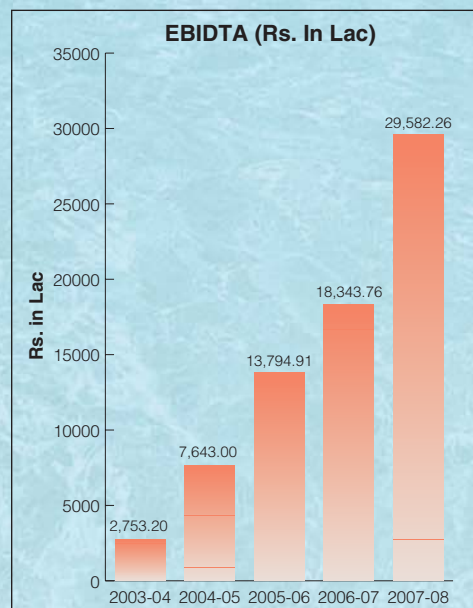
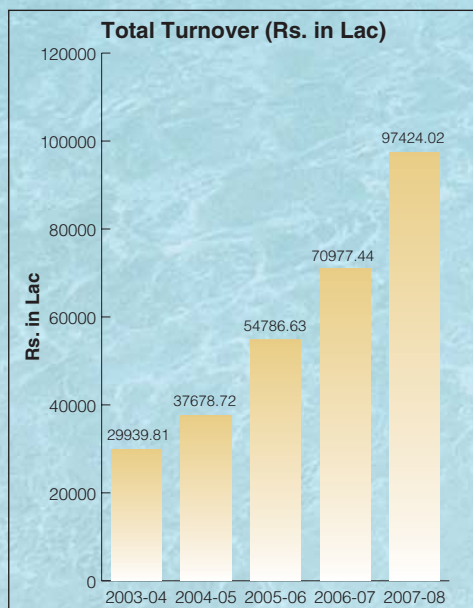
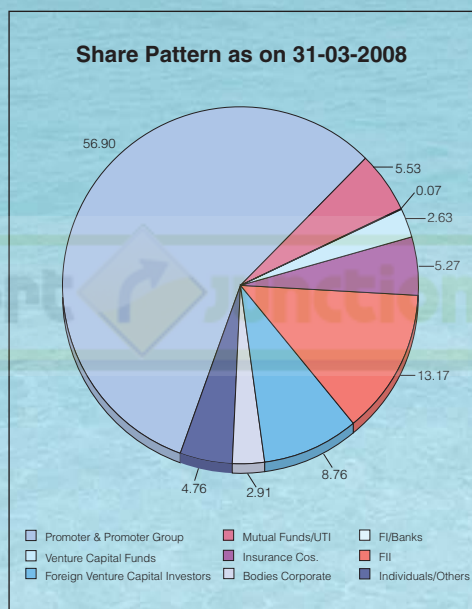
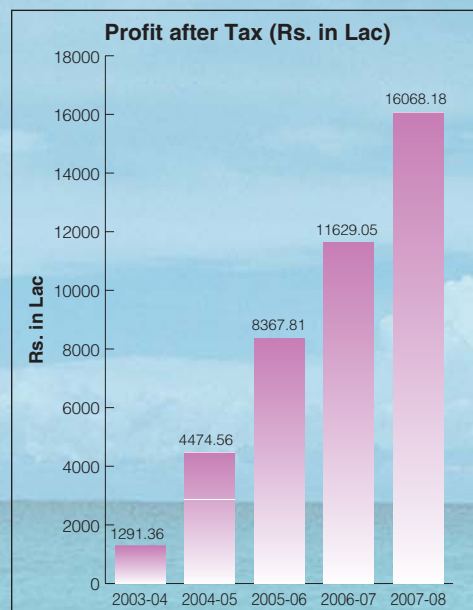
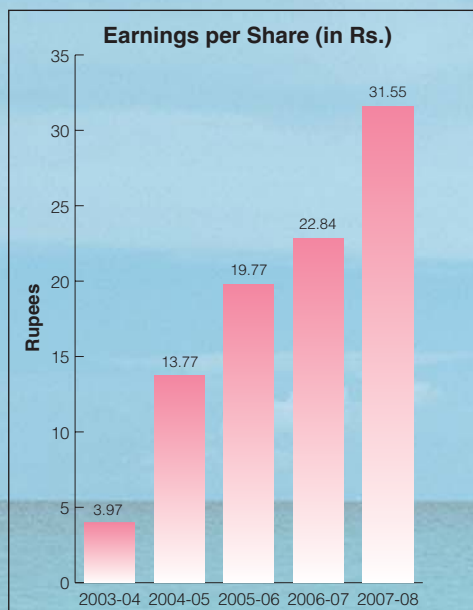


