

ABG SHIPYARD LIMITED
ISO 9001Certified

Board of Directors

Kamlesh Kumar Agarwal - *Chairman*
Rishi Agarwal - *Managing Director*
Saket Agarwal
Ram Swaroop Nakra - *Executive Director - Technical*
Mahernosh R. Pardiwala
Ashok R. Chitnis
Ajay Saraf - *Nominee Director*
Nainesh Jaisingh - *Nominee Director*
Shahzaad Dalal - *Nominee Director*

Dy. General Manager (Finance) & Company Secretary
Manoj G. Raichandani

21st Annual General Meeting

Day : Friday
Date : 18th August 2006
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
State Bank of India
Bank of Baroda
Bank of India
IDBI Bank
Export-Import Bank of India
Standard Chartered Bank
Oriental Bank of Commerce
Development Credit Bank
Bharat Overseas Bank
Punjab National Bank

Registered Office

Near Magdalla Port
Dumas Road, Surat - 395 007
Tel.: 91 261 2725191
Fax : 91 261 2726481

Corporate Office :

4th / 5th Floor, Bhupati Chambers
13, Mathew Road,
Mumbai - 400 004
Tel.: 91 22 66563000
Fax : 91 22 23649236
Website : www.abgindia.com
E-mail : contact@abgindia.com

Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup West
Mumbai - 400 078
Tel.: 91 22 25963838
Fax : 91 22 25946969
e-mail : isrl@intimespectrum.com

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NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of **ABG Shipyard Limited** will be held at the Registered Office of the Company at Magdalla Port, Off: Dumas Road, Surat-395 007 on **Friday the 18th August, 2006 at 12.00 noon.**

Ordinary Business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2006 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 31st March 2006.
3. To appoint a Director in place of Shri. Saket Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Kamlesh Kumar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Ram Swaroop Nakra, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Nisar & Kumar, Chartered Accounts as Auditors of the Company to hold office from the conclusion of this Annual General of the Company until conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Special Business :

7. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri. Nainesh Jaisingh, 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 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 office of director, be and is hereby appointed a Director of the Company liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri. 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 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 office of director, be and is hereby appointed a Director of the Company liable to retire by rotation."
9. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri. Ashok R. Chitnis, 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 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 office of director, be and is hereby appointed a Director of the Company liable to retire by rotation."
10. To consider and, if thought fit, to pass the following Resolution, with or without modification(s), as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof),

the provisions of Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 (“**SEBI DIP Guidelines**”) and the provisions of the Foreign Exchange Management Act, 2000 (FEMA), Foreign Exchange Management (Transfer of issue of Security by a Person Resident Outside India) Regulations, 2000, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the Board be and is hereby authorised on behalf of the Company to create, issue, offer and allot equity shares and/ or convertible bonds and/or other securities convertible into equity shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to equity shares and/or securities and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares provided that the equity shares issued do not exceed 5889175 in number, to Qualified Institutional Buyers (as defined by the SEBI (DIP) Guidelines, 2000) pursuant to a qualified institutional placement, as provided under Chapter XIII A of the SEBI DIP Guidelines, such issue and allotment to be made at such time/times, in one or more tranches, at such price or prices, in such manner and in accordance with applicable law, where necessary, in consultation with the lead managers and/or other advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of securities.”

“RESOLVED FURTHER THAT in the event that securities convertible into equity shares are issued under Chapter XIII A of the SEBI DIP Guidelines, the relevant date for the purpose of pricing of the securities, shall be 19th July 2006, being the date which is 30 days prior to today (i.e., the date on which the meeting of the general body of shareholders is being held, in terms of Section 81(1A) of the Companies Act, 1956, to consider the proposed issue of Securities on preferential basis).”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the securities may have all or any terms or conditions or combination of terms in accordance with prevalent market practice, including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and /or holders of any securities, or variation of the price or period of conversion of securities into equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights or option(s) for early redemption of securities. “

“RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari-passu inter-se and with the then existing equity shares of the Company in all respects.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of securities issued, such as registrar, stabilizing agent, paying and conversion agent, trustee and to issue any placement document, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more wholetime Directors of the Company.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in supersession of all earlier resolutions to the effect, consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) to the creation by the Board of Directors of such mortgages, charges and hypothecations, created / to be created by the Company in such form and manner as the Board of Directors may direct on such of the Company’s movable and immovable properties, both present and future, and in such manner as the Board may direct of the Company in certain events in favour of Lender(s) / Agents(s) / Trustee(s) / Financial Institutions / Bank(s) and other investing agencies to secure Rupee / Foreign currency loans, bonds, securities (Comprising fully/partly Convertible Debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate notes/bonds) or other debt instruments of an equivalent aggregate value not exceeding Rs. 2000 Crores (Rupees Two Thousand Crores Only) together with interest thereon at the respective agreed rates, compounded rates, additional interest, liquidated damages, commitment charges, remuneration of Agent(s), Trustee(s), premia on pre-payment or on redemption, costs, charges, expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company to the Lender(s) / Agent(s) / Trustee(s) / Financial Institutions / Banks / other investing agencies under the arrangements entered into/to be entered by the Company in respect of the said loans, bonds, securities or other instruments.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalize the terms and conditions of the above mentioned loans, bonds, securities, instruments and documents for creating the aforesaid mortgages, charges and hypothecations and to do all such acts and things and execute such documents or writings as may be necessary for giving effect to the above resolution.”

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in supersession of all earlier resolutions to the effect, the consent of the Company under the provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company for borrowing, from time to time, any sum or sums of monies, on such terms and conditions as the Board may deem fit, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate, for the time being, of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of monies so borrowed by the Board shall not at any time exceed the limit of Rs. 2000 crores (Rupees Two Thousand Crores Only).”

By Order of the Board of Directors

Place : Mumbai
Date: 24th May, 2006

Manoj G. Raichandani
Dy. General Manager (Finance) &
Company Secretary

NOTES:

1. 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.
2. The proxy form must be lodged with the Company not less than 48 hours, before the time of the meeting.
3. The explanatory statement pursuant to section 173(2) of the Companies Act 1956, relating to the Special Business is annexed hereto.
4. The Register of Members and Share transfer books of the Company will remain closed from 12th August 2006 to 18th August 2006 (both days inclusive) in connection with the dividend being considered for approval in the Annual General Meeting.
5. Subject to the provisions of Sec 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, shall be disbursed on or after 18th August 2006 and before 17th September 2006.
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.

EXPLANATORY STATEMENT**Pursuant to Section 173(2) of the Companies Act, 1956:-
Item No. 7, 8 & 9**

Shri Nainesh Jaisingh, Shri Shahzaad Dalal and Shri Ashok Chitnis were appointed as Additional Directors of the Company by the Board of Directors at their meetings held on 7th July, 2005, 12th July, 2005 and 12th August, 2005 respectively. According to the provisions of the Section 260 of Companies Act, 1956, read with the Articles of Association of the Company, Shri Nainesh Jaisingh, Shri Shahzaad Dalal and Shri Ashok Chitnis hold office of Directors up to the date of the ensuing Annual General Meeting of the Company. The notices have been received from the members as required by Section 257 of the Companies Act, 1956, signifying their intention to propose the appointment of Shri Nainesh Jaisingh, Shri Shahzaad Dalal and Shri Ashok Chitnis as the Directors of the Company liable to retire by rotation.

Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the Annexure attached to the Notice.

The Board of Directors is of the view that the appointment of Shri Nainesh Jaisingh, Shri Shahzaad Dalal and Shri Ashok Chitnis with their skills in finance, management and industry would be of immense benefit to the Company and recommends their appointment for your approval.

None of the Directors except Shri Nainesh Jaisingh, Shri Shahzaad Dalal and Shri Ashok Chitnis are concerned or interested in the resolutions.

Item No.10

Taking into account the improved performance and positive outlook of the Company, the Company proposes to raise further equity capital to cater to its fund requirements for expansion of its activities, finance additional working capital requirements and general corporate purpose.

In view of the above, it is recommended that the Company may issue equity shares and / or convertible bonds and / or other securities convertible into equity shares at the option of the company and / or holder(s) of such securities provided that the equity shares issued should not exceed 5889175 in number by way of qualified institutional placement under Chapter XIlIA of the SEBI DIP Guidelines. This Special Resolution seeks to empower the Board of Directors to undertake a qualified institutional placement with qualified institutional buyers as defined by SEBI DIP Guidelines. The Board of Directors

have decided to adopt this mechanism as prescribed under Chapter XIII A of the SEBI DIP Guidelines for raising the funds for the expansion plans of the company.

Pursuant to the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of shares in the Company to persons other than the Members of the Company, requires prior approval of the Members vide a Special Resolution. In addition to this the Board seeks the authority of members to carry out various actions for the purpose of giving effect to this Resolution. The Members are therefore requested to grant their approval and accordingly authorise the Board.

