

ABG Shipyard Limited

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Annual Report 2008-2009

ABG SHIPYARD LIMITED

Board of Directors

Shri. Rishi Agarwal - *Chairman*
 Shri. Saket Agarwal - *Director*
 Shri. Ram Swaroop Nakra - *Managing Director*
 Major Arun Phatak - *Executive Director*
 Shri. Ashok R. Chitnis - *Director*
 Shri. Shahzaad Dalal - *Nominee Director*
 Shri. Nainesh Jaisingh - *Nominee Director*
 Shri. Ajay Saraf - *Nominee Director (upto 7th May, 2009)*

24th Annual General Meeting

Day : Wednesday
 Date : 30th September, 2009
 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
 Indian Overseas Bank
 Punjab National Bank
 HDFC Bank

Registered Office

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

Corporate Office

4th/5th floor, Bhupati Chambers,
 13, Mathew Road,
 Mumbai-400 004.
 Tel.: 91 22 66563000
 Fax: 91 22 66223050
 Website: www.abgindia.com
 E-mail: shipyard@abgindia.com

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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 25946969
 e-mail: rnt.helpdesk@linkintime.co.in

NOTICE

Notice is hereby given that the 24th 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 Wednesday, the **30th September, 2009** 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 2009 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 2009.
3. To appoint a Director in place of Shri. Ashok Chitnis, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Shahzaad Dalal, 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 an **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) / Agents(s) / Trustee(s) / Financial Institutions / Bank(s) and other investing agencies to secure Rupee/ Foreign currency loans, bonds, securities (Comprising fully / partly Convertible / non 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. 12000 Crores (Rupees Twelve 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".

7. 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, 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. 12000 crores (Rupees Twelve Thousand Crores Only)."

By Order of the Board of Directors

Place : Mumbai
Date : 28th July 2009

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 21st September, 2009 to 30th September, 2009 (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 19th September, 2009 and to the Members having shares in physical form whose names appear on the register of Members on 30th September, 2009.
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 year 2005-06 is due for transfer to the fund on 17th September, 2013, the unclaimed dividend for the financial year 2006-07 is due for transfer to the fund on 26th October, 2014 and the unclaimed dividend for the financial year 2007-08 is due for transfer to the fund on 24th October, 2015.
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 of the Depositories 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.

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.**Item No. 6 & 7**

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 22nd September 2008, had accorded their consent to the Board of Directors for borrowing up to Rs. 7,500 crores (Rupees Seven Thousand Five Hundred Crores Only)

Taking into consideration the requirements of the additional funds to meet the cost of Company's capital expenditure programme and also additional working capital requirements of the company, it is expected that the limit of Rs.7,500 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 Board of Directors to borrow the moneys to the extent of Rs. 12,000 crores (Rupees Twelve Thousand Crores Only). The resolution under item no.7 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 one or more undertakings 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. 12,000 crores (Rupees Twelve Thousand Crores Only).

The proposed offers are in the interest of the company and your directors commend the resolution at item no. 6 & 7 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 : 28th July 2009

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

Details of Directors seeking re-appointment in the 24th Annual General Meeting:

Name of Director	Shri. Ashok Chitnis	Shri. Shahzaad Dalal
Date of Birth	15.02.1943	01.12.1958
Date of Appointment / Re-appointment as Director	18.06.2006	18.06.2006
Qualification	He is a Marine Engineer and also holds a 1 st Class Competency Certificate (Steam and Motor) from the Ministry of Transport, Government of India.	A Management Graduate from the USA
Experience and Expertise in Specific functional area	<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 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 IRS Mumbai field office for over four years and has served at 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 against 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.</p>	<p>He is Vice Chairman of IL&FS Investment Managers Ltd (IIML), one of India's leading Private Equity Fund Managers with US\$ 2.5 billion under management. The private equity funds managed by IIML have a wide canvas across sectors in infrastructure such as telecom, transport, power and oil and gas as well as emerging areas in real estate, technology, retail, life sciences and consumer services. He currently leads a highly competent team of 40 professionals involved in managing over 95 investments. He is also on the Boards of various companies to guide their growth plans and other strategic developments. Overall, he assumes greater responsibility towards the crafting of exits through a range of diverse methods, including IPO's and strategic sales.</p> <p>Prior to this, he was Chief Executive Officer of the Asset Management Business of IL&FS. Within the IL&FS Group he has undertaken various responsibilities including overall planning and raising of resources for IL&FS, its group companies and other IL&FS sponsored infrastructure projects. He has also headed the initiative for large value structured finance/transactions in leasing, project finance and privatizations.</p>
Directorships held in other companies	-----	<ul style="list-style-type: none"> IL&FS Investment Managers Ltd SARA Fund Trustee Company Private Ltd. IL & FS Financial Services Ltd Bharat Serums & Vaccines Ltd. Indraprastha Gas Ltd Shopper's Stop Ltd. IPF Online Ltd. Datamatics Technologies Ltd. Development Investment Trustee Co. Pvt. Ltd. IL & FS Transportation Networks Ltd. IBN 18 Broadcast Ltd. ETL Infrastructure Services Ltd. IL & FS Asian Infrastructure Managers Ltd. EBS Worldwide Services Pvt. Ltd. Zydus BSV Pharma Pvt. Ltd. Zydus BSV Research & Development Pvt. Ltd. DB Hospitality Private Ltd. QVC Realty Private Ltd. DB Realty Pvt. Ltd. Offbeat Developers Pvt. Ltd. Bhartiya Urban Infrastructure & Land Development Co. Pvt. Ltd. ATS Estates Pvt. Ltd.

	-----	<ul style="list-style-type: none">• Suyog Realtors Private Ltd.• G.K. Industrial Park Private Ltd.• Den Networks Ltd.• IL & FS Milestone Realty Advisors Private Ltd.• Ansal Township Infrastructure Ltd.• IL & FS Energy Development Co. Ltd.• J B SEZ Private Ltd.• Runwal Project Private Ltd.• Mumbai Business School Private Ltd.	
Committee positions held in other companies	-----	Bharat Serums & Vaccines Ltd.	Audit Committee-Member
		Indraprastha Gas Limited	Audit Committee – Chairman Remuneration Committee – Chairman Shareholders/Investors Grievance Committee – Chairman Budget Committee-Member Procurement Committee-Member
		Shopper's Stop Ltd.	Audit Committee- Member Compensation / Remuneration Committee-Member ESOP Committee-Member
		IPF Online Ltd	Audit Committee – Chairman
		Datamatics Technologies Ltd.	Audit Committee-Member Compensation Committee- Member
		ABG Shipyard Ltd.	Nomination-Cum-Remuneration Committee – Chairman Share Transfer & Grievances & Finance Committee – Chairman Compensation Committee - Chairman
		ETL Infrastructure Services Ltd.	Audit Committee-Member Appointment & Remuneration Committee-Member
		DB Hospitality Private Limited	Share Allotment cum Share Transfer Committee- Member
		QVC Realty Private Ltd.	Project Committee-Member
		DB Realty Private Ltd.	Remuneration Committee-Member
		DEN Networks Limited	Audit Committee-Member
		IL & FS Energy Development Company Limited	Compensation Committee- Member
No. of shares held in ABG Shipyard Ltd.	Nil	19170	

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors have great pleasure in presenting this Twenty Fourth Annual Report on the business and operations of your Company with the Audited Statement of Accounts for the year ended 31st March 2009.