# ABG Shipyard Limited



Annual Report 2007-2008



# ABG SHIPYARD LIMITED

ISO 9001-2000 Certified

## Board of Directors

Shri. Rishi Agarwal - *Chairman*  
 Shri. Saket Agarwal - *Director*  
 Shri. Ram Swaroop Nakra - *Managing Director (since 10-6-2008)*  
 Major Arun Phatak - *Executive Director (since 10-6-2008)*  
 Shri. Ashok R. Chitnis - *Director*  
 Shri. Ajay Saraf - *Nominee Director*  
 Shri. Shahzaad Dalal - *Nominee Director*  
 Shri. Nainesh Jaisingh - *Nominee Director*  
 Shri. Kamlesh Kumar Agarwal - *Chairman (upto 10-6-2008)*

## 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-395007  
 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](http://www.abgindia.com)  
 E-mail: [shipyard@abgindia.com](mailto:shipyard@abgindia.com)

## 23rd Annual General Meeting

Day : Monday  
 Date : 22nd September 2008  
 Time : 12.00 Noon  
 Venue : At the Registered Office of the Company  
 Near Magdalla Port,  
 Dumas Road, Surat - 395007  
 Gujarat - India

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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](mailto:isrl@intimespectrum.com)



## NOTICE

Notice is hereby given that the 23<sup>rd</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 **Monday the 22<sup>nd</sup> September, 2008 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 2008 and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend, if any, on the Equity Shares of the Company for the year ended 31st March 2008.
3. To appoint a Director in place of Shri. R.S. Nakra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Nainesh Jaisingh, 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 modification(s) the following Resolution as a **Special Resolution**:  

**“RESOLVED THAT** Shri. R.S. Nakra, be and is hereby appointed as Managing Director of the Company for a period of 5 (five) years w.e.f. 10<sup>th</sup> June 2008 and consent be and is hereby accorded to the terms of appointment of Shri. R. S. Nakra as Managing Director of the Company”.
7. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution** :  

**“RESOLVED THAT** Major Arun Phatak, 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 as a Director of the Company liable to retire by rotation.”

**“RESOLVED FURTHER THAT** Major Arun Phatak be and is hereby appointed as Executive Director of the Company for a period of 5 (five) years w.e.f. 10<sup>th</sup> June 2008 and consent be and is hereby accorded to the terms of appointment of Major Arun Phatak as Executive Director of the Company”.
8. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution** :  

**“RESOLVED THAT** in supersession of all earlier resolutions to the effect and pursuant to the provisions of Sections 81 (1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the provisions of Chapter XIII-A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (SEBI (DIP) Guidelines) as in force and subject to all other applicable rules, regulations and guidelines of SEBI, the applicable provisions of Foreign Exchange Management Act, 1999 (FEMA) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and / or sanctions of Securities and Exchange Board of India (SEBI), Stock Exchanges, Reserve Bank of India (RBI), Foreign Investment Promotion Board (FIPB), Department of Industrial Policy and Promotion, Ministry of Commerce (DIPP) and all other authorities as may be required (hereinafter collectively referred to as “the Appropriate Authorities”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as “the requisite approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the

powers conferred by this resolution), the Board be authorized to create, offer, issue and allot, from time to time in one or more tranches, equity shares or any other convertible securities other than warrants to Qualified Institutional Buyers (QIBs) as defined under and in accordance with Chapter XIII-A of SEBI (DIP) Guidelines through a placement document and/or such other documents/writings/circulars/memoranda and in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the SEBI DIP Guidelines or other provisions of the law as may be prevailing at the time; provided that the price inclusive of premium of the equity shares so issued shall not be less than the price arrived in accordance with provisions of Chapter XIII-A of SEBI (DIP) Guidelines.”

**“RESOLVED FURTHER THAT** the relevant date for this Qualified Institutional Placement, as per the SEBI (DIP) Guidelines, as amended up to date, for the determination of applicable price for the issue of shares, shall be 23<sup>rd</sup> August, 2008, being 30 days prior to the date of this General Meeting.”

**“RESOLVED FURTHER THAT** the equity shares allotted in terms of this resolution shall rank *pari passu* in all respects with the existing equity shares of the Company. Provided that the number of equity shares to be issued and allotted pursuant to the authority granted hereby shall not exceed 100,00,000 (One Hundred Lacs).”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid equity shares and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said equity shares or any other convertible securities other than warrants, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**“RESOLVED FURTHER THAT** the Board be authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution.”

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

**“RESOLVED THAT** and in supersession of all earlier resolutions to the effect, 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) the Board of Directors of the Company be and is hereby authorised to create 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) / Agent(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. 7,500 Crores (Rupees Seven Thousand Five Hundred 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”.

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

**“RESOLVED THAT** in supersession of all earlier resolutions to the effect, under the provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 the Board of Directors of the Company be and is hereby authorised to borrow, 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. 7,500 crores (Rupees Seven Thousand Five Hundred Crores Only).”

11. 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, Article 241 in the Articles of Association of the Company be altered / modified as under:

Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by any Director or Secretary or some other person authorised by the Board for the purpose, provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 20(a).”