None of the Directors is in any way concerned or interested in the Resolution at Item No. 10 of the Notice, except to the extent of shares being held by them in the Company.

Item No. 11 & 12

Section 293(1) (d) of the Companies Act, 1956, stipulates that Board of Directors of the Company cannot, except with the consent of the members in the General Meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, i.e. to say, reserves not set apart for any specific purpose. The shareholders at the Extraordinary General Meeting of the company held on 10th March 2005, had accorded their consent to the Board of Directors for borrowing up to Rs. 1000 crores (Rupees One Thousand Crores Only)

Taking into consideration the requirements of the additional funds to meet the cost of Company's capital expenditure programme as also additional working capital requirements of the company, it is expected that the limit of Rs.1000 crores sanctioned by the shareholders is likely to be exceeded.

The consent of the shareholders is therefore sought in accordance with the provisions of Section 293 (1) (d) of the Act to enable the directors to borrow the moneys to the extent of Rs. 2,000 crores (Rupees Two Thousand Crores Only). The resolution under item no.12 is to obtain the consent of the shareholders for this purpose.

The proposed borrowings of the company may, if necessary, be secured by way of Charge/Mortgage/Hypothecation on the Company's assets in favour of the lenders. As the documents to be executed between the proposed lenders and the company may contain the power to take over the management of the company in certain events, it is necessary to pass a resolution under section 293(1) (a) of the Act, for creation of Charge/Mortgage/Hypothecation for an amount not exceeding the borrowing limit of Rs. 2000 crores (Rupees Two Thousand only).

The proposed offers are in the interest of the company and your directors commend the resolution at item no. 11 & 12 of the accompanying Notice for acceptance of the members.

None of the Directors of the Company are concerned or interested in the resolutions set out at the aforesaid items of the Notice.

Your Directors recommend passing of the resolution set out in the Notice.

By Order of the Board of Directors

Place : Mumbai
Date: 24th May, 2006

Manoj G. Raichandani
Dy. General Manager (Finance) &
Company Secretary

Details of Directors seeking re-appointment in the 21st Annual General Meeting:

Name of Director	Shri. Saket Agarwal	Shri. Kamlesh Kumar Agarwal	Shri. R.S. Nakra	Shri. Nainesh Jaisingh	Shri. Shahzaad Dalal	Shri. Ashok Chitnis
Date of Birth	07.05.1964	26.06.1941	07.06.1938	24.04.1967	01.12.1958	15.02.1943
Date of Appointment /Re-appointment as Director	29.09.2004	29.09.2004	07.07.2005	07.07.2005	12.07.2005	12.08.2005
Qualification	Commerce Graduate	Matric	B.Tech, From I.I.T. Kharagpur	Bachelor's degree in Engg. & MBA from IIM, Bangalore	Management Graduate	Marine Engineer
Experience and Expertise in Specific functional area	Has rich experience in Marine business, port services, port development and transportation	Has a rich and varied experience in shipping and allied and glass, travel and food business.	He is a Naval architect. He has over 30 years of experience in design and construction of ships and other floating	He has a rich and varied experience in the financial services sector and has worked with the Global Equity investment arm of Standard Chartered Bank and has more than 10 years experience with ANZ Grindlays Bank in other investment banking and commercial banking roles.	He is a Management Graduate with over 20 years of experience. He is on the Board of various IL & FS group companies and currently is the Vice-Chairman & Managing Director of the said financial institution. He is responsible for the overall planning and rising of resources for IL&FS sponsored infrastructure projects.	Has over 35 years of experience in various capacities including as chief engineer with Scindia Steam Navigation Co. and Chief Surveyor with Indian Registrar of Shipping. He has held various positions as Field/ Chief Surveyor, Head of Training Cell and was also instrumental in implementing of Quality Management System. He was a Fellow of the Institute of the Marine Engineers (India) since its inception and President of the said Institute.

Details of Directors seeking re-appointment in the 21st Annual General Meeting:

Name of Director	Shri. Saket Agarwal	Shri. Kamlesh Kumar Agarwal	Shri. R.S. Nakra	Shri. Nainesh Jaisingh	Shri. Shahzaad Dalal	Shri. Ashok Chitnis
Other Directorships	Cardinal Logistics Pvt. Ltd ABG Cement Ltd ABG Cranes Ltd ABG Power Pvt. Ltd ABG Heavy Inds. Ltd ABG Shipping Ltd Onaway Inds. Ltd ABG Projects & Services Ltd (U.K) South West Port Ltd	ABG Heavy Inds. Ltd Onaway Inds. Ltd ABG Shipping Ltd Cardinal Logistics Pvt. Ltd ABG Cement Ltd Agbros Glass Works (India) Pvt. Ltd	Nil	Aurobindo Pharma Limited Merlion India Corporate Services Pvt. Ltd	1.IL&FS Investment Managers Ltd 2.IL&FS Finvest Ltd 3.Bharat Serums & Vaccines Ltd 4.Indraprastha Gas Ltd 5.Shopper's Stop Ltd 6.IL&FS Education & Technology Services Ltd 7.IPF Online Ltd 8.Data-matics Technologies Ltd 9.Tejas Network India Ltd 10.IL&FS Transportation Networks Ltd 11.IL&FS Investment Insurance & Risk Management Services Ltd 12.Arch Pharmed Labs Ltd 13.ETL Infrastructure Services Ltd 14.iMetrix Technologies Ltd 15.IL&FS Venture Fund	Nil

Details of Directors seeking re-appointment in the 21st Annual General Meeting:

Name of Director	Shri. Saket Agarwal	Shri. Kamlesh Kumar Agarwal	Shri. R.S. Nakra	Shri. Nainesh Jaisingh	Shri. Shahzaad Dalal	Shri. Ashok Chitnis
Memberships/ Chairmanships of committees of other public companies (includes only Audit & Share holders/ investors grievances Committee)	Share Transfer & Investor Grievances & finance Committee – ABG Shipyards Ltd	Nil	Share Transfer & Investor Grievances & finance Committee – ABG Shipyards Ltd	Audit Committee – ABG Shipyards Ltd	IL & FS Finvest Ltd –Audit Committee Bharat Serums & Vaccines Ltd – Audit Committee Indra Prastha Gas Ltd – (1) Audit Committee - Chairman (2) Share holders / Investors Grievance Committee - Chairman IPF Online Ltd – Audit Committee - Chairman Tejas Network India Ltd – Audit Committee Datamatics Technologies Ltd – Audit Committee ABG Shipyards Ltd – Share Transfer & Grievance & Finance Committee – Chairman	Audit Committee –ABG Shipyards Ltd
No. of shares held in the Company	140625	93750	50	Nil	9985	Nil

DIRECTORS’ REPORT

TO THE MEMBERS:

Your Directors have great pleasure in presenting this Twenty First Annual Report on the business and operations of your Company with the Audited Statement of Accounts for the year ended 31st March 2006.

FINANCIAL PERFORMANCE:

	Rs. in Lacs	
	2005-06	2004-05
Sales and Other Income	54786.63	37680.53
Profit before Interest, Depreciation & Tax	13794.91	7643.01
Less : Interest (Net)	768.68	441.44
Profit Before Depreciation & Tax	13026.23	7201.56
Less: Depreciation	362.35	313.20
Profit before Tax	12663.88	6888.37
Less: Provisions for Taxation	4296.07	2413.81
Net Profit after Tax	8367.81	4474.56
Balance brought forward from previous year	5146.55	1971.99
Profit available for appropriations	13514.36	6446.55
Appropriations		
Transfer to General Reserve	2600.00	1300.00
Proposed Dividend – Equity shares	611.06	Nil
Corporate Dividend Tax	85.70	Nil
Balance carried to Balance Sheet	10217.60	5146.55

DIVIDEND:

Your Directors recommend a Dividend of 12% (i.e. Rs.1.20) per Equity Share for the year ended 31st March 2006.

CAPITAL:

During the year under review, the Equity Share Capital of the Company increased by 18.42 Crores to Rs. 50.92 Crores consequent to the allotment of 89,21,801 Equity Shares to the investors on private placement basis, 10,00,000 allotted to employees & business associates and 85,00,000 Equity Shares pursuant to the Initial Public Offering (IPO of the Company)

OPERATIONS:

During the year under review, your Company has successfully delivered 5 (five) vessels taking the total to 91 vessels delivered so far by the Company. Your Company has posted a rise in turnover of Rs. 171.06 Crores, an increase of about 45.40% as compared to Rs. 376.79 Crores in the previous Financial Year. The Company recorded a net profit of Rs. 83.68 Crores as against Rs. 44.75 Crores in the corresponding previous financial year depicting a rise of 87.00%.

During the year under review, your Company received prestigious orders from ESL Shipping OY of Finland , Sea Tankers Management Company and yet another repeat order from its client Lamnalco Limited, Cyprus. The Company also received a repeat order from the Indian Coast Guard, thereby taking the total order position to more than Rs. 2200 crores.