



ABG SHIPYARD LIMITED

ISO 9001 Certified

Board of Directors

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

22nd Annual General Meeting

Day : Thursday
 Date : 27th September 2007
 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 : shipyard@abgindia.com

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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

NOTICE

Notice is hereby given that the 22nd 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 **Thursday the 27th September, 2007 at 12.00 noon**, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2007 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 2007.
3. To appoint a Director in place of Shri. Rishi Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Saket Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Kamlesh Kumar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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 :

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

“RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, new Articles be inserted in the Articles of Association of the Company as under -

88A: The option or right to call of shares shall not be given to any person except with the sanction of the Company in general meetings.

88B : The Company shall accept and honour the request from its members for sub-division or consolidation of the share certificates.

88C : The Company shall not refuse registration of transfer on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.

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

“RESOLVED THAT subject to provisions of Sections 198, 269, 309, read with Schedule XIII of the Companies Act, 1956 for the time being in force, consent be and is hereby accorded to the changes/ variation in terms of remuneration payable to Shri. R. S. Nakra, Executive Director (Technical) with effect from 1st April 2006.”

9. 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 or 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, 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 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 28th August 2007, 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.”

10. 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. 3,000 Crores (Rupees Three 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.”

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, 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. 3,000 crores (Rupees Three Thousand Crores Only).”

By Order of the Board of Directors

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

Place : Mumbai
Date : June 18, 2007



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. 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.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956, in respect of the business set out in the accompanying notice and 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.
4. The Register of Members and Share transfer books of the Company will remain closed from Monday, 24th September, 2007 to Thursday, 27th September, 2007 (both days inclusive) in connection with the final dividend being considered for approval in the Annual General Meeting.

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 23rd September, 2007 and to the Members having shares in physical form whose names appear on the register of Members on 27th September, 2007.

5. 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).
6. Members are requested to bring their copy of Annual Report to the meeting.
7. Members/Proxies are requested to bring the attendance slip duly filled in.
8. 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.
9. 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 year 2005-06 are requested to make their claims directly to the Company, without any delay. It may be noted that the unclaimed dividend for the financial year 2005-06 is due for transfer to the fund on 23rd September, 2013.
10. All documents referred to in the accompanying Notice 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.
11. 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 of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/ change in such Bank details.
12. 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:-

Item No. 7

The National Stock Exchange of India Limited (NSE), while granting permission for listing & trading of Company's shares, recommended to insert these Articles and to bring the Articles of Association of the Company in conformity with the requirements of NSE. It is, therefore, proposed to incorporate new Articles in the present Articles of Association of the Company.

Section 31 of the Companies Act, 1956, requires consent of members by way of Special Resolution for the purpose of insertion of new Articles.

Your Directors recommend passing of resolution at Item No. 7 of the accompanying Notice.

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

Item No. 8

According to the resolution passed by the Board of Directors at their meeting held on 31st October, 2006, terms of appointment of Shri. R. S. Nakra - Executive Director (Technical) have been revised, subject to approval of members, as follows -

1. Salary - Rs. 2,50,000/- P.M.
2. Perquisites:
 - i. House Rent Allowance : 60% of Basic- 1,50,000/- P.M.
 - ii. Professional Pursuit : Rs. 15,000/- P.M.
 - iii. Attire Allowance : Rs. 15,000/- P.M.
 - iv. Medical Reimbursement: Rs. 1,00,000/- P.A.
 - v. House Maintenance : Rs. 2,50,000/- P.A.
 - vi. Ex-gratia : Rs. 2,50,000/- P.A.
 - vii. Leave Travel Allowance : Rs. 2,50,000/- P.A.
 - viii. Conveyance : fully maintained car for Company work shall be provided.
 - ix. Telephone: Telephone at the residence at Company's cost shall be provided.
 - x. Leave, Gratuity & Encashment of leaves: As per standard rules of the Company.
 - xi. Contribution to Provident Fund: Company shall contribute 12% of Basic salary to his Provident Fund.
 - xii. Club Fees; Fees of Clubs : Maximum of 2 clubs, the Company shall not pay admission and life membership fees.