**By Order of the Board of Directors**

Place : Mumbai  
Date : 30<sup>th</sup> July 2008

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



**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, 15th September, 2008 to Monday, 22nd September, 2008 (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 13<sup>th</sup> September, 2008 and to the Members having shares in physical form whose names appear on the register of Members on 22<sup>nd</sup> September, 2008.

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 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 year 2005-06 is due for transfer to the fund on 17<sup>th</sup> September, 2013 and the unclaimed dividend for the financial year 2006-07 is due for transfer to the fund on 26<sup>th</sup> October, 2014.
10. 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.
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.
13. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agent, M/s. Intime Spectrume Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.

## ANNEXURE TO NOTICE

Details of Directors seeking re-appointment in the 23<sup>rd</sup> Annual General Meeting in pursuance of Clause 49 of the Listing Agreement:

<b>Name of Director</b>	Shri. R. S. Nakra	Shri. Nainesh Jaisingh	Major Arun Phatak
<b>Date of Birth</b>	07.06.1938	24.04.1967	31.10.1939
<b>Date of Appointment/ Re-appointment as Director</b>	07.07.2005	07.07.2005	10.06.2008
<b>Qualification</b>	B. Tech (Hons.) from IIT Kharagpur and Naval Architect	Bachelor's degree in engineering from IT-BHU and a MBA from the IIM, Bangalore	B. Sc., MBA
<b>Experience and Expertise in Specific functional area</b>	He has over 45 years of experience in design and construction of ships and other floating crafts and has also been a consultant on assignment for Asian Development Bank.	He has over 16 years of experience in the financial services sector. He has worked with Standard Chartered Private Equity, the global equity investment arm of Standard Chartered from 2000. He has managed investments in sectors such as technology, pharmaceutical, business process outsourcing and engineering. Prior to this, he has worked for more than 9 years in ANZ Investment Bank and ANZ Grindlays, in investment banking and commercial banking roles.	He has rich and wide experience over 35 years in Corporate Sector.
<b>Directorships held in other companies</b>	- Western India Shipyard Limited.	- Powerica Limited - Endurance Technologies Private Limited - Interglobe Technologies Quotient - Standard Chartered Private Equity Advisory (I) Pvt. Ltd.	- Katerin India Pvt. Ltd. - Meridian Inflatables Pvt. Ltd. - Filtrex Systems India Pvt. Ltd. - Sheorey Digital Systems Ltd. - Omega Marine & Oil Services - VAP Marketing
<b>Committee positions held in other companies</b>	—	<b>Endurance Technologies Private Limited</b> - Allotment Committee (Member) - Banks Account Committee (Member)	—
<b>No. of shares held in ABG Shipyard Ltd.</b>	Nil	Nil	Nil



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 6**

According to the resolution passed by the Board of Directors at their meeting held on 10th June, 2008 Shri. R. S. Nakra has been appointed as Managing Director of the company w.e.f. 10th June, 2008 for a period of five years on following terms -

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

Rs. (Per Month)		Rs. (Per Annum)
Salary	Perquisites & Allowance	Bonus
3,75,000	3,25,830	3,75,000

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and such other perquisites and/or allowances. 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, the Company's contribution to the provident fund to the extent not taxable under the Income Tax Law and 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 traveling, 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, Shri. R. S. Nakra 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.

Your Directors recommend passing of the resolution at item no. 6 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. 7**

According to the resolution passed by the Board of Directors at their meeting held on 10th June, 2008 Major Arun Phatak has been appointed as Executive Director of the company w.e.f. 10th June, 2008 for a period of five years on following terms -

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

Rs. (Per Month)		Rs. (Per Annum)
Salary	Perquisites & Allowance	Bonus
2,10,000	1,80,420	3,15,000

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof ; house maintenance allowance, medical reimbursement ; leave travel concession for self and family including

dependents ; club fees, medical insurance and such other perquisites and/or allowances. 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, the Company's contribution to the provident fund to the extent not taxable under the Income Tax Law and 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 traveling, 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.

Your Directors recommend passing of the resolution at item no. 7 of the accompanying Notice.

None of the Directors except Major Arun Phatak is in any way concerned or interested in the resolution set out at the aforesaid item of the Notice.

**Item No. 8**

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

In order to achieve the above objectives including augmenting long-term resources of the Company, the Company plans to augment its long-term financial resources by the issuance of equity / equity linked securities / or any other financial instruments at an appropriate time. The Company is considering issuance of upto 100,00,000 equity shares in one or more tranches, either directly or through convertible securities, by way of placement to Qualified Institutional Buyers through a Qualified Institutional Placement ("QIP") in terms of Chapter XIII-A of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000.

Pursuant to the provisions of Section 81(1A) of the 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 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 authorize the Board.

None of the Directors is in any way concerned or interested in the resolution at Item no. 8 of the Notice, except to the extent of shares being held by them in the Company.

**Item No. 9 & 10**

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 27<sup>th</sup> September 2007, had accorded their consent to the Board of Directors for borrowing up to Rs. 3,000 crores (Rupees Three Thousand Crores Only).