1. FINANCIAL PERFORMANCE

	(Rs. in crores)	
	2008-2009	2007-2008
Sales and Other Income	1,419.47	974.24
Profit before Interest, Depreciation & Tax	338.37	295.54
Less: Interest (Net)	73.95	42.18
Profit before Depreciation & Tax	264.42	253.36
Less: Depreciation	14.48	7.40
Profit before Tax	249.94	245.96
Less: Provisions for Taxation	78.84	85.28
Net Profit after Tax	171.10	160.68
Balance brought forward from previous year	249.30	165.53
Profit available for appropriations	420.40	326.21
Appropriations		
Transfer to General Reserve	85.00	65.00
Proposed Dividend – Equity shares	10.18	10.18
Corporate Dividend Tax	1.73	1.73
Balance carried to Balance Sheet	323.49	249.30

* Figures regrouped wherever necessary.

2. OPERATIONS

During the year under review, your Company has successfully delivered 6 (Six) vessels taking the total up to 109 vessels delivered so far by the Company.

Your Company has posted a turnover of Rs. 1,419.47 crores, an increase of about 45.70% as compared to Rs. 974.24 Crores in the previous Financial Year. The Company recorded a net profit of Rs. 171.10 Crores as against Rs. 160.68 Crores in the corresponding previous financial year depicting a rise of 6.48%.

During the year under consideration, your Company had bagged a prestigious order for the construction of 2 Jackup Drilling Rigs from Essar Oilfields Services Ltd, Mauritius. These Rigs will have the operating capacity of up to 350 ft. Water Depth and a drilling depth capacity of 30,000 ft. Besides the above order, your Company had also received orders from M/s. Marnavi, Italy and Sealion Shipping Ltd on behalf of Toisa Ltd.

The Dahej unit has commenced operations in April, 2008 and we began building rigs at Dahej Rig Building Yard in December, 2008. Dahej Shipyard is spread across approximately 667,731 square meters and has a sea-front of 1,000 meters. It has the capability to build and repair all types of vessels up to 250 meters in length and up to 120,000 DWT. We will also be capable of constructing up to 10 anchor handling tug vessels and offshore supply vessels at a time. Dahej Rig Building Yard will be capable of constructing semi-submersibles, offshore platforms and jack-up rigs with a 350 meter water depth range. Your Company is installing a ship-lift system and ship transfer system at Dahej, which will be commonly used by the shipyard and rigyard for launching, docking and undocking vessels and rigs. We expect that Dahej Rig Building Yard, including the ship-lift and transfer system, will be fully operational by March 2010.

3. DIVIDEND

Considering the profitability for the year under consideration and the future capital requirements of the Company, your Directors recommended a Dividend of Rs. 2/- per Equity Share of Rs. 10/- each (i.e. 20%) for the year ended 31st March 2009 and seek your approval for the same.

4. OUTLOOK

The Government of India has formulated a comprehensive National Maritime Development Programme (NMDP) which will facilitate enhanced private investment, improve service quality and promote competitiveness. This programme complements the National Maritime Policy by identifying specific schemes/projects and other measures which are necessary to give concrete

shape to the vision and strategy laid down in the Policy.

As the ship building industry can not grow in isolation, the Government of India is working towards developing the shipping industry as per the world class standards. As a step in this direction and under the ambitious NMDP, the Union Government has envisaged an investment of approx. Rs. 55,000 crores to complete 276 Port Sector Projects by the year end 2012. Similarly, another investment of approx. Rs. 44,000 crores has been envisaged by 2015 for 111 Shipping Sector Projects. Under the NMDP, the Government of India has been working on the modalities to set up two international size shipyards, one on the East Coast and another on the West Coast of India, with world class infrastructure to boost the shipbuilding industry.

The above mentioned initiatives, of the Government of India coupled with the vision of Government of Gujarat to develop "Marine Shipbuilding park" with an aim to make Gujarat the hub of Indian Shipbuilding industry in the coming decade, are expected to ensure that the ship building and ship repair industry in India grow to the world standards and attain self sufficiency in the sector.