Your Directors recommend passing of resolution at Item No. 8 of the accompanying Notice.

None of the Directors except Shri. R. S. Nakra is in any way concerned or interested in the resolution set out at the aforesaid item of the Notice.

Item No. 9

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 XIII A 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, as and when necessary.

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. 9 of the Notice, except to the extent of shares being held by them in the Company.

Item No. 10 & 11

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 moneys, 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 Annual General Meeting of the Company held on 18th August 2006, had accorded their consent to the Board of Directors for borrowing up to Rs. 2,000 crores (Rupees Two Thousand Crores Only).

Taking into consideration the requirements of the additional funds to meet the cost of Company's capital expenditure programme, it is expected that the limit of Rs.2,000 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. 3,000 crores (Rupees Three Thousand Crores Only). The resolution under item no.11 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. 3,000 crores (Rupees Three Thousand Crores only).

The proposed offers are in the interest of the Company and your directors recommend the resolutions at item no. 10 & 11 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 resolutions set out in the Notice.

By Order of the Board of Directors

Place : Mumbai
Date : June 18, 2007

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

Details of Directors seeking re-appointment in the 22nd Annual General Meeting:

Name of Director	Shri. Rishi Agarwal	Shri. Saket Agarwal	Shri. Kamlesh Kumar Agarwal
Date of Birth	03.09.1966	07.05.1964	26.06.1941
Date of Appointment / Re-appointment as Director	07.07.2005	18.08.2006	18.08.2006
Qualification	MBA (Finance) from Purdue University, USA.	Commerce Graduate	Matric
Experience and Expertise in Specific functional area	Has rich experience in Shipbuilding, Ship Repairing and Shipping.	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.
Directorships held in other companies	<ol style="list-style-type: none"> 1. ABG International Private Ltd. 2. ABG Shipping Ltd. 3. Onaway Industries Ltd. 4. ABG Cement Ltd. 5. ABG Heavy Industries Ltd. 6. ABG Kolkata Container Terminal Private Ltd. 7. ABG Cranes Pvt. Ltd. 8. ABG Power Private Ltd. 9. ABG Projects & Services Limited (UK) 10. ABG Kandla Container Terminal Ltd. 11. ABG Engineering & Constructions Pvt. Ltd. 	<ol style="list-style-type: none"> 1. ABG Heavy Industries Ltd. 2. ABG Kolkata Container Terminal Private Ltd. 3. ABG Cranes Pvt. Ltd. 4. ABG Power Private Ltd. 5. ABG Projects & Services Limited (UK) 6. ABG Shipping Ltd. 7. Onaway Industries Ltd. 8. ABG Cement Ltd. 9. South West Port Ltd. 10. ABG Kandla Container Terminal Ltd. 11. Agbross Glass Works (I) Private Ltd. 	<ol style="list-style-type: none"> 1. ABG Kandla Container Terminal Ltd. 2. ABG Shipping Ltd. 3. Onaway Industries Ltd. 4. ABG Cement Ltd. 5. ABG Heavy Industries Ltd. 6. ABG Kolkata Container Terminal Private Ltd. 7. Agbross Glass Works (I) Private Ltd. 8. ABG Foods Pvt. Ltd. 9. ABG Acqua Farm Pvt. Ltd.
Committee positions held in other companies	–	ABG Heavy Industries Ltd. - Audit Committee-Member	–
No. of shares held in ABG Shipyard Ltd.	140625	140625	93750



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have great pleasure in presenting this Twenty Second Annual Report on the business and operations of your Company with the Audited Statement of Accounts for the year ended 31st March 2007.

