010-11 giving rise to E&P (exploration & production) activities in deep sea drilling. Since ABG has a stronghold in OSV segment, demand for such ships from the oil companies will remain intact due to increased E&P activities.

Huge replacement demand in the long term

As per the IMO (International Maritime Organization) guidelines all single hull tankers would be phased out by 2010 and all future tankers would have to be double hull. On the offshore supply vessel side also, 48.2 per cent vessels are more than 26 years old, thus giving a huge replacement opportunities in the coming years for ABG.

Strong client base

ABG has a strong client base both on the national as well as international front. ABG's strong executions skills have helped it win repeat contracts from clients, with 63% of its current order book coming from repeat business. ABG Shipyard's top clients are unlikely to default on vessel payments as most of them are financially sound to face any economic downturn.

Key Risks

- Volatility in steel prices may put downward pressure on margins
- Fall in crude oil prices can impact OSV segment adversely

Valuations

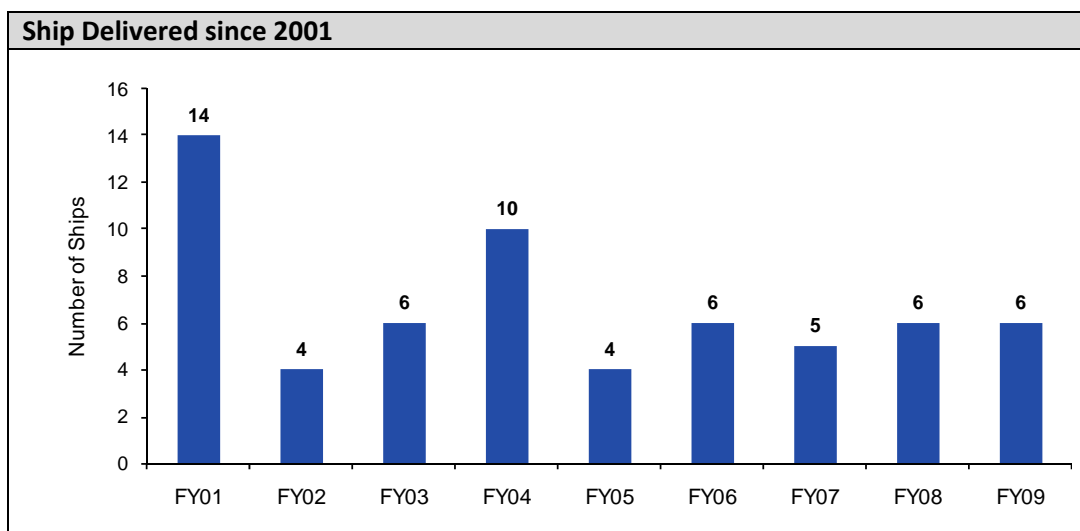
The stock is currently trading at a P/E multiple of 6.2 on its FY10 EPS of Rs. 42.8 and 6.4x EV/EBITDA multiple based on FY10 EBITDA of Rs. 472 crores.

Business Description

ABG Shipyard Ltd., the flagship company of ABG group was incorporated in the year 1985 as Magdalla Shipyard Pvt. Ltd at Gujarat. In a span of 19 years from the year 1991, the company has achieved the status of the largest private sector shipbuilding yard in India with satisfied customer base all around the world.

The company is engaged in business of shipbuilding and ship repairs. It builds wide range of specialized and sophisticated vessels like Interceptor Boats, Floating Cranes, Bulk Carriers, Offshore Supply Vessels, Dynamic Positioning Ships, Anchor Handling Tug Supply Vessels, Multi-purpose Support Vessels, Diving Support Vessels, etc. for bulk goods transport, coast guard and oil industry. The company has diverse clients spread across different sectors like oil support companies such as Lamnalco Group - Cyprus, Zamil Offshore - Saudi Arabia and ESL Shipping - Finland, Wijsmuller - Holland and the Indian Coast Guard, Gujarat Ambuja and L&T Hochtief etc.

ABG is India's largest shipyard with expertise in building wide range of specialized vessels



Source: Company

ABG has delivered 115 vessels of varying complexity since its inception

ABG Shipyard has a strong delivery record. It has delivered 115 vessels of varying complexity over its operational history. The company delivered six vessels in the first half of FY10, matching the number of vessels delivered in FY08 and FY09 each, and has a target of delivering 15 vessels for FY10. Further, the company has a scheduled vessel delivery of 87 vessels between FY11 and FY14.

ABG has state-of-the-art manufacturing facilities at Surat, with a one-of-its-kind ship-lift facility in India. The ship-lift and transfer facility enables ABG to build vessels on land, providing it huge operational flexibility. The shipyard is spread across 35 acres and can construct 23 ships on a modular basis. It is the only Indian shipyard with indoor facilities to build aluminum vessels.