5. SUBSIDY

Until 14th August 2007, the Government of India provided a ship building subsidy of 30% on the bid price to ship building companies in connection with (i) the ocean-going merchant ships that were over 80 meters in length and were manufactured for the domestic market, and (ii) ships of all types that were manufactured for export, subject to fulfillment of certain conditions. Under that policy, the subsidy was available to private shipyards in respect of ships that met the eligibility requirements and only upon completion of construction and delivery of eligible ships. The subsidy scheme expired in August, 2007, however, the subsidy remains in effect for all orders placed prior to its expiry. The Government of India has decided to liquidate the committed liability for payment of subsidy for ongoing ship building contracts entered up to 14th August 2007, the date of expiry of the subsidy scheme. In order to give a boost to the ship building industry, the Government of India is considering to revive the subsidy scheme. As per the terms of Subsidy Scheme, the total committed liability of the Government towards subsidy is approx. Rs.5,100 crores.

6. SUBSIDIARY: Eleventh Land Developers Private Limited.

Your Company has sought an exemption under Sec. 212 of the Companies Act, 1956 from the requirement of attaching the Balance Sheet, Profit & Loss Account, etc of its subsidiary to its accounts. The said exemption has been granted by the Ministry of Corporate Affairs vide their letter dated 20th April 2009.

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

Your Company undertakes that the 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 and of its subsidiary for inspection by any member.

7. SCHEME OF COMPROMISE AND ARRANGEMENT

Your Company is in the process of acquiring Western India Shipyard Limited (WISL) pursuant to a scheme of compromise and arrangement with its secured lenders and shareholders, with your Company as a confirming party, under the provisions of Section 391 to 394 of the Companies Act. An application, along with the Scheme of Compromise and Arrangement, was filed before the Goa bench of the Bombay High Court at Goa in order to obtain the consent of the concerned parties, including Western India Shipyard's creditors, through court convened proceedings. The application is pending before the Hon'ble Bombay High Court, Panaji Bench, Goa. 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. The Western India Shipyard acquisition will bring rig and ship repairing expertise to our existing business.

8. DIRECTORS

Shri. R.S. Nakra was appointed as Managing Director of the Company w.e.f. 10th June 2008. Shri. R.S. Nakra is a renowned personality in shipbuilding and shipping industry and has more than 45 years of rich experience in the field of shipbuilding, ship repairs. He has held senior management positions in the Corporate sector and has been associated with various professional committees. Major. Arun Phatak was appointed as Executive Director w.e.f. 10th June 2008. The shareholders had accorded their consent for the above appointments in the 23rd Annual General Meeting of the Shareholders.

Shri. Ajay Saraf ceased to be nominee director w.e.f. 7th May 2009, consequent upon the withdrawal of his nomination by ICICI Bank. Your directors record their appreciation for the invaluable contribution made by Shri. Ajay Saraf during his tenor as director.

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 Shri. Shahzaad Dalal are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

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 recommend the re-appointment of Shri. Ashok Chitnis and Shri. Shahzaad Dalal as directors. The details of the Directors being recommended for re-appointment are contained in the accompanying notice of the forthcoming Annual General Meeting.

9. 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 re-appointment as the Auditors of the Company for the current year and fix their remuneration.

10. 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.

11. CORPORATE GOVERNANCE

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.

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

12. ISSUE OF NON CONVERTIBLE DEBENTURES

During the period under review, your Company has issued Secured, Redeemable, Non-Convertible Debentures amounting to Rs. 100.00 crores to Life Insurance Corporation of India to fund its capital expenditure requirements and other general corporate purposes.

13. CONVERTIBLE WARRANTS

Your Company had allotted 40,00,000 convertible warrants on 15th January 2008 to its main promoter M/s. ABG International Private Limited. The said warrants were due for conversion on or before 14th July 2009. However, the promoter has not converted the said warrants. Your Company has forfeited an amount of Rs. 31,86,64,000/- received from the promoter at the time of allotment of the said warrants.

14. 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 year;
- 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.

15. 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 are required to be annexed to the Directors' Report. However, as per 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. Members who are interested in obtaining such particulars may write to the Company at its Corporate Office.

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 is given in the annexure to this Report.

16. 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 look forward to their continued co-operation.