1. FINANCIAL PERFORMANCE

(Rs. in lacs)

	2006-2007	2005-2006
Sales and Other Income	70977.44	54784.64
Profit before Interest, Depreciation & Tax	18343.76	13794.91
Less: Interest (Net)	937.46	768.68
Profit before Depreciation & Tax	17406.30	13026.23
Less: Depreciation	592.98	362.35
Profit before Tax	16813.32	12663.88
Less: Provisions for Taxation	5184.27	4296.07
Net Profit after Tax	11629.05	8367.81
Balance brought forward from previous year	10217.61	5146.55
Profit available for appropriations	21846.66	13514.36
Appropriations		
Transfer to General Reserve	4400.00	2600.00
Proposed Dividend - Equity shares	763.83	611.06
Corporate Dividend Tax	129.81	85.70
Balance carried to Balance Sheet	16553.02	10217.60

* Figures regrouped wherever necessary.

2. OPERATIONS

During the year under review, your Company has successfully delivered 6 (Six) vessels taking to the total up to 95 vessels delivered so far by the Company. Your Company has posted a turnover of Rs. 709.77 crores, an increase of about 29.56% as compared to Rs. 547.85 Crores in the previous Financial Year. The Company recorded a net profit of Rs. 116.29 Crores as against Rs. 83.68 Crores in the corresponding previous financial year depicting a rise of 38.97%. Your Company could achieve a rise in overall profitability through a judicious mix of strategies and cost control measures.

During the year under review, your Company received prestigious orders from Pacific First Shipping Pte, Singapore, Essar Shipping & Logistics, Cyprus and other repeat orders from its existing clients Vroon Offshore B.V., Netherlands, Lamnalco Ltd, Cyprus and Gujarat Ambuja Cement.

The construction of the upcoming shipyard of your Company at Dahej is under process as per the projections. The necessary environmental clearance was accorded by the Ministry of Environment & Forest for the Dahej yard.

Further, your Company had signed a Memorandum of Understanding (MOU) for acquisition of Vipul Shipyard (Vipul) situated adjacent to the Company's existing shipyard at Magdalla Port, District-Surat, Gujarat. With this the Company will add substantial land with a good water front to its resources along with slipway and other necessary plant & equipment for shipbuilding. This acquisition will result in augmenting the resources of your Company for

further consolidation of shipbuilding capacity, at its Surat facility, in the growing segments of offshore, coastal shipping & other avenues of shipbuilding.

3. DIVIDEND

Your Directors recommend a Dividend of 15% (i.e. Rs. 1.50 per Equity Share of Rs. 10/- each) for the year ended 31st March 2007 and seek your approval for the same.

4. SUBSIDIARY: Crossocean Ship Repair Limited FZE, UAE.

The Subsidiary Company has posted an Income of Rs. 1.81 crores from operations during the year under consideration as against Rs. 2.20 crore posted during the previous financial year. The Company made a profit of Rs. 0.02 crores for this year as against Rs. 0.03 crore for the previous year.

Your Company had sought an exemption under Section 212 of the Companies Act, 1956 from the requirement of attaching the Balance Sheet, Profit & Loss Account, etc. of its wholly owned subsidiary to its accounts.

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

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

5. DIRECTORS

Mr. Mehernosh R. Pardiwala, an independent director of your Company, had resigned from the Board of Directors with effect from 28th April 2007.

In accordance with Section 255 & 256 of the Companies Act, 1956 read with Article 190 of the Articles of Association of the Company, Shri. Rishi Agarwal, Shri. Saket Agarwal and Shri. Kamlesh Kumar Agarwal are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Your Directors recommend the re-appointment of Shri. Rishi Agarwal, Shri. Saket Agarwal and Shri. Kamlesh Kumar Agarwal as directors. None of these directors is disqualified as per the provisions of Section 274 (1) (g) of the Companies Act, 1956, to be re-appointed as directors of your Company.

Your directors have revised the remuneration payable to Shri. R.S. Nakra - Executive Director (Technical) with effect from April 1, 2006 and seek your approval for the same.

6. 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.

7. 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.

8. CORPORATE GOVERNANCE

Your Directors are pleased to inform that your Company firmly believes in maintaining highest standards of Corporate Governance and implements the Corporate Governance Practices prescribed by SEBI and Clause 49 of the Listing Agreement with the Stock Exchanges. A detailed report on compliance of Corporate Governance and Management Discussion and Analysis as stipulated in Clause 49 of the Listing Agreement is enclosed and forms part of this Report.